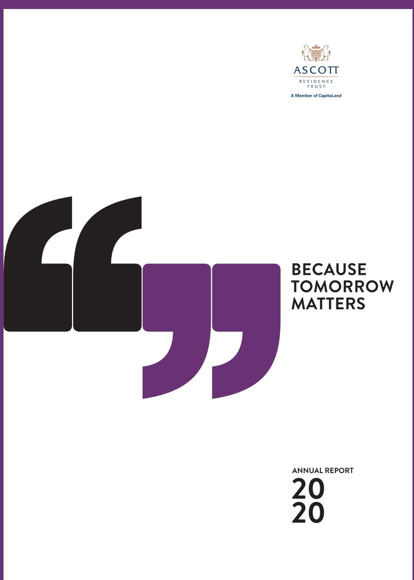
ASCOTT
RESIDENCE TRUST
A Member of CapitaLand

BECAUSE TOMORROW MATTERS

ANNUAL REPORT
2020



Underpinning the breadth of CapitaLand's activities is our continuous dialogue with our stakeholders which helps to shape our business as we aim to build sustainable communities. We place significance on our conversations and share our story with care and consideration for all involved. This annual report is part of that process and the motif we have chosen for this year's report reflects our focus on maintaining communication with our stakeholders with transparency and clarity.

> WHEN WE EMERGE FROM
> THE OTHER SIDE, WE ARE WELL
> PLACED FOR CONTINUED GROWTH,
> FOR WE ARE FUTURE READY.

BEH SIEW KIM
CEO

BECAUSE TOMORROW MATTERS

CORPORATE PROFILE

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S$7.2 billion as at 31 December 2020. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, ART's objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, hotels, rental housing properties, student accommodation and other hospitality assets in any country in the world. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

ART's international portfolio comprises 86 properties with more than 16,000 units in 38 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 31 December 2020.

ART's properties are mostly operated under the Ascott The Residence, Somerset, Quest and Citadines brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Hamburg, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Osaka, Paris, Perth, Seoul, Shanghai, Singapore, Sydney and Tokyo.

For four consecutive years, ART was conferred the "Best Hospitality REIT (Platinum Award)" in the Asia Pacific Best of the Breeds REITs Award™ and was ranked third in the Singapore Governance and Transparency Index within the REIT and Business Trust Category for the past three years. ART was also awarded runner-up for "Singapore Corporate Governance Award" and "Most Transparent Company Award" at the Securities Investors Association (Singapore) (SIAS) 20th Investors' Choice Awards 2019.

ART is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT). ART is managed by Ascott Residence Trust Management Limited (as Manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd. (as Trustee-Manager of Ascott BT), both of which are wholly-owned subsidiaries of CapitaLand Limited, one of Asia's largest diversified real estate groups.

OUR VISION

To be the premier hospitality trust with quality assets in key global cities

OUR MISSION

To deliver stable and sustainable returns to Stapled Securityholders

CONTENTS

Note to readers:
This annual report has been prepared based on information available as at early March 2021, being the last practicable date prior to the printing of the report.

BECAUSE TENACITY OUTLASTS ADVERSITY

WE BELIEVE THAT TOUGH TIMES DO NOT LAST, BUT SOLID FUNDAMENTALS DO.

OUR DIVERSIFIED PORTFOLIO, LEADERSHIP IN THE LONG-STAY LODGING ASSET CLASS AND STRONG FINANCIAL POSITION ENABLE US TO ENDURE CHALLENGES AND FORGE AHEAD WITH RESOLVE.

BECAUSE ADAPTABILITY PROPELS INNOVATION

NOW MORE THAN EVER, BUSINESSES HAVE TO SWIFTLY NAVIGATE THE WINDS OF CHANGE AND PURSUE INNOVATIVE WAYS TO STAY AHEAD OF THE CURVE.

LEVERAGING THE EXPERTISE OF OUR SPONSOR AND PARTNERS ENABLES US TO PIVOT BY CAPTURING ALTERNATIVE SOURCES OF DEMAND AND DEVELOPING NEW USES OF SPACE TO CREATE VALUE IN THE NEW NORMAL.

BECAUSE NO WINTER LASTS FOREVER

WHILE THE PANDEMIC HAS CAUSED PARADIGM SHIFTS IN THE WAY WE LIVE, WORK AND PLAY, WE REMAIN STEADFAST IN OUR BELIEF THAT TRAVEL WILL RETURN.

WE ARE COMMITTED TO CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS, SEIZING OPPORTUNITIES TO ENHANCE AND RECONSTITUTE THE PORTFOLIO, SOWING THE SEEDS FOR WHEN SPRING COMES.

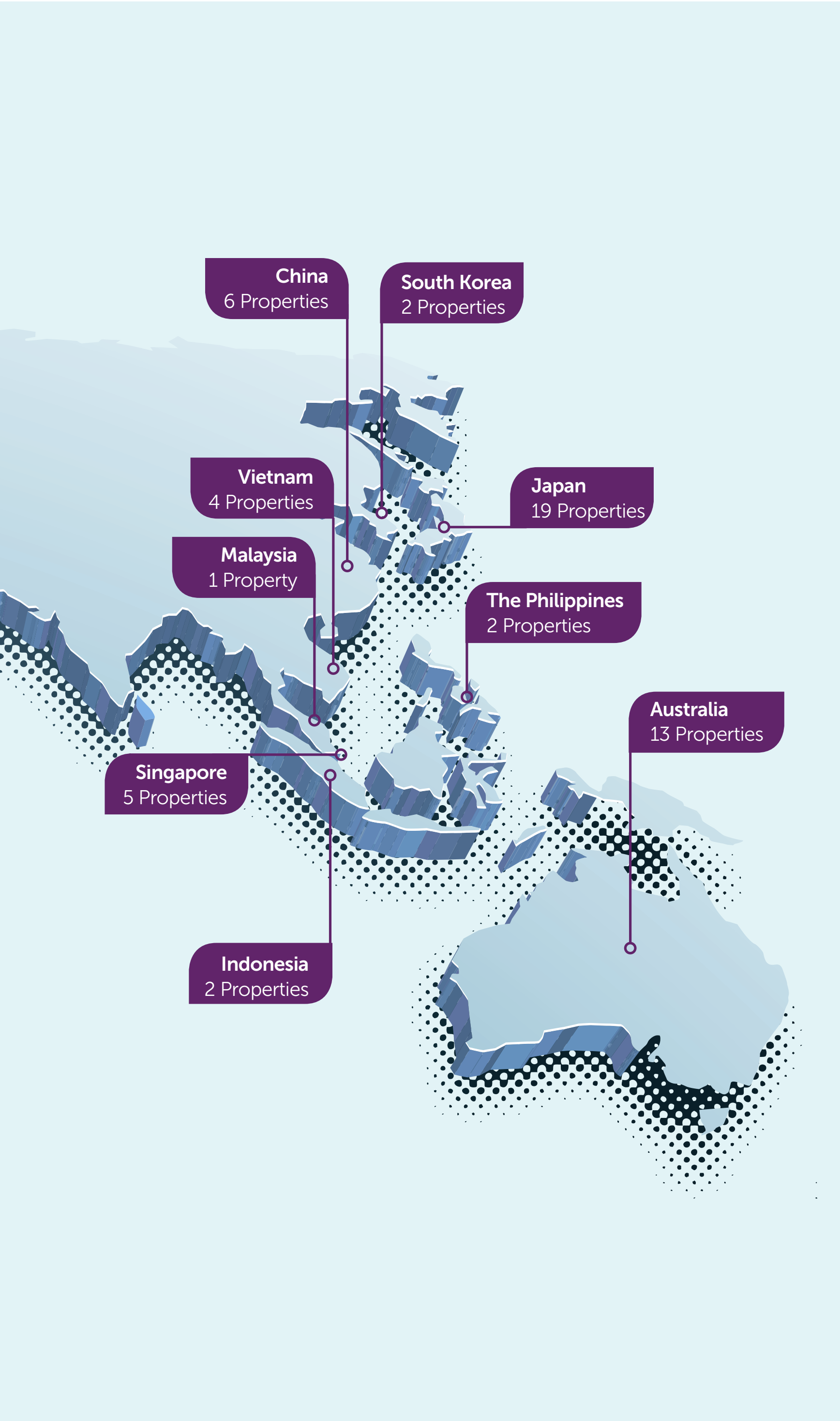
GLOBAL PRESENCE

A Leading Global Hospitality Trust

ART has established a balanced portfolio of stable and growth income sources through our scale, geographical diversification and combination of master leases, management contracts with minimum guaranteed income and management contracts.

Note: Statistics as at 31 December 2020, include lyf one-north Singapore and Somerset Liang Court Property Singapore (currently under development)

86 Properties	15 Countries	38 Cities	>16,000 Units



THE AMERICAS

The United States of America

New York

EUROPE

Belgium

Brussels

France

Cannes
Grenoble
Lille
Lyon
Marseille
Montpellier
Paris

Germany

Berlin
Frankfurt
Hamburg
Munich

Spain

Barcelona

The United Kingdom

London

ASIA PACIFIC

Australia

Brisbane
Melbourne
Perth
Sydney

China

Dalian
Shanghai
Shenyang
Suzhou
Tianjin
Wuhan

Indonesia

Jakarta

Japan

Fukuoka
Hiroshima
Kyoto
Osaka
Sapporo
Tokyo

Malaysia

Kuala Lumpur

Singapore

Singapore

South Korea

Seoul

The Philippines

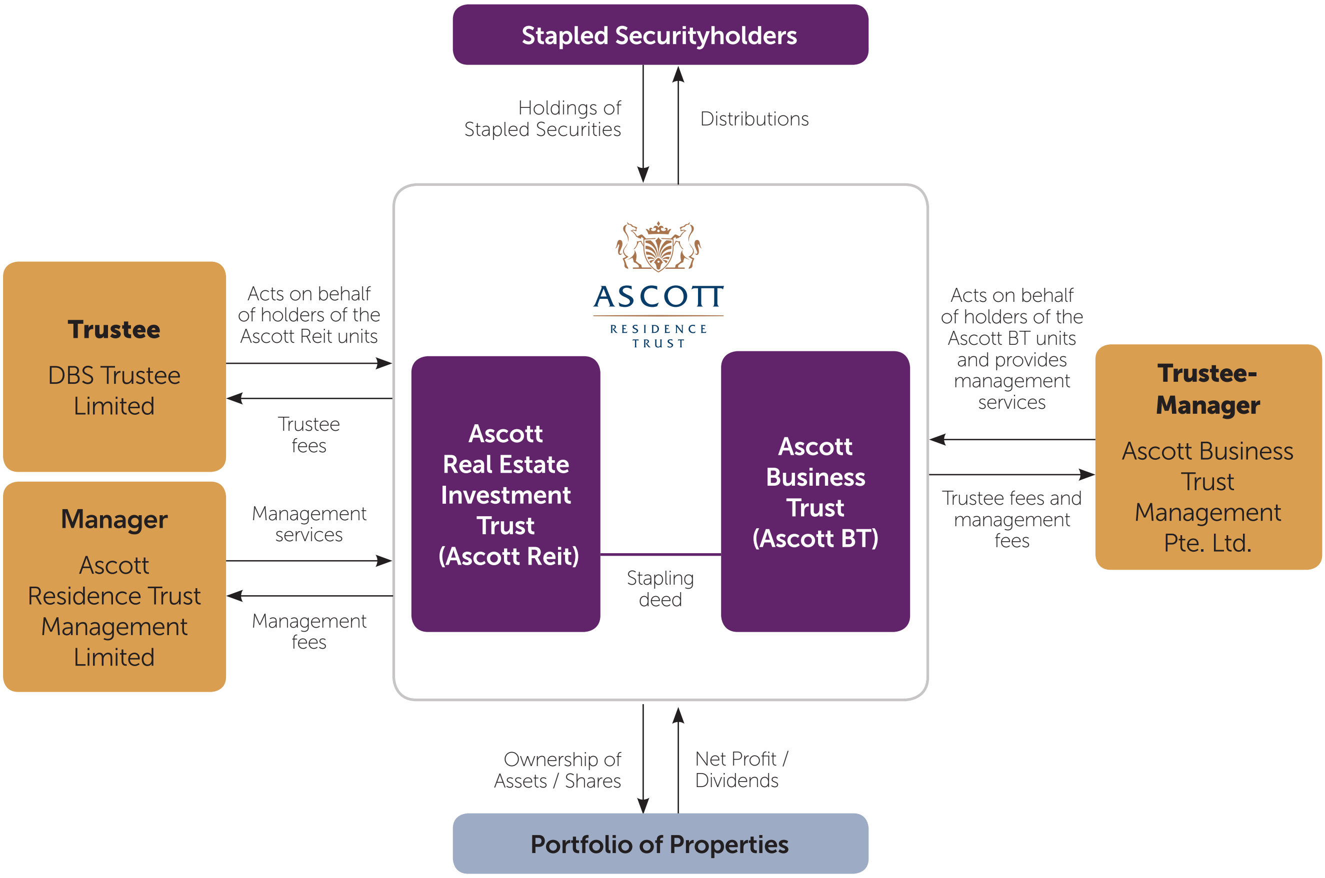
Manila

Vietnam

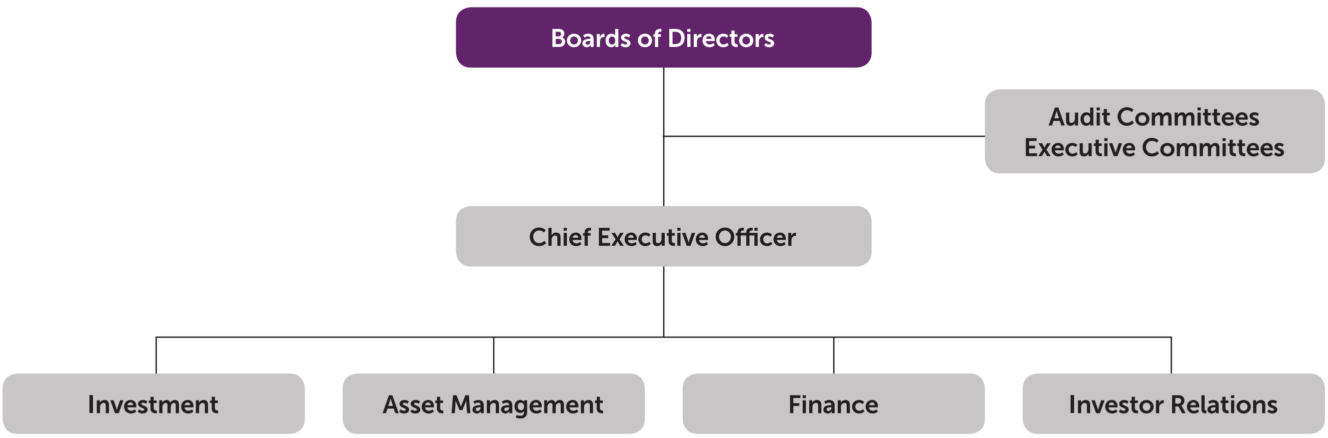
Hanoi
Ho Chi Minh City

TRUST STRUCTURE

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, with the following structure:



ORGANISATION STRUCTURE



5-YEAR FINANCIAL SUMMARY

For the Financial Year	2020	2019	2018	2017	2016
Gross Revenue (S$ million)	**369.9**	514.9	514.3	496.3	475.6
Gross Profit (S$ million)	**149.6**	252.6	239.4	226.9	222.4
Income Available for Distribution to Stapled Securityholders (S$ million)	**94.2**	165.6	154.8	152.2	135.0
Distribution per Stapled Security (DPS) (cents)	**3.03**	7.61	7.16	7.09	8.27
Distribution Yield[1] (%)	**2.81**	5.72	6.63	5.81	7.32

Balance Sheet as at 31 December	2020	2019	2018	2017	2016
Total Assets (S$ million)	**7,163.8**	7,422.8	5,309.1	5,493.1	4,791.3
Stapled Securityholders' Funds (S$ million)	**3,567.3**	3,860.6	2,644.1	2,685.1	2,200.6
Total Borrowings (S$ million)	**2,462.5**	2,349.0	1,905.5	1,945.4	1,862.6

Financial Ratios as at 31 December	2020	2019	2018	2017	2016
Net Asset Value (NAV) per Stapled Security (S$)	**1.15**	1.25	1.22	1.25	1.33
Aggregate Leverage (%)	**36.3**	33.6	36.7	36.2	39.8
Interest Cover Ratio[2] (times)	**2.2**	4.6	4.7	4.5	4.2
Management Expense Ratio[3] (%)	**1.0**	0.8	1.2	1.2	1.3
Financial Derivatives as a Percentage of NAV[4] (%)	**0.7**	0.3	0.04	0.3	0.5

Other information as at 31 December	2020	2019	2018	2017	2016
Market Capitalisation[1] (S$ million)	**3,356.7**	4,100.5	2,337.8	2,622.6	1,868.4
Number of Stapled Securities in Issue (million)	**3,108.0**	3,083.1	2,164.6	2,149.7	1,653.5

1 Based on the closing price on the last trading day of each respective year. 2020: S$1.08, 2019: S$1.33, 2018: S$1.08, 2017: S$1.22 and 2016: S$1.13.
2 Refers to EBITDA (earnings before net interest expense, income tax expense, depreciation and amortisation) before change in fair value of financial derivatives, change in fair value of investment properties, investment properties under development and assets held for sale, revaluation deficit on freehold land and buildings, and foreign exchange differences over net interest expense.
3 Refers to expenses (excluding direct expenses, foreign exchange differences, net interest expense, change in fair value of financial derivatives, change in fair value of investment properties, investment properties under development and assets held for sale, revaluation deficit on freehold land and buildings, assets written off and income tax expense) over net asset value.
4 Financial derivatives refer to the cross currency interest rate swaps, currency forwards and interest rate swaps which ART has entered into.

FY 2020 KEY HIGHLIGHTS

RESILIENT OPERATING PERFORMANCE, DISTRIBUTING PAST DIVESTMENT GAINS

S$45 mil
in distribution top-up to mitigate the impact of COVID-19

INDEX INCLUSION

FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index)

GPR 250 Index Series

ACTIVELY RECONSTITUTING THE PORTFOLIO

Completed divestments include:

- Somerset Liang Court Property Singapore
- Somerset Azabu East Tokyo
- Ascott Guangzhou

Ongoing divestments include:

- Citadines Didot Montparnasse Paris
- Citadines City Centre Grenoble
- Somerset Xu Hui Shanghai

About
S$570 mil
in net divestment proceeds

ENHANCING PORTFOLIO

Acquisition of Quest Macquarie Park Sydney

Ongoing development of lyf one-north Singapore and Somerset Liang Court Property Singapore

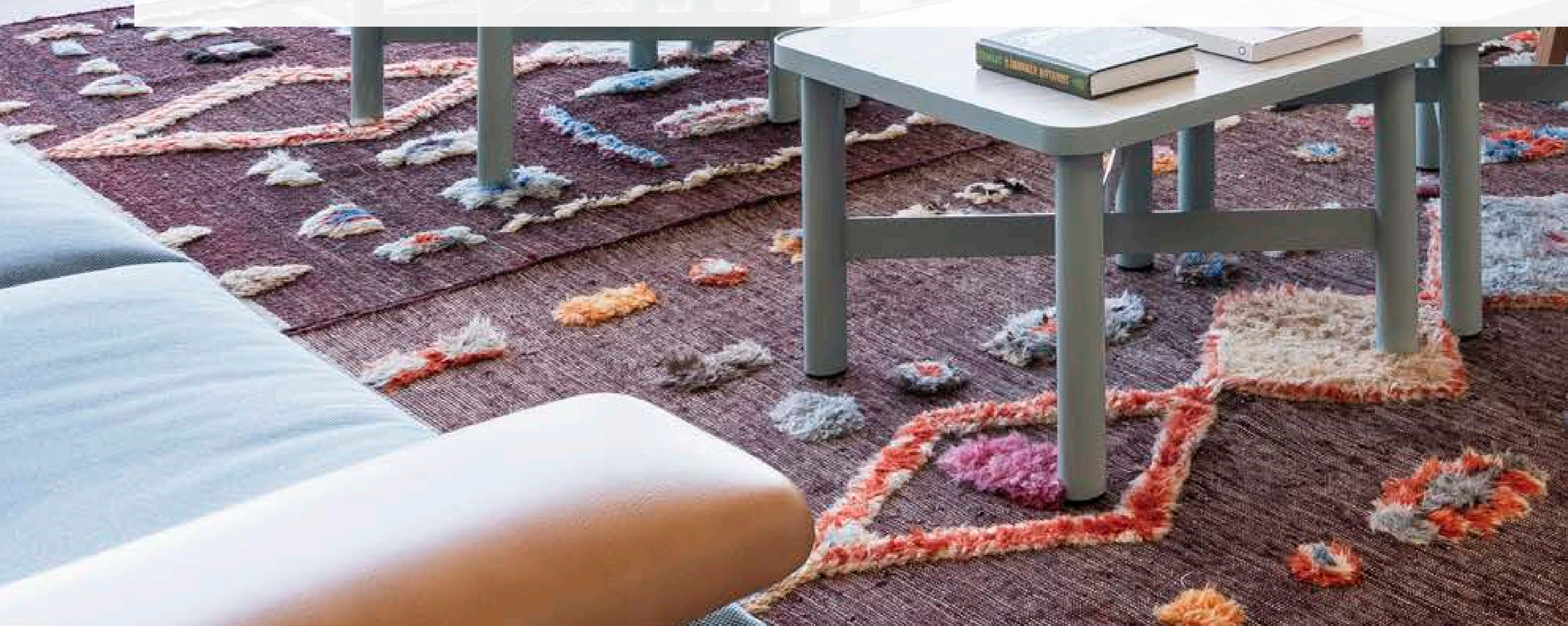
DISCIPLINE IN CAPITAL MANAGEMENT

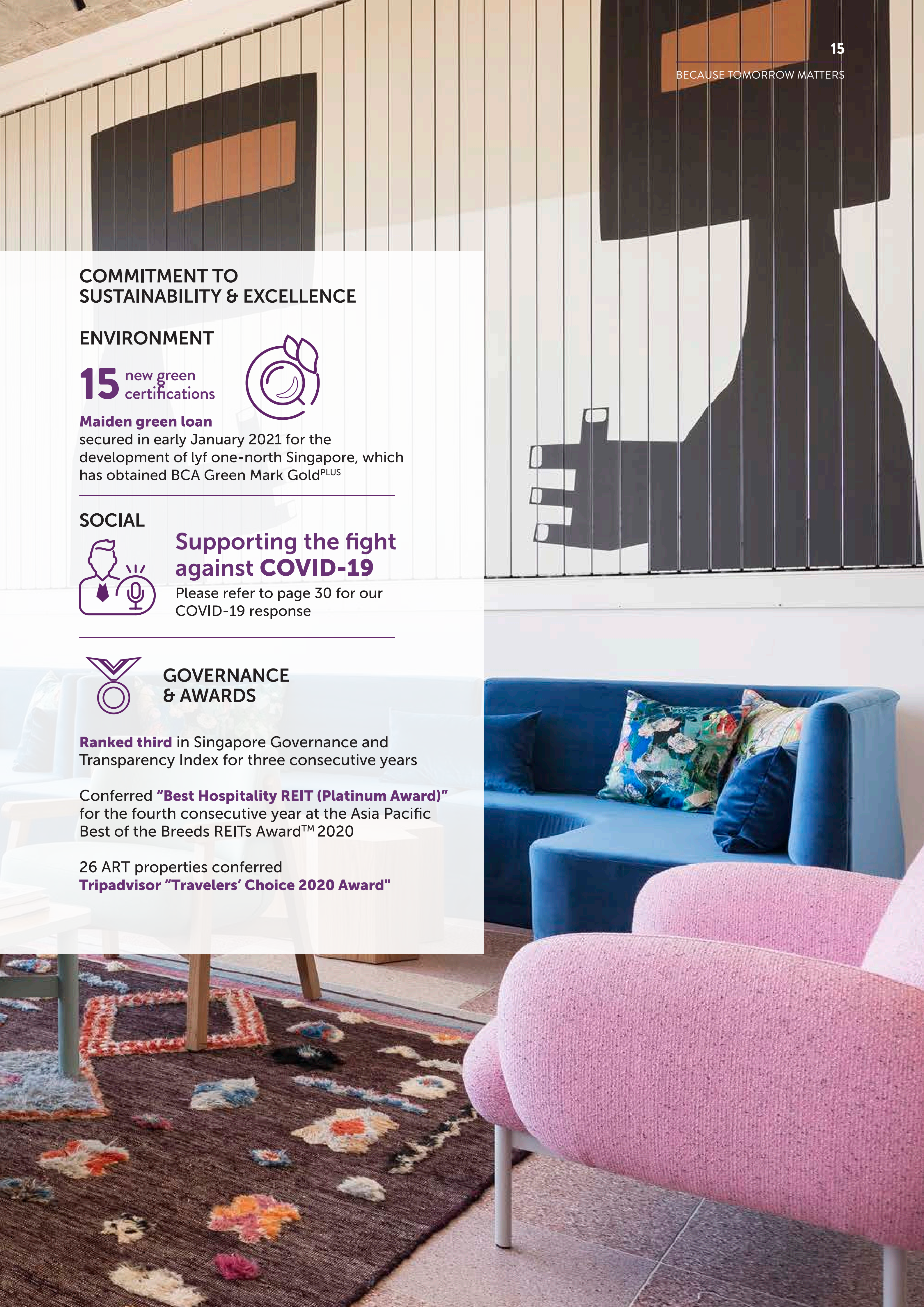
c.S$1.05 bil
in total available funds, comprising cash on-hand, available credit facilities and net divestment proceeds to be received

Low gearing of
36.3%
Debt headroom of S$1.9 bil

S$4.0 mil
lower interest on perpetual securities per annum

Figures are for the financial year/as at 31 December 2020 unless otherwise stated.





COMMITMENT TO SUSTAINABILITY & EXCELLENCE

ENVIRONMENT

15 new green certifications

Maiden green loan
secured in early January 2021 for the development of lyf one-north Singapore, which has obtained BCA Green Mark Gold[PLUS]

SOCIAL

Supporting the fight against COVID-19

Please refer to page 30 for our COVID-19 response

GOVERNANCE & AWARDS

Ranked third in Singapore Governance and Transparency Index for three consecutive years

Conferred **"Best Hospitality REIT (Platinum Award)"** for the fourth consecutive year at the Asia Pacific Best of the Breeds REITs Award™ 2020

26 ART properties conferred
Tripadvisor "Travelers' Choice 2020 Award"

Q&A

IN CONVERSATION WITH CHAIRMAN & CEO

Q. 2020 has been a year like no other. How has ART navigated the challenges brought about by COVID-19, and what were the key lessons learnt?

Chairman: The COVID-19 outbreak took the world by surprise, causing disruption of unprecedented scale. Travel came to a standstill as borders were shut and movement restrictions were imposed, adversely impacting the performance of our properties globally.

We started the year well; an enlarged portfolio, higher proportion of stable income and strong financial standing, having completed the combination with Ascendas Hospitality Trust (A-HTRUST) on 31 December 2019.

TAN BENG HAI, BOB
Chairman

However, given the far-reaching effects of COVID-19, our revenue and gross profit for the financial year ended 31 December 2020 (FY 2020) decreased 28% and 41% to S$369.9 million and S$149.6 million respectively. Correspondingly, our distributable income reduced by 43% to S$94.2 million.

To mitigate the impact of COVID-19 and replace the lost income from divested assets, we distributed S$45.0 million in capital gains to top up the distributions to Stapled Securityholders. The distribution per Stapled Security (DPS) for FY 2020 was 3.03 Singapore cents.

COVID-19 has taught us many valuable lessons, one of which is the importance of being prudent and prepared. The tide can turn when you least expect it. ART's solid fundamentals and adaptability are vital in enabling us to ride through and emerge stronger from this crisis.

Although we had to extend rental support to some of our lessees, our master leases and management contracts with minimum guaranteed income, as well as geographic diversification mitigated some of the downside risks, while our long average length of stay helped to support overall occupancy levels.

Our reserve of divestment gains, which we have built up and judiciously set aside over the years has also buffered the impact of COVID-19. The gains have allowed us to top up the distributions, continuing to deliver value to our Stapled Securityholders during these difficult times.

CEO: Together with our lessees and operators, we responded swiftly, taking effective steps to protect the health and safety of our guests and employees, while capturing new sources of business, managing costs and conserving cashflow.

We delivered stringent hygiene and cleanliness standards as well as safe distancing measures at all our properties. This is demonstrated through the 'Ascott Cares' commitment implemented in our properties managed by our Sponsor, The Ascott Limited (Ascott), as well as the other programmes by our third-party operators. Ascott has also partnered with Bureau Veritas to provide independent audits and certification for the hygiene and safety standards of all our Ascott-managed properties worldwide.

In addition, we increased adoption of digital solutions and contactless technologies, such as mobile apps, service robots and 3D virtual tours, to provide convenience, value and safety to our guests.

Leveraging the operational excellence of our operators, we pursued alternative sources of business and enhanced our product offerings to meet current needs.

Ascott's 'Work in Residence' and 'Space-as-a-Service' initiatives were introduced in about 40 ART properties. Under the 'Work in Residence' initiative, we reconfigured our apartments into productive workspaces, appealing to those looking for alternative work-from-home locations. Under the 'Space-as-a-Service' initiative, we capitalised on the adaptability and central locations of our properties to offer new uses of space to more customers.

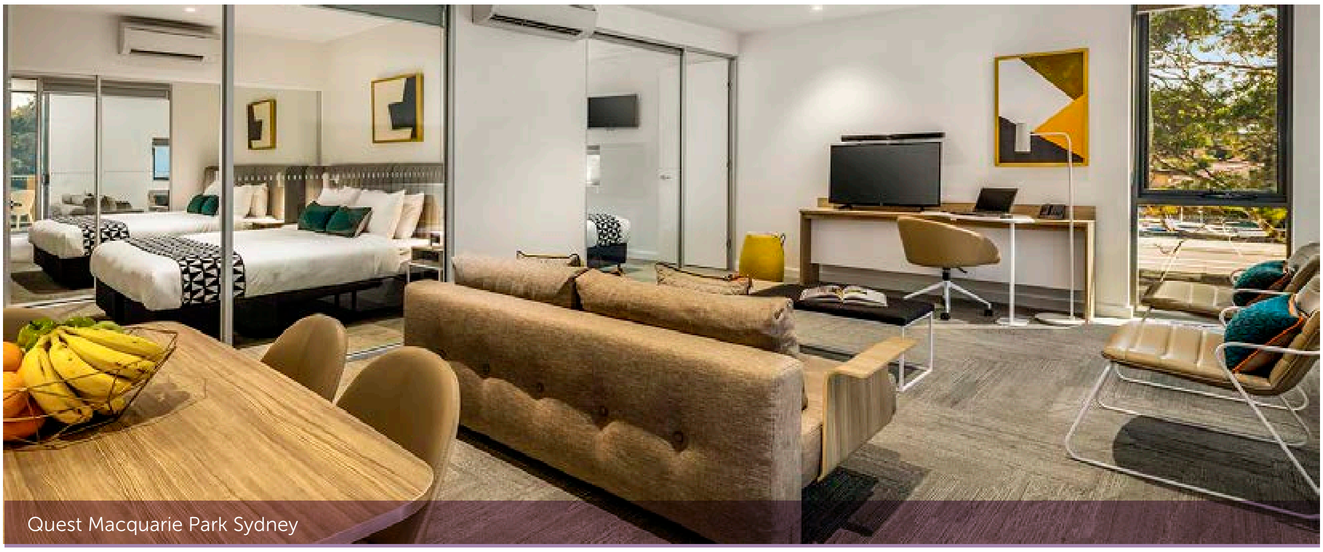
In managing costs, we temporarily closed some of our properties to consolidate resources. Several of them were on master leases and ART continued to receive rental even when they were closed. We also reviewed our operating cost structure and implemented comprehensive cost-containment measures. Discretionary expenditure and uncommitted capital expenditure were deferred, and support measures by various governments were further pursued to defray expenses.

In December 2020, expiring master leases in France were renewed with adjustments made to the rent structure, and they have been extended by two to three years, providing stability to ART's income over the next few years. Rent abatement was also granted to the master lessee, and negotiations with other lessees are ongoing. These changes will affect ART's income in the coming months but are crucial in tiding ART over the immediate operating challenges, towards a more sustainable recovery.

With our efforts, ART's portfolio continued to generate gross operating profit and positive cashflow. With about S$1 billion in cash on-hand and unutilised credit facilities as at 31 December 2020, we have sufficient liquidity to cover approximately three years' fixed costs under a worst-case, zero-income scenario.

BEH SIEW KIM
Chief Executive Officer

Q&A
IN CONVERSATION WITH CHAIRMAN & CEO


Quest Macquarie Park Sydney

Q. Despite the operational challenges, how has ART created value for its Stapled Securityholders in 2020?

CEO: We continued to reconstitute our portfolio to create value for our Stapled Securityholders.

In February 2020, we acquired Quest Macquarie Park Sydney, a freehold serviced residence which provides stable rental income under a master lease arrangement. Located within the Macquarie Park Business Centre, the property is able to capture demand from the growing industries in the neigbouring suburbs and enjoys easy access to transport nodes.

In July 2020, we divested the partial gross floor area (GFA) of Somerset Liang Court Property Singapore at 44% above its book value and the retained GFA is under redevelopment. In December 2020, Ascott Guangzhou and Somerset Azabu East Tokyo were divested at 52% and 63% above their respective book values. We also announced the divestments of Citadines Didot Montparnasse Paris, Citadines City Centre Grenoble and Somerset Xu Hui Shanghai at 69%, 35% and 171% above their respective book values. These three divestments are expected to be completed in the first half of 2021.

Cumulatively, these divestments will unlock about S$570 million in net proceeds, which will enhance our liquidity and give us the flexibility to pare down debt, rejuvenate our portfolio or recycle the capital into higher-yielding assets. With the divestment gains, we will also have greater capacity to supplement the distributions to our Stapled Securityholders, if necessary, as we navigate the downturn.

As the capital markets were uncertain in June 2020, we exercised prudence by not redeeming our S$250 million perpetual securities on the first call date and resetting the distribution rate. This allowed us to conserve cashflow and maintain debt headroom at a time when demand for accommodation was softer, and market conditions for perpetual securities were less favourable. We would save about S$4.0 million in interest expenses each year.

Enabled by our combination with A-HTRUST, ART was included into the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index), a leading benchmark for listed real estate investment companies and REITs in 2020. Index inclusion has broadened ART's reach to institutional investors globally and enhanced the trading liquidity of our shares. In 2020, the average volume of our shares traded increased by more than 80% over the previous year.

Q. The pandemic has been a disruptor for many businesses. Has the strategic direction of ART changed with the impact of COVID-19? Which lodging asset classes are you seeing opportunities in?

Chairman: COVID-19 has brought to the fore the resilience of the long-stay lodging asset class. The long stay guests at our serviced residences helped to cushion the impact from the absence of international and transient travellers. Our rental housing properties in Japan, which have leases of more than a year, were a standout as they continued to register occupancies above 90% despite COVID-19. The leaner cost structure also enabled most of our long-stay properties to remain profitable during the pandemic.

As such, we continue to favour serviced residences and rental housing properties, while maintaining our foothold in business hotels.

We have expanded our investment strategy to include student accommodation properties, and plan to increase our asset allocation in longer-stay properties to enhance the stability of our income. The student accommodation asset class will offer a new platform for growth and is countercyclical in nature as students tend to invest in education during a recession in preparation for economic recovery. As such, our foray into the student accommodation asset class will also mitigate the near-term headwinds faced by traditional hospitality asset classes. Amid the uncertainties around COVID-19, we will invest cautiously in quality assets in fundamentally strong markets.

We will continue to maintain a balanced mix of stable and growth income through the different contract types. This balanced mix has provided income stability to our Stapled Securityholders and enabled us to enjoy higher earnings in markets that experience an upturn, mitigating any downturns in poorer performing markets.

Q. Which stage of the recovery are we at now? Do you think travel will be the same again, post-COVID-19?

Chairman: Market conditions are expected to remain challenging in the near term. While there was some pick-up in domestic travel demand in the second half of 2020, the recovery was set back by fresh waves of infections and uncertainty around new variants of the coronavirus.

Notwithstanding, we have observed pent-up demand for domestic travel in several markets, and we expect travel to restart, albeit at an uneven pace, when restrictions are eased. Countries with larger domestic markets are expected to recover faster.

Advancements in vaccine deployment, development and therapeutics will also help to uplift consumer and business confidence, spurring the demand for travel.

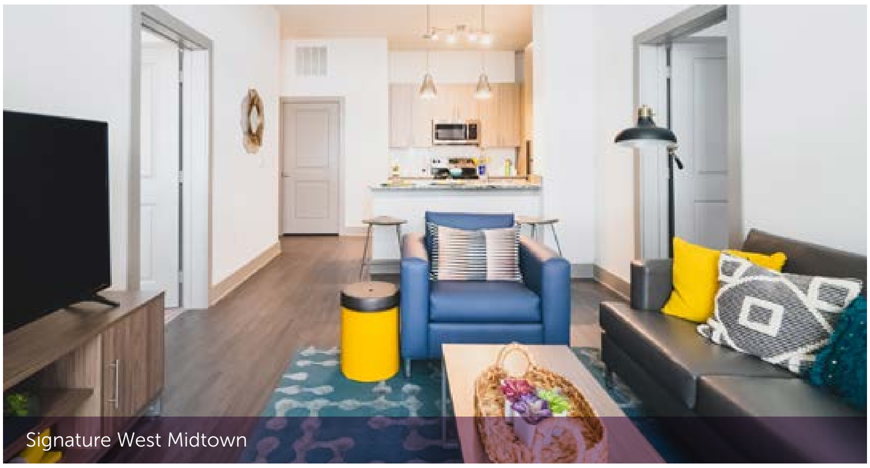
The World Tourism Organization (UNWTO) expects a rebound in international travel arrivals by the second half of 2021, and a full recovery to 2019 levels to take 2.5 to 4 years.

Historically, the travel industry has shown an unparalleled ability to recover from a crisis and has proven to be a key driver of international economic recovery. Supportive government and monetary policies will also aid recovery from the pandemic and provide a welcomed boost to the travel industry.

The hospitality landscape has certainly evolved with a shift in customer needs. Travellers now prioritise cleanliness and hygiene, and prefer flexible bookings, self-guided road trips and staycations over group travel. Attuned to these new preferences, our operators have embraced agility, introducing new uses of space, innovative sales and marketing campaigns, and accelerated their adoption of digital technology.

We stand ready to adapt to the new normal. ART is underpinned by strong fundamentals and a resilient portfolio. Our efforts to strengthen and future proof our portfolio will also position us well to ride the recovery.

WE STAND READY TO ADAPT TO THE NEW NORMAL. ART IS UNDERPINNED BY STRONG FUNDAMENTALS AND A RESILIENT PORTFOLIO. OUR EFFORTS TO STRENGTHEN AND FUTURE PROOF OUR PORTFOLIO WILL ALSO POSITION US WELL TO RIDE THE RECOVERY.



Signature West Midtown

Q. Looking ahead, will sustainability be more important to ART?

CEO: Sustainability is at the core of everything we do. Environmental sustainability is increasingly synonymous with business sustainability and is a key priority in our corporate strategy.

In 2020, we stepped up our efforts towards greening our global portfolio. We obtained green certification for 15 more properties, increasing the number of green properties in our portfolio by about four times. We aim to progressively contribute to the targets set out under CapitaLand's 2030 Sustainability Master Plan. Various initiatives are also in place to educate our staff, tenants and guests on going green, as we work towards improving energy and water efficiency and reducing waste at our properties.

We were also the first hospitality trust in Singapore to obtain a green loan. Our maiden green loan of S$50 million will be used to finance our first development project and coliving property, lyf one-north Singapore.

Sustainability is also about contributing to the community and upholding high standards of corporate governance.

In support of our communities, Ascott has provided a safe haven to healthcare workers, returning nationals, migrant workers and guests who were displaced or affected by border closures due to COVID-19.

In recognition of our excellence in corporate governance, we were ranked third in the Singapore Governance and Transparency Index within the REIT and Business Trust category for the third consecutive year.

We endeavour to make a meaningful and positive impact in the communities we operate in as we create value for our Stapled Securityholders.

Q. Apart from sustainability, what are your other top priorities for 2021?

CEO: Operationally, we will continue to work with our lessees and operators to seize opportunities for future growth as travel restarts, while keeping a lid on costs.

We will also continue to look for yield-accretive investment opportunities to redeploy the proceeds from our recent divestments. Our focus will be on building a larger proportion of longer-stay accommodation asset classes to enhance the income stability of our portfolio.

At the start of 2021, we acquired our first student accommodation asset, Signature West Midtown, in Atlanta, Georgia in the United States of America. A quality, freehold property, Signature West Midtown enjoys a high occupancy rate of 95% despite COVID-19 and is within walking distance to Georgia Institute of Technology, an internationally recognised university with strong enrolment growth. The accretive acquisition will increase the pro forma FY 2020 DPS by approximately 4.4%.

In 2021, we will also be refurbishing and rebranding Hotel Central Times Square. The rebranding is expected to give the property a new lease of life, with refurbished guestrooms and lobby. Renovation works are expected to commence in the second quarter of 2021 and the rebranded property is expected to be launched in the third quarter of 2021.

Our development projects – lyf one-north Singapore and our new Somerset serviced residence on the Liang Court site, are underway.

lyf one-north Singapore is expected to complete in the fourth quarter of 2021. The 324-unit coliving property is designed to cater to young entrepreneurs, professionals and millennials. Its social spaces designed to offer flexibility, functional units with ensuite bathrooms and versatile workspaces will be even more relevant in the wake of COVID-19.

Construction works for Somerset Liang Court Property Singapore are scheduled to commence in the third quarter of 2021. Expected to complete in 2025, the new 192-unit property will be part of an iconic integrated development within the prime Clarke Quay precinct. It will have a refreshed lease of 99 years and more efficient layout catering to a wider spectrum of guest profiles.

lyf one-north Singapore (artist's impression)

OUR BOARDS OF DIRECTORS


TAN BENG HAI, BOB


BEH SIEW KIM


ZULKIFLI BIN BAHARUDIN


SIM JUAT QUEE MICHAEL GABRIEL


CHIA KIM HUAT


DEBORAH LEE SIEW YIN


LEE CHEE KOON


LIM CHO PIN ANDREW GEOFFREY


GOH SOON KEAT KEVIN

OUR BOARDS OF DIRECTORS

TAN BENG HAI, BOB, 69

CHAIRMAN
NON-EXECUTIVE INDEPENDENT DIRECTOR

- Fellow, Institute of Chartered Accountants in England and Wales, UK

Date of first appointment as a Director
24 April 2015

Date of appointment as Chairman
1 September 2016

Length of service as a Director (as at 31 December 2020)
5 years 8 months

Present directorships in other listed companies
- Sembcorp Marine Ltd
- Singapore Post Limited

Present principal commitments
- Jurong Engineering Limited (Chairman)
- NTUC Club Management Council (Member)
- Sentosa Development Corporation (Chairman)

Past directorship in other listed company held over the preceding three years
- SMRT Corporation Ltd

Background and working experience
- Managing Director of Novar International Pte Ltd (From 2000 to 2005)
- Managing Director of Caradon Asia-Pacific Pte Ltd (From 1990 to 2000)
- General Manager of MK Electric (Singapore) Pte Limited (From 1980 to 1990)
- Overseas Operations Accountant of MK Electric Ltd (England) (From 1977 to 1980)
- Articled Clerk of Bowker Orford & Co (England) (From 1972 to 1977)

Awards
- NTUC May Day Distinguished Service Award in 2018
- The Meritorious Service Medal (Pingat Jasa Gemilang) – National Day Award in 2017
- NTUC May Day Meritorious Service Award in 2013
- Public Service Star Award (Bintang Bakti Masyarakat-BBM) – National Day Award in 2010
- NTUC May Day Friend of Labour Award in 2000

BEH SIEW KIM, 50

CHIEF EXECUTIVE OFFICER
EXECUTIVE NON-INDEPENDENT DIRECTOR

- Bachelor of Business (Accounting), University of Tasmania, Australia
- Member, Institute of Singapore Chartered Accountants

Date of first appointment as a Director
1 May 2017

Length of service as a Director (as at 31 December 2020)
3 years 8 months

Board committee served on
- Executive Committee (Member)

Background and working experience
- Deputy Chief Executive Officer, Ascott Residence Trust Management Limited (From March 2017 to April 2017)
- Head, Corporate Planning & Compliance / Financial Controller, CapitaLand China (From August 2008 to February 2017)
- Vice President, Finance, CapitaLand Residential Limited (From February 2007 to July 2008)
- Vice President, Group Finance, SembCorp Industries Limited (From August 2003 to January 2007)
- Assurance Manager, Ernst & Young (From July 2002 to July 2003)
- Assurance Manager, Arthur Andersen (From August 1999 to July 2002)

ZULKIFLI BIN BAHARUDIN, 61

NON-EXECUTIVE INDEPENDENT DIRECTOR

- Bachelor of Science in Estate Management, National University of Singapore

Date of first appointment as a Director
1 January 2013

Length of service as a Director (as at 31 December 2020)
8 years

Board committee served on
- Audit Committee (Member)

Present directorship in other listed company
- GDS Holdings Limited

Present principal commitments
- Ang Mo Kio - Thye Hua Kwan Hospital Ltd. (Director)
- Global Business Integrators Pte. Ltd. (Director)
- ITL Corporation (Executive Chairman)
- Non-Resident Ambassador to the Republic of Kazakhstan & Uzbekistan
- Omni Holdco, LLC (Director)
- Thye Hua Kwan Moral Charities Limited (Director)
- Virtus HoldCo Limited (Director)

Past directorship in other listed company held over the preceding three years
- Singapore Post Limited

Background and working experience
- Nominated Member of Parliament (From October 1997 to September 2001)

Awards
- BBM, Public Service Star Award in 2011
- Public Service Award (Meritorious) in 2005

SIM JUAT QUEE MICHAEL GABRIEL, 65

NON-EXECUTIVE INDEPENDENT DIRECTOR

- Fellow, Association of Chartered Certified Accountants, UK
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, Certified Public Accountant, Australia
- Master of Business Administration, University of South Australia, Australia
- Certified Fraud Examiner, Association of Certified Fraud Examiners

Date of first appointment as a Director
1 September 2016

Length of service as a Director (as at 31 December 2020)
4 years 4 months

Board committee served on
- Audit Committee (Chairman)

Present principal commitments
- Catholic Welfare Services (Member, Board of Governors)
- Jurong Town Corporation (Member of the Board)
- Lien Aid Limited (Director)
- Platanetree Capital Pte. Ltd. (Executive Director)
- Roman Catholic Archdiocese of Singapore (Chairman, Archdiocesan Audit Committee)

Background and working experience
- Advisory and Assurance Partner, Ernst & Young (From June 1995 to June 2015)

OUR BOARDS OF DIRECTORS

CHIA KIM HUAT, 54

NON-EXECUTIVE INDEPENDENT DIRECTOR

- LLB (Hons), National University of Singapore
- Advocate & Solicitor, Supreme Court of Singapore

Date of first appointment as a Director
15 April 2020

Length of service as a Director (as at 31 December 2020)
8 months

Board committee served on
- Audit Committee (Member)

Present directorship in other listed company
- SATS Ltd

Present principal commitment
- Partner, Rajah & Tann Singapore LLP

Past directorships in other listed companies held over the preceding three years
- Ascendas Hospitality Fund Management Pte. Ltd.
- Ascendas Hospitality Trust Management Pte. Ltd.
- PEC Ltd.

Background and working experience
- Partner, Rajah & Tann Singapore LLP, (Regional Head, Corporate & Transactional Practice)

Awards
- "Eminent Practitioner" by Chambers Global and Chambers Asia Pacific
- "Market-Leading Lawyer" in Asialaw for Capital Markets and Corporate / M&A
- Best Lawyers for Capital Markets, Corporate and Mergers & Acquisition
- Who's Who Legal: Corporate Governance / M&A
- Who's Who Legal: Capital Markets (Debt & Equity)

DEBORAH LEE SIEW YIN, 63

NON-EXECUTIVE INDEPENDENT DIRECTOR

- Bachelor of Accountancy (Honours), National University of Singapore
- Degree of Master of Science (Applied Finance), National University of Singapore
- Chartered Financial Analyst® and Member, CFA Institute

Date of first appointment as a Director
17 June 2020

Length of service as a Director (as at 31 December 2020)
6 months

Board committee served on
- Audit Committee (Member)

Present directorship in other listed company
- Metro Holdings Limited

Present principal commitments
- Integrated Health Information Systems Pte Ltd (Director)
- MOHH Pte Ltd (ARC Member)

Past directorships in other listed companies held over the preceding three years
- Ascendas Hospitality Fund Management Pte. Ltd.
- Ascendas Hospitality Trust Management Pte. Ltd.

Background and working experience
- Director of WTL Capital Pte Ltd (From 2016 to present)
- Executive Vice-President, Corporate Development of Singapore Press Holdings Ltd (From 2007 to 2015)
- Consultant, specialising in corporate development work and mergers and acquisitions (From 2002 to 2006)
- Senior Vice-President, Business Development, Wuthelam Group (From 1991 to 2001)
- Business Development Manager, Hewlett-Packard Singapore (Pte) Ltd (From 1979 to 1991)
- Auditor, Price Waterhouse (1979)

LEE CHEE KOON, 46

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

- Bachelor of Science in Mechanical Engineering (First Class Honours), National University of Singapore
- Master of Science in Advanced Mechanical Engineering (Distinction), Imperial College London, UK

Date of first appointment as a Director
1 June 2013

Length of service as a Director (as at 31 December 2020)
7 years 7 months

Board committee served on
- Executive Committee (Chairman)

Present directorship in other listed company
- CapitaLand Limited

Present principal commitments
- CapitaLand Group (Group Chief Executive Officer)
- EDBI Pte Ltd (Director)
- Emerging Stronger Taskforce (Member)

Past directorships in other listed companies held over the preceding three years
- CapitaLand Commercial Trust Management Limited (Manager of CapitaLand Commercial Trust)
- CapitaLand Retail China Trust Management Limited (Manager of CapitaLand Retail China Trust)

Background and working experience
- Group Chief Investment Officer of CapitaLand Limited (From 1 January 2018 to 14 September 2018)
- CEO of The Ascott Limited (From June 2013 to December 2017)
- Deputy CEO of The Ascott Limited (From February 2012 to May 2013)
- Managing Director, North Asia of The Ascott Limited (From July 2009 to May 2013)
- Vice President, Office of the President of CapitaLand Limited (From February 2007 to June 2009)
- Head, International Relations & Economic Strategy of Ministry of Finance (From November 2003 to January 2007)
- Senior Assistant Director, Trade Directorate of Ministry of Trade and Industry (From November 2001 to November 2003)

Awards
- Business China Young Achiever Award in 2017
- National Order of Merit (Chevalier de l'Ordre National du Mérite) in 2016

LIM CHO PIN ANDREW GEOFFREY, 51

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

- Bachelor of Commerce (Economics), University of Toronto, Canada
- Master in Business Administration, Rotman School of Business, University of Toronto, Canada
- Chartered Financial Analyst® and Member, CFA Institute

Date of first appointment as a Director
1 January 2018

Length of service as a Director (as at 31 December 2020)
3 years

Board committee served on
- Executive Committee (Member)

Present directorships in other listed companies
- Ascendas Funds Management (S) Limited (Manager of Ascendas Real Estate Investment Trust)
- CapitaLand Integrated Commercial Trust Management Limited (Manager of CapitaLand Integrated Commercial Trust)
- CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (Manager of CapitaLand Malaysia Mall Trust)
- CapitaLand China Trust Management Limited (Manager of CapitaLand China Trust)

Present principal commitments
- Accounting for Sustainability Circle of Practice (Member)
- CapitaLand Group (Group Chief Financial Officer)
- Institute of Singapore Chartered Accountants' CFO Committee (Member)
- Sport Singapore (Singapore Sports Council) (Director and Chairman of Audit Committee)

Past directorships in other listed companies held over the preceding three years
- CapitaLand Commercial Trust Management Limited (Manager of CapitaLand Commercial Trust) (delisted on 3 November 2020)
- CapitaLand Mall Trust Management Limited (Manager of CapitaLand Mall Trust) (from 1 May 2017 to 9 October 2019)

(continued on the next page)

OUR BOARDS OF DIRECTORS

(continued from the preceding page)

Background and working experience
- Group Chief Financial Officer (Designate) of CapitaLand Limited (From 25 November 2016 to 31 December 2016)
- Managing Director and Head of SEA Coverage Advisory of HSBC Global Banking (From January 2016 to December 2016)
- Managing Director and Head of SEA Real Estate of HSBC Global Banking (From January 2015 to December 2015)
- Managing Director, SEA Investment Banking of HSBC Global Banking (From April 2013 to December 2014)
- Director, SEA Investment Banking of HSBC Global Banking (From April 2010 to March 2013)
- Associate Director, Investment Banking of HSBC Global Banking (From April 2007 to March 2010)
- Associate, Investment Banking of HSBC Global Banking (From July 2004 to March 2007)

GOH SOON KEAT KEVIN, 45
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

- Bachelor of Mechanical Engineering (Honours), National University of Singapore
- Chartered Financial Analyst® and Member, CFA Institute

Date of first appointment as a Director
15 April 2020

Length of service as a Director (as at 31 December 2020)
8 months

Board committee served on
- Executive Committee (Member)

Present principal commitments
- CEO, Lodging, CapitaLand Limited
- CEO, The Ascott Limited

Background and working experience
- Chief Operating Officer, The Ascott Limited (December 2016 to December 2017)
- Managing Director, North Asia & Ascott China Fund, Ascott Property Management (Shanghai) Co., Ltd (October 2015 to November 2016)
- Managing Director, North Asia, Ascott Property Management (Shanghai) Co., Ltd (June 2013 to September 2015)
- Regional General Manager, East & South China, Ascott Property Management (Shanghai) Co., Ltd (February 2012 to May 2013)
- Head, Corporate Services, Ascott International Management (2001) Pte Ltd (August 2009 to January 2012)
- Assistant Vice President, Business Analysis (China), Ascott International Management (2001) Pte Ltd (May 2007 to July 2009)
- Manager, Accenture Pte Ltd (May 2006 to May 2007)
- Consultant, Accenture Pte Ltd (May 2003 to April 2006)
- Analyst, Accenture Pte Ltd (July 2001 to April 2003)

THE MANAGERS

BEH SIEW KIM

Chief Executive Officer
Executive Non-Independent Director

Ms Beh was appointed as an Executive Director on the Boards of the Managers on 1 May 2017 and serves as a member of the Executive Committees. As Chief Executive Officer, she is responsible for spearheading the overall strategic planning and leading the implementation of the business, investment and operational strategies for ART. She works with the Boards of Directors to determine the business strategies and plans, and with the management team to ensure the execution of such strategies. She has oversight of the investment, asset management, finance and investor relations functions, and ensures that they are managed effectively.

Ms Beh was previously the Deputy Chief Executive Officer, and has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 20 years of experience in real estate investments and fund management. Prior to joining the Managers, she has been with the CapitaLand Group for more than 10 years, and was the Head, Corporate Planning & Compliance / Financial Controller at CapitaLand China. She was responsible for the corporate planning, financial reporting, forecasting, capital management and compliance functions of CapitaLand China. As a member of the senior management team, she has been actively involved in deal analysis, investor relations, as well as private and institutional financing. In her 10 years with CapitaLand China, she has participated in the set-up of private equity funds, investment and divestment deals.

Prior to joining the CapitaLand Group, Ms Beh held finance and audit positions in SembCorp Industries Limited, Ernst & Young and Arthur Andersen.

Ms Beh holds a Bachelor of Business (Accounting) from the University of Tasmania, Australia, and is also a member of the Institute of Singapore Chartered Accountants.

KANG SIEW FONG

Chief Financial Officer

Ms Kang is responsible for the finance function and drives the performance management and reporting functions at ART. Ms Kang has over 25 years of experience in the finance profession.

Prior to joining the Managers, Ms Kang was with The Ascott Limited (Ascott) for over 13 years and held various leadership positions including Vice President, Finance and Vice President, Business Development and Planning. While at Ascott, she was responsible for all aspects of Ascott's financial management and accounting, including preparation of the group consolidated accounts and quarterly reporting of financial results to the SGX-ST, co-ordinating with external auditors, and ensuring compliance with statutory reporting requirements and financial reporting standards. Ms Kang was also involved in merger and acquisition activities at Ascott, as well as the formulation and implementation of its financial policies and practices, budgeting and internal controls. She was also a key pioneer member of the team responsible for the listing of ART in 2006.

Ms Kang holds a Bachelor of Accountancy degree from the National University of Singapore. She is also a Chartered Accountant of the Institute of Singapore Chartered Accountants.

CHAN KIN LEONG GERRY

Head, Investment and Asset Management

Mr Chan is responsible for the investment and asset management functions at the Managers, and oversees the Managers' investments, divestments, portfolio management and asset enhancements. He has about two decades of relevant experience, and has assumed various leadership positions in investment, asset management and capital markets.

Prior to joining the Managers, Mr Chan held various leadership positions within the CapitaLand Group. He was Vice President, Business Development for CapitaLand Retail and was with CapitaLand's Retail Division for eight years. During this period, he headed the investment functions of both CapitaLand Mall Trust and CapitaLand Malaysia Mall Trust. He was also the investment and asset manager responsible for various large-scale asset enhancement initiatives including the redeveloped Funan mixed-use project.

Mr Chan holds a Master of Business and a Bachelor of Accountancy from the Nanyang Technological University, Singapore. He is also a Chartered Financial Analyst® and Member of the CFA Institute.

WONG XIAO FEN DENISE

Head, Investor Relations

Ms Wong heads the investor relations function of the Managers. She is responsible for providing strategic counsel to senior management and facilitating timely and effective communication with the investment community.

Ms Wong brings with her 10 years of relevant experience, in the areas of investor and public relations, asset management, financial sales and marketing. Prior to joining the Managers, Ms Wong assumed positions in the manager of Far East Hospitality Trust, where she was instrumental in the investor relations, asset management and compliance of the trust, and Financial PR Pte. Ltd., where she provided investor relations counsel to Singapore-listed companies in the real estate, construction and technology sectors. Ms Wong also held positions in wealth management and advisory at OCBC Bank and HSBC Bank.

Ms Wong obtained her Bachelor of Business Management from the Singapore Management University, with majors in Finance (Wealth Management) and Marketing. She also attended the International Student Exchange Programme at the University of Maastricht, Netherlands. Ms Wong obtained the International Certificate in Investor Relations from the Investor Relations Society of UK.

VALUE CREATION

The value creation model illustrates how ART leverages the six key capitals under The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework to drive sustainable returns, while taking into consideration the interests of our key stakeholders.

KEY CAPITALS

FINANCIAL

Available pool of funds from proactive portfolio and capital management and investments to fuel growth sustainably

ORGANISATIONAL

Commitment to high standards of corporate governance and transparency, prudent risk management and ethical culture

SOCIAL AND RELATIONSHIP

Active stakeholder engagement to foster strong relationships and create long-term shared value

MANUFACTURED

Capability to acquire and develop high-quality properties which are value-adding, environmentally sustainable and safe

ENVIRONMENTAL

Monitoring and reducing environmental footprint for the betterment of our future generations, while balancing commercial viability

HUMAN

Commitment and drive from employees and property operators towards business growth

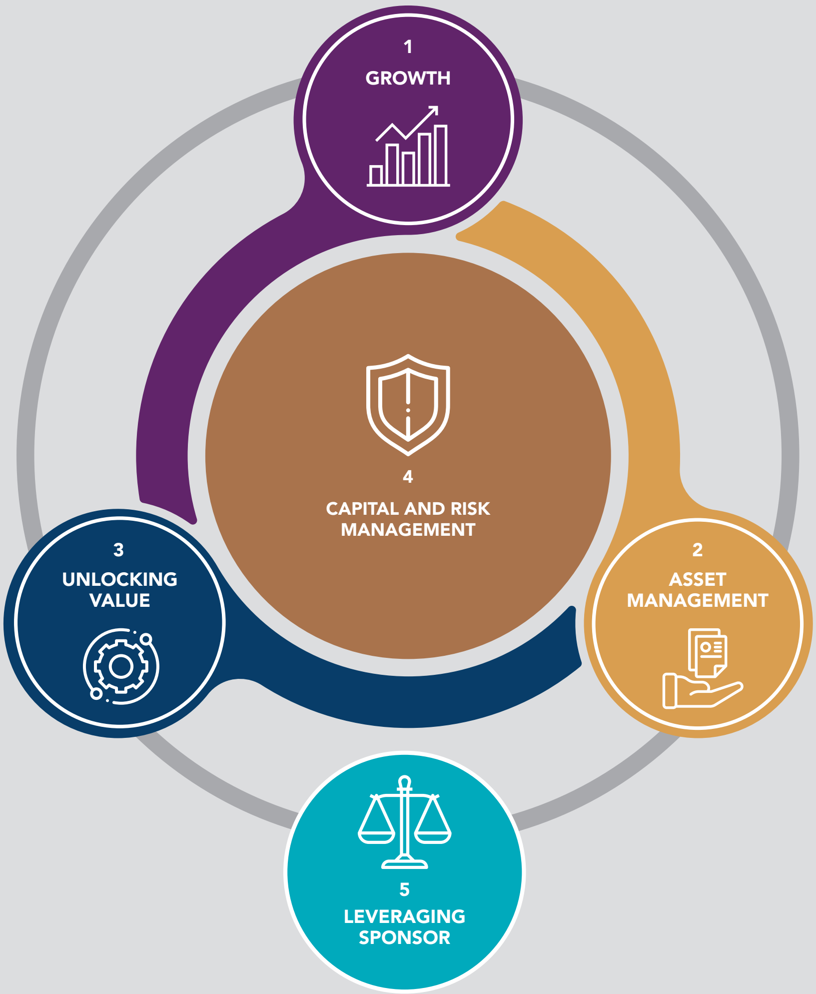
VALUE CREATION STRATEGY

1 GROWTH

Actively but selectively looking out for acquisition opportunities globally, while exercising acute judgement with stringent investment criteria. Potential acquisition sources include pipeline properties from the Sponsor and third-party assets.

2 ASSET MANAGEMENT

Optimising the operating yields of our properties by leveraging the extensive network and capabilities of our property operators. Asset enhancement initiatives are regularly carried out to improve the performance and value of our properties.



3 UNLOCKING VALUE

Constantly monitoring and evaluating the growth potential of our properties and seeking divestment opportunities for those which have reached the optimal stage of their life cycle. Sale proceeds could be deployed towards higher-yielding investments, repayment of borrowings and/or capital distributions.

4 CAPITAL AND RISK MANAGEMENT

Achieving an optimal capital structure that balances cost of capital and gearing with returns, while managing risks associated with liquidity, interest rates and foreign exchange movements through the use of hedging instruments, where appropriate.

5 LEVERAGING SPONSOR

Leveraging the scale and strong operational track record of our Sponsor, Ascott, one of the leading international lodging owner-operators. ART has a right of first refusal to about 20 properties in the Sponsor's pipeline, and can also tap on Ascott's network of third-party owners and industry partners for investment leads.

VALUE CREATED

FINANCIAL CAPITAL

- 5-Year Financial Summary: Page 13
- Financial Review: Pages 76 to 81
- Financial Statements: Pages 142 to 355

ORGANISATIONAL CAPITAL

- Corporate Governance: Pages 101 to 134
- Enterprise Risk Management: Pages 96 to 100
- Sustainability Management: Pages 87 and 95

SOCIAL AND RELATIONSHIP CAPITAL

- Investor Relations: Pages 32 to 35
- Sustainability Management: Pages 87 to 95

MANUFACTURED CAPITAL

- Sustainability Management: Pages 87 to 95

ENVIRONMENTAL CAPITAL

- Sustainability Management: Pages 87 to 95

HUMAN CAPITAL

- Sustainability Management: Pages 87 to 95

STAKEHOLDERS

Customers – guests and residents

Supply chain – main contractors, vendors, suppliers, creditors

Employees

Investors, analysts and media

Government/ national agencies/ community and non-governmental organisations (NGOs)

OUR COVID-19 RESPONSE

Since the outbreak of COVID-19, ART has responded swiftly by putting in place comprehensive health and safety measures, pivoting to capture new market segments and streamlining the business to ride through the challenges and be future-ready.

For more information on Ascott Cares, please refer to http://www.the-ascott.com/en/ascottcares.html.

PRIORITISING HEALTH AND SAFETY

We raised the standards of care for our guests, staff and partners with the implementation of stringent health and cleanliness measures at our properties.

Ascott Cares, which encompasses Ascott's nine commitments towards enhanced hygiene and safety standards, was introduced, and a holistic programme in collaboration with Bureau Veritas was developed. Under the programme, Bureau Veritas' Health, Safety and Hygiene experts certified and audited the implementation of Ascott Cares' commitments, delivering a consistent solution to Ascott's properties globally and offering guests greater peace of mind.

PURSUING ALTERNATIVE SOURCES OF BUSINESS

Recognising the uncertainty and challenges brought about by COVID-19, ART pursued business opportunities from alternative market segments. We supported government agencies and embassies, and provided accommodation to returning nationals, healthcare personnel on the frontline, those on self-isolation and workers affected by border shutdown.

We also enhanced our product offerings to meet new needs with Ascott's Work-in-Residence and Space-as-a-Service initiatives. Under the Work-in-Residence initiative, apartments in about 40 ART properties were reconfigured to leverage the telecommuting trend and serve those looking for alternate work-from-home locations. With the Space-as-a-Service initiative, we introduced new uses of space at our apartments, converting them into yoga, fitness and even live-streaming studios.

ACTIVE ASSET AND CAPITAL MANAGEMENT

ART continuously strives to drive returns for our Stapled Securityholders through active asset and capital management. Not only did we work with our lessees and operators to bring in new business at our properties, we also adopted comprehensive cost-containment measures. We managed our overheads and discretionary expenditure and tapped on government support schemes to defray some costs. In addition, non-essential capital expenditure was deferred to conserve cash. At the Trust level, we exercised prudence by keeping finance costs low and maintaining a strong cash buffer.

SUPPORTING THE COMMUNITY

Playing an active role in supporting the communities where we operate in, we offered complimentary stays at our properties to those on the frontline. In France and China, we leveraged Ascott's lodging expertise to provide healthcare workers with a home away from home, easing the demands of commuting to and from work.

DIGITAL TECHNOLOGY INITIATIVES

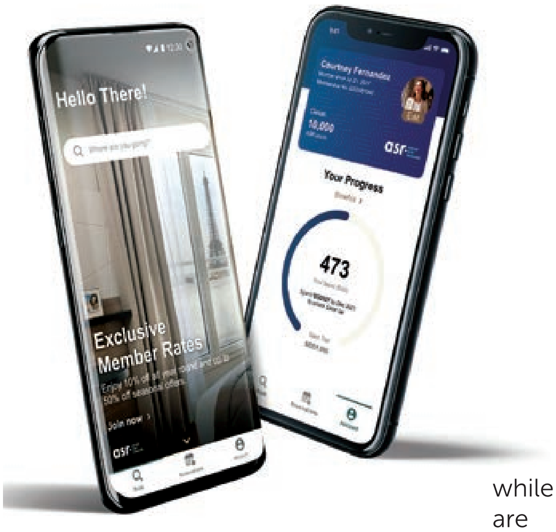
CONTACTLESS DIGITAL TOUCHPOINTS FOR GUEST SAFETY

Digital technologies were adopted at ART properties to minimise physical contact and provide seamless service to guests amid COVID-19. These included the deployment of self check-in kiosks with facial recognition and unmanned service robots. In Singapore, Ascott Orchard Singapore implemented radio frequency identification (RFID) tapping points and QR codes to provide guests with easier access to the internet, reducing the contact between guests and staff.

To allow prospective guests to engage in an interactive online tour of Ascott's apartments, 360 degrees virtual tours were introduced in countries such as Singapore and China.

LAUNCH OF 'DISCOVER ASR' MOBILE APPLICATION

The new 'Discover ASR' mobile app for members of Ascott's loyalty programme, Ascott Star Rewards (ASR), was launched in October 2020. The 'Discover ASR' mobile app acts as a one-stop round-the-clock digital concierge for ASR members to make bookings, manage reservations, perform self



check-in and check-outs, redeem e-vouchers and manage ASR points. Members can also look forward to future enhancements such as digital key access to apartments and 'Go Green' notifications which encourage members to make environmentally-friendly choices during their stay. 'Discover ASR' not only delivers greater value to customers, but also improves operational efficiencies, builds brand loyalty and grows the customer base.

STRATEGIC COLLABORATIONS AND PROMOTIONS TO DRIVE BOOKINGS

- **Partnership with CapitaLand's CapitaStar**
  Ascott launched a points exchange programme between its ASR loyalty programme and CapitaLand's CapitaStar, Singapore's leading lifestyle and shopping rewards programme. ASR members, who are also CapitaStar members in Singapore, can exchange their ASR points for CapitaStar STAR$®, while CapitaStar members are also able to exchange their CapitaStar STAR$® to ASR points. This synergistic partnership enabled Ascott to tap on CapitaStar's extensive membership base to cross-sell and bring greater value to customers.

- **Partnership with leading ecommerce platform, Shopee**
  Ascott partnered with leading ecommerce platform Shopee to launch Southeast Asia's largest promotion with about S$13 million worth of goodies up for grabs through flash sales and livestream promotions. This regional collaboration allowed Ascott to tap on the popularity of ecommerce and shoppertainment to reach a wider demographic, to expand beyond conventional booking channels and uncover additional revenue streams.

INTELLIGENT ENERGY SAVING SYSTEM

In line with ART's commitment towards sustainability, an intelligent energy saving system which optimises the consumption of air-conditioning when rooms are vacant was successfully implemented at Citadines Mount Sophia Singapore, where it was first piloted. The system is currently being introduced at Somerset Kuala Lumpur and will be progressively rolled out at other properties.

INVESTOR RELATIONS

EFFECTIVE, FAIR AND REGULAR COMMUNICATIONS

The Managers are committed to adopting a proactive approach towards consistent, timely and transparent communication to our stakeholders, which includes potential and existing retail and institutional investors, sell-side analysts and the media. This commitment is underpinned by our Investor Relations Policy, which states the guiding principles of our approach and can be found on ART's corporate website (https://investor.ascottresidencetrust.com/investor_relations_policy.html).

To help stakeholders make informed investment decisions, especially during challenging market conditions, disclosures are made on an immediate basis as required under the Listing Manual, or as soon as possible where immediate disclosure is not practicable. All announcements, press releases and presentation slides relating to ART's latest corporate developments are disclosed promptly through SGXNet. This information is archived on ART's corporate website (https://www.ascottresidencetrust.com/) and is readily available to the public. The Investor Relations section of the website is also regularly updated with information such as ART's stock data, factsheet, publications, tax refund procedures and a list of frequently asked questions.

Following the announcement of half-yearly financial reporting with effect from FY 2020, the Managers continued to engage stakeholders through various communication channels. Business updates were published for the first and third quarters of the financial year, and additional interim updates were issued to provide timely updates on the impact of COVID-19 as the situation evolved. Two weeks before the announcement of the half-year and full-year financial results, the Managers issued profit guidance to guide the market on ART's business and financial performance amidst the pandemic.

The business updates and financial results were publicly released no later than 30 days from the end of each quarter. Joint analyst and media results briefings were held to provide updates on ART's financial and operational performance.

ACTIVE ENGAGEMENT THROUGH MULTIPLE CHANNELS

In view of COVID-19, the Managers hosted and participated in video conference calls, webinars and virtual presentations to communicate more frequently with stakeholders during this period of uncertainty.

The virtual meetings were well attended and provided a channel for timely two-way communication for the discussion on the COVID-19 situation and its impact on ART, the Managers' business strategies, efforts to address the operational challenges, and perspectives on the market outlook. In 2020, the Managers reached out to more than 2,000 analysts and investors. Through these meetings, the Managers were also able to better understand the views of the investment community, thereby forming a crucial feedback loop to facilitate improved disclosures and communication.

In 2020, ART organised and participated in several virtual events, including –

- the Annual General Meeting (AGM) held in June 2020 via live webcast, where the Managers and Boards of Directors reported on the achievements and FY 2019 financial results of ART, and responses to substantial and relevant questions were uploaded on SGXNet in advance;
- post-results investor meetings as part of the regular two-way communication with the investment community on ART's performance and business strategies;
- non-deal roadshows and conferences, where the Managers engaged with existing or potential institutional investors, from both the equity and fixed income markets;
- industry seminars and events, including participating as a panelist on the Singapore Governance and Transparency Index Forum.

A full list of the investor relations activities is tabled under the 2020 Investor Relations Calendar on page 33.

ACHIEVEMENTS

ART's successful combination with Ascendas Hospitality Trust in 2019 boosted the scale of ART and enabled ART to achieve inclusion into the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index) and GPR 250 Index Series. Being a constituent on these two indices broadened ART's reach amongst global investors and increased ART's trading liquidity.

In 2020, ART was conferred the "Best Hospitality REIT (Platinum Award)" for the fourth consecutive year at Asia Pacific Best of the Breeds REITs Award™. Testament to the Managers' commitment towards good corporate governance and transparency, ART ranked third in the REIT and Business Trust category of the Singapore Governance and Transparency Index 2020 for the third year in a row.

2020 INVESTOR RELATIONS CALENDAR

	Events	2020
1st Quarter	FY 2019 post-results briefing to media and analysts	30 January
	FY 2019 post-results luncheon hosted by DBS	30 January
2nd Quarter	1Q 2020 post-results briefing to analysts	4 May
	1Q 2020 post-results investor meeting hosted by CIMB	4 May
	Annual General Meeting	16 June
	Citi Asia Pacific Property Conference	24 June
3rd Quarter	DBS Vickers Pulse of Asia – ASEAN Tourism Conference	7 July
	1H 2020 post-results briefing to analysts	28 July
	1H 2020 post-results investor meeting hosted by DBS	29 July
	Singapore Governance and Transparency Index Forum	4 August
	DBS Vickers – CapitaLand Group Virtual Corporate Day	17 August
	Citi-REITAS-SGX C-Suite Singapore REITS & Sponsors Forum 2020	27 August
	DBS-SGX-REITAS Future of Real Estate Series	4 September
	REITs Symposium 2020 Online Edition	19 September
	HSBC Private Banking Investment Insights Webinar Series: Singapore REITS Corporate Day	24 September
4th Quarter	3Q 2020 post-results briefing to analysts	30 October
	3Q 2020 post-results investor meeting hosted by BNP Paribas	30 October
	UBS Global Real Estate Conference	2-3 December

FINANCIAL CALENDAR

Financial Year Ended 31 December 2020	
First Quarter Business Updates	30 April 2020
First Half Results Announcement	28 July 2020
Payment of Distribution to Stapled Securityholders (six months ended 30 June 2020)	28 August 2020
Third Quarter Business Updates	30 October 2020
Full Year Results Announcement	27 January 2021
Payment of Distribution to Stapled Securityholders (six months ended 31 December 2020)	26 February 2021
Annual General Meeting	19 April 2021

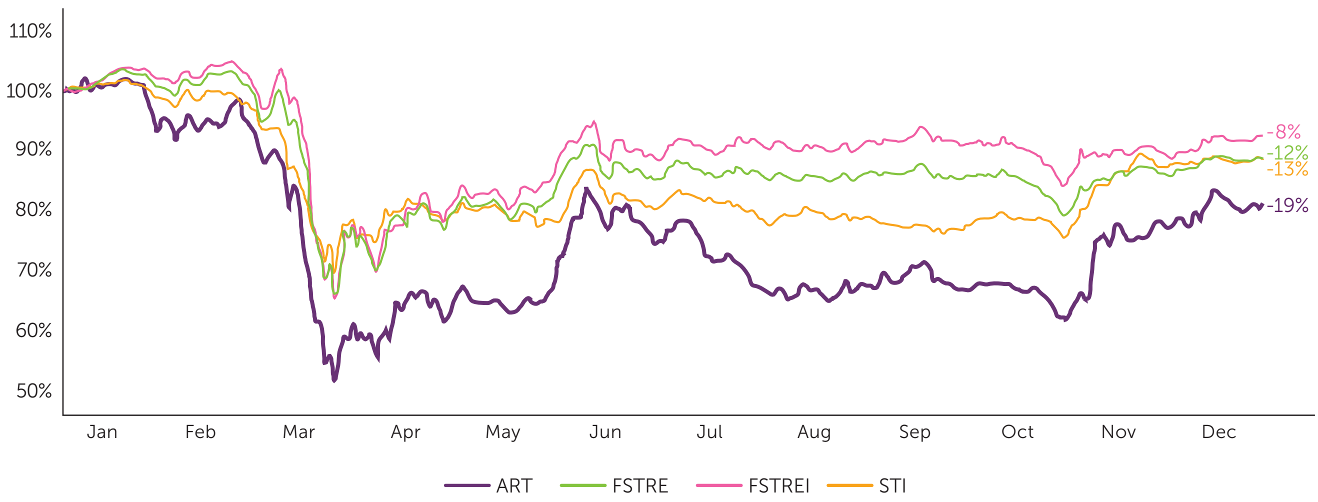
Financial Year Ended 31 December 2021 (subject to changes by the Managers without prior notice)	**Tentative Dates**
First Quarter Business Updates	April 2021
First Half Results Announcement	July 2021
Payment of Distribution to Stapled Securityholders (six months ended 30 June 2021)	August 2021
Third Quarter Business Updates	October 2021
Full Year Results Announcement	January 2022
Payment of Distribution to Stapled Securityholders (six months ended 31 December 2021)	February 2022
Annual General Meeting	April 2022

TRADING PRICE PERFORMANCE

Events	2020	2019
Opening price on the first trading day of the year (S$)	**1.33**	1.08
Closing price on the last trading day of the year (S$)	**1.08**	1.33
Highest closing price (S$)	**1.36**	1.42
Lowest closing price (S$)	**0.685**	1.08
Average closing price (S$)	**0.995**	1.26
Average daily trading volume (stapled securities)	**7,721,677**	4,120,957
Total trading volume (stapled securities)	**1,945,862,574**	1,009,634,550

Source: Bloomberg

COMPARATIVE TRADING PERFORMANCE FOR FY 2020



Source: Bloomberg

For enquiries or more information about Ascott Residence Trust, please contact:

Ms Denise Wong
Investor Relations

Ms Joan Tan
Group Communications

Tel: +65 6713 2888
Fax: +65 6713 2121
Email: ask-us@ascottresidencetrust.com

Corporate Website:
www.ascottresidencetrust.com

PORTFOLIO OVERVIEW

ART's scale, diversified portfolio and balanced mix of stable and growth income sources enable us to deliver resilient performance to our Stapled Securityholders.

SCALE AND PRESENCE

ART's portfolio comprises 86 properties[1] with more than 16,000 units across 38 cities in 15 countries. They include serviced residences, business hotels and rental housing. With the completion of lyf one-north Singapore and acquisition of Signature West Midtown in 2021, ART will also expand its range of accommodation offerings to include coliving and student accommodation properties.

Our properties are located in key gateway cities across Australia, Belgium, China, France, Germany, Indonesia, Japan, Malaysia, the Philippines, South Korea, Singapore, Spain, the United Kingdom, the United States of America (US) and Vietnam. The properties are strategically located near central business districts and are well-served by public transportation and within walking distance to amenities such as restaurants and supermarkets.

As at 31 December 2020, approximately 69% of ART's total assets are in Asia Pacific, and 31% are in Europe and the US. With a well-balanced and geographically diversified portfolio, serving a spectrum of guests with varying needs, ART is not subjected to concentration risk from any single market.

BRANDS

ART is brand agnostic and the properties under its portfolio are managed by established operators with strong domain knowledge, under reputable brands.

ART's Sponsor, The Ascott Limited (Ascott), one of the leading international lodging owner-operators with more than 30 years of track record, manages most of the serviced residences within the ART portfolio. Brands under Ascott include Ascott The Residence, Quest, Somerset and Citadines Apart'hotel. ART's first development and coliving property in one-north, Singapore, will carry our Sponsor's lyf brand, which caters to the millennial and millennial-minded market.

Other third-party operators we engage include Accor, Marriott and Sotetsu, with properties operating under their established brands such as Pullman, Novotel, Courtyard, Sheraton and The Splaisir.

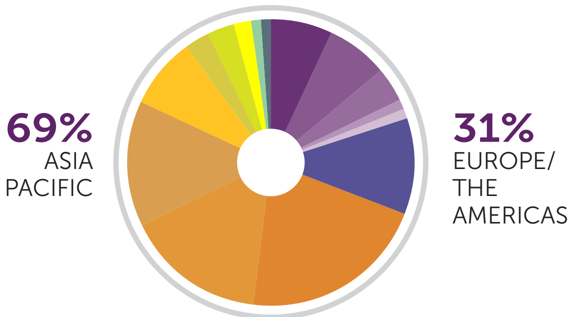
AWARDS

Our award-winning properties continue to enjoy worldwide recognition as the preferred accommodation for business and leisure travellers alike. Ascott Makati, Somerset Grand Hanoi and Citadines Shinjuku Tokyo won "Leading Serviced Apartments 2020" of their respective countries while Citadines Sainte-Catherine Brussels and Citadines Ramblas Barcelona in Spain won "Leading Serviced Apartments 2020" in their respective countries for the eighth and third year running at the World Travel Awards Europe 2020. More than 20 of our properties were recipients of the "Travelers' Choice 2020 Award"[2].

1 As at 31 December 2020, including lyf one-north Singapore and Somerset Liang Court Property Singapore which are under development.
2 Awarded by TripAdvisor. For the full list of properties, please see https://www.the-ascott.com/en/tripadvisor_awards_2020.html.

TOTAL ASSETS BY GEOGRAPHY

TOTAL ASSETS **S$7.2** billion



Asia Pacific	69%
Japan	21%
Singapore	16%
Australia	14%
China	8%
Vietnam	3%
South Korea	3%
The Philippines	3%
Indonesia	1%
Malaysia	<1%

Europe	20%
France	7%
The United Kingdom	7%
Germany	4%
Spain	1%
Belgium	1%
The Americas	**11%**
The United States of America	11%

OUR BUSINESS MODEL

ART's range of accommodation types caters to both leisure and corporate markets with short or long stay needs. Business travellers form a significant part of our guest profile, comprising expatriate relocations, corporate assignments and project groups. The demand for corporate travel, which is driven by long-term macroeconomic factors such as gross domestic product and foreign direct investment growth, is generally more stable than leisure travel, which is more seasonal in nature.

For FY 2020, ART's properties provided a home away from home for long-staying guests, housed frontline workers, travellers affected by border closure, and those on self-isolation. The average length of stay for properties on management contracts was approximately three months. Rental housing properties, with leases averaging more than one year, offered greater income stability to ART. In countries where domestic travel had resumed, shorter-term stays commanded higher room rates, enhancing yield.

For FY 2020, approximately 67% of ART's gross profit was from stable income sources (master leases and management contracts with minimum guaranteed income) and 33% was from growth income sources (management contracts).

FY 2020 GROSS PROFIT BY CONTRACT TYPE

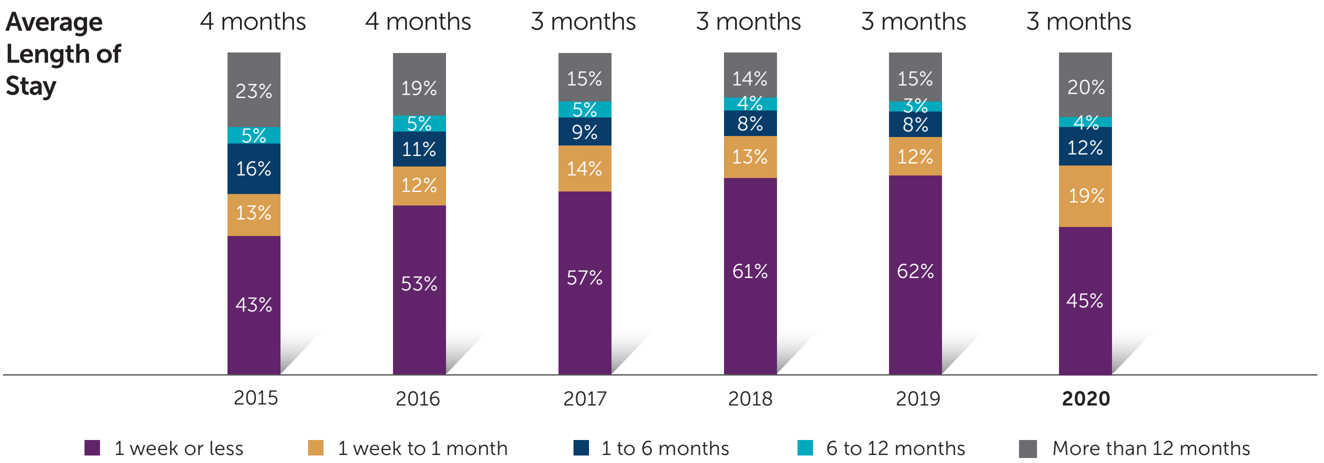
GROSS PROFIT **S$149.6** million

Master Leases	60%
Japan	17%
France	14%
Singapore	13%
Germany	9%
Australia	4%
South Korea	3%

Management Contracts with Minimum Guaranteed Income	7%
The United Kingdom	5%
Belgium	1%
Spain	1%

Management Contracts	33%
Japan	10%
Vietnam	9%
China	8%
Australia	5%
Singapore	4%
Indonesia	1%
The Philippines	1%
Malaysia	<1%
The United Kingdom	-
The United States of America	(5%)

PORTFOLIO INFORMATION BY LENGTH OF STAY[1]
(Portfolio Apartment Rental Income)



1 Historical information is prepared for illustrative purposes only and are not guarantees of future performance. Portfolio information excludes properties on master leases and properties under development.

PORTFOLIO OVERVIEW

MASTER LEASES

35 of our operating properties – 17 in France, five in Germany, five in Japan, four in Australia, two in South Korea and two in Singapore are on master leases.

In December 2020, master lease amendment agreements were entered into to revise the rent structure and/or extend the term of the master lease agreements of the France properties expiring in 2020 and 2021 by two to three years.

ART's master leases in Germany are subject to annual rental revisions pegged to indices representing construction cost, inflation or commercial rental prices, and in Australia, they are subject to annual indexation until the next market review. The master leases in Asia have fixed and variable rent components.

The weighted average remaining tenure of ART's master leases is about seven years. For master leases which were renewed in FY 2020, the weighted average lease expiry based on the date of commencement of the leases is approximately four years. The renewed master leases account for about 7% of ART's FY 2020 gross revenue.

MANAGEMENT CONTRACTS

The remaining 49 of our operating properties are on management contracts, comprising four properties on management contracts with minimum guaranteed income and 45 properties on management contracts without minimum guaranteed income. Management contracts are entered into between ART and the operators which provide property management services to ART. Unlike the properties under master lease arrangements, guests will lease the units directly from ART, including our subsidiaries (for properties outside of Japan) or other entities acting on behalf of ART (for properties within Japan[1]). Therefore, a waiver from the Monetary Authority of Singapore was obtained in relation to paragraphs 11.1(c) (iv) and (v) of the Property Funds Appendix regarding the disclosures of lease maturity profile and weighted average lease expiry for properties under management contracts, subject to the following disclosures:

(1) the average length of stay of guests of properties under the management contracts (combined for both management contracts with and without minimum guaranteed income) for current year and past five years; and
(2) the weighted average remaining term of the management contracts with minimum guaranteed income (MCMGI).

MANAGEMENT CONTRACTS WITH MINIMUM GUARANTEED INCOME

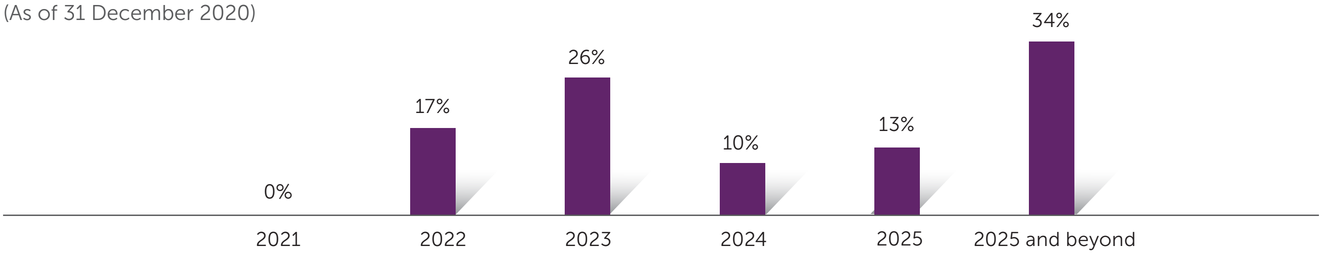
In May 2020, the MCMGI for three properties in the United Kingdom – Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London, were converted to management contracts upon their expiry for a year. As at 31 December 2020, four MCMGI in Belgium, Spain and the United Kingdom remained.

Under the MCMGI arrangement, the property operators have provided a minimum income guarantee to ART over the term of such management contracts which helps to ensure a stable income stream for ART in the event that the properties under such management contracts do not generate the minimum income. The weighted average remaining term of these management contracts is around five years.

MANAGEMENT CONTRACTS WITHOUT MINIMUM GUARANTEED INCOME

45 of our properties across Australia, China, Indonesia, Japan, Malaysia, the Philippines, Singapore, the United Kingdom, the US and Vietnam are on management contracts without minimum guaranteed income. Under these management contracts, the income stream is dependent on the revenue per available unit of the properties.

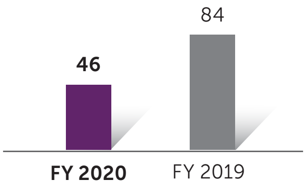
LEASE EXPIRY FOR MASTER LEASES[2]
(As of 31 December 2020)



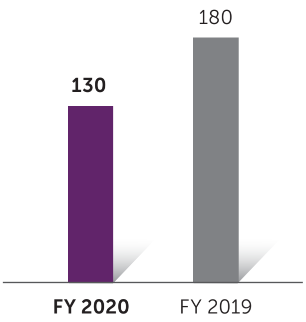
1 In Japan, ART's interests in properties are indirectly held as trust beneficial interests through the godo kaisha and tokutei mokuteki kaisha structures and Singapore special purpose vehicles.
2 Percentage of gross rental income for master leases expiring during the respective periods over the total gross rental income for all master leases; excludes Hotel WBF Kitasemba East and Hotel WBF Kitasemba West which subject to finalisation, will be converted to management contracts in 2021.

KEY STATISTICS OF ART'S PORTFOLIO[1]

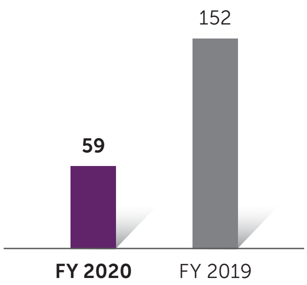
PORTFOLIO OCCUPANCY (%)



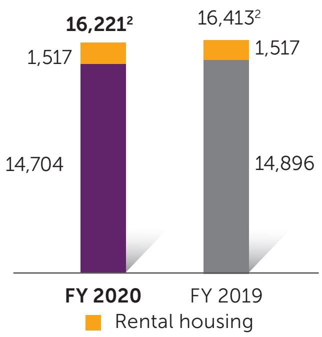
PORTFOLIO AVERAGE DAILY RATES (S$)



PORTFOLIO REVENUE PER AVAILABLE UNIT (S$)

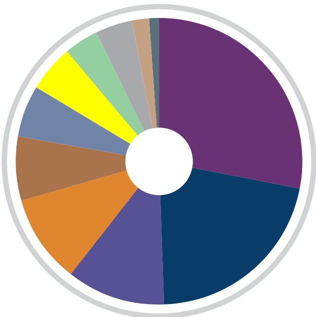


NUMBER OF UNITS



1 Key statistics, other than the number of units, pertain to operational properties only and exclude rental housing and properties on master leases.
2 Includes lyf one-north Singapore and Somerset Liang Court Property Singapore (324 and 192 units respectively, subject to change).

FY 2020 PORTFOLIO INFORMATION BY INDUSTRY[3]



3 Based on rental income for corporate accounts only.

Industry	
Industrial	28%
Government & Non-governmental Organisations (NGOs)	21%
Consumers	11%
Manufacturing	10%
Financial Institutions	7%
Information Technology	6%
Energy & Utilities	5%
Media & Telecommunications	4%
Real Estate / Lodging	4%
Healthcare	2%
Others	2%
Total	**100%**

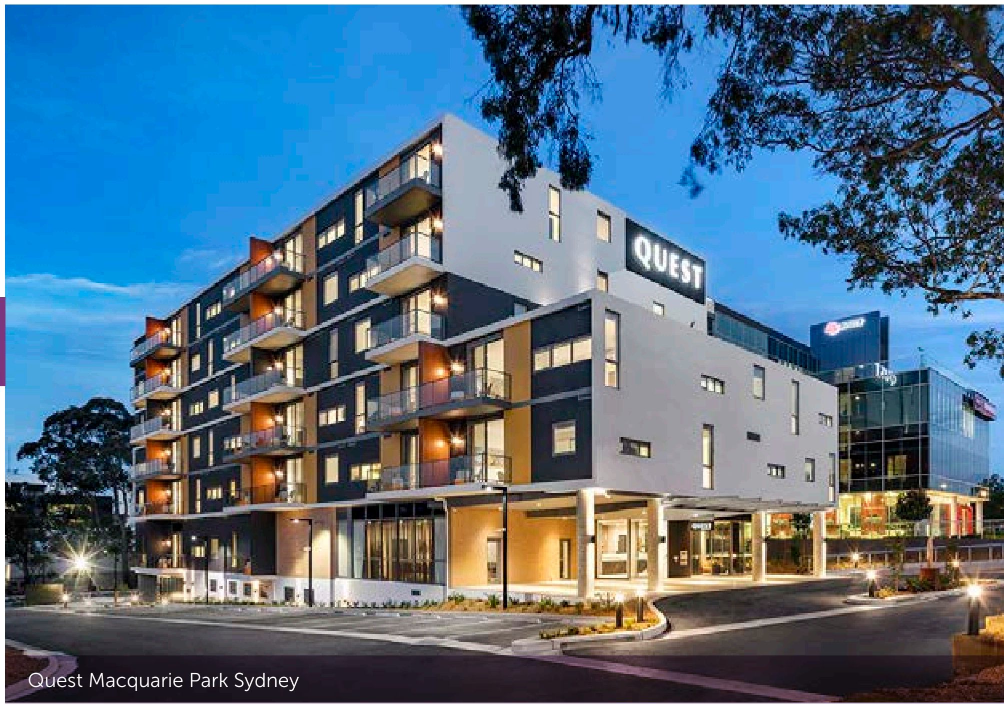
FY 2020 TOP 10 CORPORATE CLIENTS OF ART BY RENTAL INCOME

Corporate Client	Industry[4]	% of Total Apartment Rental Income
Government entities and embassies of various countries	Government & NGOs	3.8%
Toyota	Manufacturing	0.5%
Mitsubishi	Industrial	0.5%
CapitaLand	Real Estate	0.3%
Intel	Information Technology	0.2%
Denso	Industrial	0.2%
Qantas	Consumers	0.2%
Honda	Manufacturing	0.2%
TechnipFMC	Industrial	0.2%
BASF	Industrial	0.2%
Samsung	Industrial	0.2%
Total		**6.5%**

4 Refers to the largest contributing industry for corporate clients with multiple business operations.

OPERATIONS REVIEW

AUSTRALIA



Quest Macquarie Park Sydney

13
Properties

2,740
Units

S$78.5 million
Total Revenue
(FY 2020)

S$14.2 million
Total Gross Profit
(FY 2020)

S$950.3 million
Valuation
(as at 31 December 2020)

As one of ART's key markets, Australia contributed 9% of total gross profit for FY 2020, generated from a portfolio of one leasehold and 12 freehold properties situated across Brisbane, Sydney, Melbourne and Perth.

Of the 13 properties in Australia, four are under master leases and nine are under management contracts.

Master Leases

The 140-unit *Quest Sydney Olympic Park* is a 99-year leasehold property located within Sydney Olympic Park, near ANZ Stadium and Qudos Bank Arena, a large entertainment and sporting complex. The 81-unit *Quest Campbelltown* is well-located in south-west Sydney's urban hub, an established residential, commercial and industrial area, while the 91-unit *Quest Mascot* is a five-minute drive away from Sydney Airport. Acquired in February 2020, the 111-unit *Quest Macquarie Park Sydney* is strategically located in Sydney's second largest business district of Macquarie Park, and is a five-minute drive to Macquarie University, Macquarie University Hospital and Macquarie Centre. Each of the Quest properties has a remaining lease term of 20 years or more[1].

1 Including extension period at lessees' option.

Management Contracts

The 380-unit *Citadines on Bourke Melbourne* is situated in the heart of Melbourne's central business district (CBD), close to the Parliament House and 101 Collins Street while the 85-unit *Citadines St Georges Terrace Perth* is conveniently located in Perth's CBD, along St Georges Terrace. The 150-unit *Citadines Connect Sydney Airport* is a limited-service business hotel situated adjacent to Quest Mascot and within close proximity to the Sydney Airport.

On 31 December 2019, ART added six freehold properties to the Australia portfolio. The 241-unit *Pullman Sydney Hyde Park* and the 255-unit *Novotel Sydney Central* are business hotels located in the Sydney CBD, situated near well-known attractions such as the Sydney Darling Harbour and Paddy's Market. *Courtyard by Marriott Sydney-North Ryde* is a 196-unit business hotel centrally located in Macquarie Business Park and close to several commercial buildings popular with multinational corporations. *Novotel Sydney Parramatta* is situated in the Parramatta CBD, Sydney's fast-growing second CBD. The 194-unit business hotel is located close to visitor attractions and the main restaurant and entertainment precinct along Church Street.

The 378-unit *Pullman and Mercure Melbourne Albert Park* is a unique dual-branded business hotel comprising 169 Pullman and 209 Mercure units. Overlooking the scenic Albert Park where the annual Australian Formula One Grand Prix is held, the property is also located close to the Melbourne CBD, the popular St Kilda Road precinct and the Royal Botanic Gardens. ART's first property in Brisbane, the 438-unit *Pullman and Mercure Brisbane King George Square* comprises a 16-storey Pullman Tower with 210 units and a 16-storey Mercure Tower with 228 units. Prominently situated in the Brisbane CBD and facing the Brisbane City Hall Museum, the business hotel is within walking distance from the city's key attractions and landmarks.

The properties under management contracts have an average length of stay of less than one month.

2020 REVIEW

Australia's economy fell 1.1% in 2020. Despite entering its first recession in nearly 30 years, Australia's economic downturn was less pronounced relative to other developed economies, due to the lower infection rates, effective policies and actions taken to contain the spread of COVID-19. By the second half of 2020, Australia's GDP had reversed from the declines in the first two quarters, growing by about 3% in the third and fourth quarters[2].

To suppress the virus, Australia took control early by shutting down international flights and imposed tough measures. In Victoria, the state government imposed its first lockdown from March to May 2020, and a subsequent lockdown from July 2020 for over three months when caseloads started to rise. In other parts of Australia, interstate borders were closed or restricted, affecting domestic travel.

To address the absence of traditional demand, alternative sources of business were pursued at ART's properties, including block bookings from Australia's government, military and healthcare workers at some of the properties. For FY 2020, RevPAU of the properties under management contracts declined 60% y-o-y in AUD terms, mainly due to the softer performance of the business hotels.

The master leases, which have fixed rents with annual indexation, mitigated some of the impact from COVID-19. Nevertheless, revenue and gross profit of the master leases fell y-o-y as rent waivers were granted to the lessees in compliance with Australia's mandatory code of conduct, offsetting the additional contributions from Quest Macquarie Park Sydney which was acquired during the year.

2 Source: Australian Bureau of Statistics (2021)

OPERATIONS REVIEW

Novotel Sydney Central

2021 OUTLOOK

Australia's economy is projected to rebound 3.5% in 2021 given its relatively successful suppression of the pandemic[3]. It has largely reopened its economy, resuming activity, domestic travelling and consumer spending. Large-scale events such as the Australian Open tennis competition have restarted, albeit at a reduced scale, as the country returns to normalcy.

International tourism is expected to remain low until the latter part of 2021[4]. In the interim, the travel recovery is likely to be domestic-led, as more Australians receive the vaccine. Australians spent AUD107 billion on domestic overnight travel and day trips in 2019, overshadowing the AUD45 billion spent by international visitors[5].

Australia's government has provided support to the travel industry through its Jobkeeper Payment Scheme and COVID-19 Recovery Plan. It has also encouraged Australians to travel domestically, with more than AUD250 million of Australia's budget devoted towards infrastructure projects that boost regional tourism, new products and experiences as well as marketing campaigns[4]. Pent-up demand from both domestic corporate and leisure segments was observed at ART's properties whenever restrictions were eased, and bookings are expected to pick up as state borders reopen.

3 Source: International Monetary Fund (2021)
4 Source: News.com.au (2020)
5 Source: Tourism Research Australia (2020)

Gross Rental Income (AUD'000)

	FY 2020	FY 2019
Citadines on Bourke Melbourne	**8,219**	21,659
Citadines Connect Sydney Airport	**1,794**	3,289
Citadines St Georges Terrace Perth	**1,620**	3,625
Quest Campbelltown	**1,610**	1,824
Quest Macquarie Park Sydney[6]	**1,559**	-
Quest Mascot	**1,946**	2,150
Quest Sydney Olympic Park	**1,951**	3,667

6 Quest Macquarie Park Sydney was acquired in February 2020.

Hotel Revenue (AUD'000)

	FY 2020	FY 2019
Courtyard by Marriott Sydney North-Ryde[7]	**3,187**	-
Novotel Sydney Central[7]	**10,536**	-
Novotel Sydney Parramatta[7]	**4,546**	-
Pullman and Mercure Brisbane King George Square[7]	**12,794**	-
Pullman and Mercure Melbourne Albert Park[7]	**15,978**	-
Pullman Sydney Hyde Park[7]	**12,963**	-

7 The property was acquired on 31 December 2019.

Revenue Per Available Unit (AUD)

	FY 2020	FY 2019
Citadines on Bourke Melbourne	**58**	151
Citadines Connect Sydney Airport	**32**	89
Citadines St Georges Terrace Perth	**50**	113
Courtyard by Marriott Sydney North-Ryde[7]	**31**	-
Novotel Sydney Central[7]	**60**	-
Novotel Sydney Parramatta[7]	**38**	-
Pullman and Mercure Brisbane King George Square[7]	**50**	-
Pullman and Mercure Melbourne Albert Park[7]	**66**	-
Pullman Sydney Hyde Park[7]	**76**	-

7 The property was acquired on 31 December 2019.

Citadines Connect Sydney Airport

BELGIUM

Citadines Toison d'Or Brussels

2
Properties

324
Units

S$7.0
million
Total Revenue
(FY 2020)

S$1.3
million
Total Gross Profit
(FY 2020)

S$63.6
million
Valuation
(as at 31 December 2020)

ART owns two freehold properties in Belgium, which are both operated under management contracts with minimum guaranteed income (MCMGI) and have an average length of stay of one month.

Citadines Toison d'Or Brussels is a 155-unit serviced residence situated in the shopping district of Avenue Louise, close to the Royal Palace and major embassies; *Citadines Sainte-Catherine Brussels* is a 169-unit serviced residence which sits on the edge of Brussels' historic centre, within a neighbourhood of cafes, restaurants and shops. It is also near the main business area and Grand Place, the city's central square and a UNESCO World Heritage Site.

2020 REVIEW

In 2020, Belgium's GDP fell by 6.2% on the back of a protracted COVID-19 downturn[1], which culminated in two lockdowns from March 2020 to May 2020 and from November 2020 to April 2021.

As both of ART's Belgium properties are within close proximity to one another, Citadines Sainte-Catherine Brussels was closed temporarily since the first lockdown to consolidate resources. Citadines Toison d'Or Brussels remained open to serve long-stay guests, and occupancy picked up in the third quarter of 2020 when domestic leisure travel resumed after movement restrictions were eased. Following a resurgence of the virus and second lockdown, demand for accommodation tapered off.

1 Source: National Bank of Belgium (2021)

Consequently, ART's properties registered lower occupancy and average room rates. RevPAU declined 75% y-o-y in FY 2020, in EUR terms. The minimum guaranteed income from the MCMGI arrangement provided downside protection for ART.

2021 OUTLOOK

Belgium's real GDP growth is expected to rebound to 5.4% in 2021[2]. Rising consumer and business confidence will likely drive the country's economy in 2021 as Belgium remains one of the European countries with fewer COVID-19 cases per capita[3].

According to HVS, a relatively V-shaped recovery curve for domestic demand for accommodation is expected in 2021, with demand picking up at a good pace in the second half of 2021 and in 2022, as business begins to return to normal. A full recovery is expected to take a longer time, after the launch and distribution of the vaccine, as well as the restoration of domestic traveller confidence[4].

Nonetheless, the pace of recovery is dependent on how soon the lockdown measures are eased and could be hampered by new waves of infections. At the beginning of 2021, Belgium banned non-essential trips in and out of the country to contain the spread of a coronavirus variant, and the European Union is also contemplating further travel curbs[5].

2 Source: International Monetary Fund (2021)
3 Source: The Guardian (2021)
4 Source: HVS (2020)
5 Source: France 24 (2021)

Gross Rental Income (EUR'000)

	FY 2020	FY 2019
Citadines Sainte-Catherine Brussels	**1,965**	5,273
Citadines Toison d'Or Brussels	**2,121**	4,307

Revenue Per Available Unit (EUR)

	FY 2020	FY 2019
Citadines Sainte-Catherine Brussels	**13**	84
Citadines Toison d'Or Brussels	**27**	74

Citadines Sainte-Catherine Brussels

OPERATIONS REVIEW

CHINA

Somerset Grand Central Dalian

6
Properties

1,234
Units

S$35.7
million
Total Revenue
(FY 2020)

S$11.4
million
Total Gross Profit
(FY 2020)

S$370.9
million
Valuation
(as at 31 December 2020)

China is one of ART's key markets which contributed 8% to the total gross profit for FY 2020. Following the divestment of *Ascott Guangzhou* in December 2020, ART now owns six properties in China. Catering primarily to the long-stay segment, ART's China properties have an average length of stay of nine months.

Somerset Grand Central Dalian is a 195-unit property situated in the central business district of the Dalian Development Area; *Somerset Xu Hui Shanghai* is a 168-unit property located in the exclusive Xu Hui residential district; *Somerset Heping Shenyang* is a 270-unit property that lies in the heart of Shenyang's main commercial and shopping district; *Somerset Olympic Tower Property Tianjin* is a 185-unit property situated in the Heping district, the city's prime commercial, entertainment and residential area; *Citadines Xinghai Suzhou* is a 167-unit property in the heart of the Suzhou Industrial Park; and *Citadines Zhuankou Wuhan* is a 249-unit property situated in the Wuhan Economic and Technological Development Zone.

In February 2021, ART announced the divestment of Somerset Xu Hui Shanghai, which is expected to complete in the second quarter of 2021. Following the divestment, ART will have five remaining properties in China.

2020 REVIEW

In 2020, China was the only major economy to avoid a contraction. China's GDP grew 2.3% despite a steep slump in the first quarter when COVID-19 first broke out[1]. Strict virus curbs enabled the country to contain the outbreak much quicker than others, while government-led policy stimulus and a ramp-up in goods production and exports to virus-stricken countries helped to fuel its economic recovery[2].

At the height of the pandemic, all of ART's China properties continued to remain operational, except for Citadines Zhuankou Wuhan, which was substantially scaled down briefly. Supported by long-staying guests, the China portfolio turned in a resilient performance in the first half of 2020, with an above-market occupancy of more than 50%.

In the second half of 2020, normalcy largely returned as the COVID-19 situation was swiftly brought under control. While there were sporadic outbreaks, market conditions and the performance of ART's China properties generally continued to improve. Domestic leisure travel returned, with spikes in demand during the weekends and holidays. Demand from the corporate segment picked up subsequently, with the resumption of business and meeting activities.

For FY 2020, the RevPAU of the China properties decreased 31% y-o-y in RMB terms, with the properties in first-tier cities registering a stronger performance than those in the second-tier cities.

2021 OUTLOOK

China's economy is expected to grow 7.9% in 2021, the fastest pace in a decade[1]. The rebound is underpinned by China's strong virus containment effort and swift and supportive policy actions, which mitigated the impact of the downturn in 2020 and are expected to continue into 2021. Structural reform and an increase in private consumption are expected to further boost growth[3].

As constraints on international travel leisure are likely to remain in place for the time being, Chinese travellers who previously vacationed overseas are expected to continue taking their holidays domestically[4]. China has one of the largest domestic travel markets, with 5.5 billion domestic trips or 97% of the total visitor trips in 2018[5].

In 2020, domestic travel fully recovered in September and even surpassed pre-COVID-19 levels during the National Day Golden Week in October. However, the near-term outlook is less certain. In response to recent waves of infections, the Chinese government has urged people not to travel outside their residential provinces, putting a lid on demand for travel. Notwithstanding, China continues to be ahead of the curve, with a resilient travel market that is expected to bounce back when it can[6]. The long stays at ART's properties will also continue to cushion the impact of COVID-19.

1 Source: International Monetary Fund (2021)
2 Source: Reuters (2021)
3 Source: Xinhuanet (2021)
4 Source: Jones Lang LaSalle (2020)
5 Source: UNWTO (2020)
6 Source: Forward Keys (2020)

Somerset Heping Shenyang

OPERATIONS REVIEW

Gross Rental Income (RMB'000)

	FY 2020	FY 2019
Ascott Guangzhou[7]	**35,005**	47,713
Citadines Xinghai Suzhou	**7,254**	18,882
Citadines Zhuankou Wuhan	**11,378**	26,649
Somerset Grand Central Dalian	**24,822**	34,536
Somerset Heping Shenyang	**19,865**	30,636
Somerset Olympic Tower Property Tianjin	**38,298**	46,047
Somerset Xu Hui Shanghai	**37,870**	44,926

7 Ascott Guangzhou was divested in December 2020.

Revenue Per Available Unit (RMB)

	FY 2020	FY 2019
Ascott Guangzhou[7]	**486**	613
Citadines Xinghai Suzhou	**116**	307
Citadines Zhuankou Wuhan	**115**	278
Somerset Grand Central Dalian	**311**	450
Somerset Heping Shenyang	**201**	311
Somerset Olympic Tower Property Tianjin	**464**	578
Somerset Xu Hui Shanghai	**607**	720

7 Ascott Guangzhou was divested in December 2020.


Somerset Olympic Tower Property Tianjin

FRANCE

La Clef Louvre Paris

17
Properties

1,673
Units

S$24.6
million
Total Revenue
(FY 2020)

S$21.2
million
Total Gross Profit
(FY 2020)

S$509.9
million
Valuation
(as at 31 December 2020)

France is one of ART's key markets, contributing 14% to total gross profit for FY 2020. ART has 17 freehold serviced residences in France, 10 of which are located in the French capital of Paris, and the remaining seven are located in the regional cities of Cannes, Grenoble, Lille, Lyon, Marseille and Montpellier.

The properties in Paris are located near iconic landmarks such as the Eiffel Tower, The Louvre, Notre Dame, Arc de Triomphe and the shopping street of Champs-Élysées, and the regional properties are conveniently located in the central districts of their respective cities.

ART's 17 properties in France are all under master leases, with remaining lease terms varying between two to three years.

ART has announced the divestment of *Citadines Didot Montparnasse Paris* and *Citadines City Centre Grenoble*, which are expected to complete in the first quarter of 2021. Following the divestments, ART will have 15 remaining properties in France.

OPERATIONS REVIEW

2020 REVIEW

The French economy contracted by 8% in 2020, as the country was adversely impacted by COVID-19 and two national lockdowns[1]. Despite opening borders to epidemiologically safe countries, France's international visitor arrivals plunged in 2020 and international spending fell by more than 80%.

During the first lockdown from March to June 2020, hotels in France were mandated to close by the government. While ART's properties in France could remain operational due to their long-stay guests, 12 properties were temporarily closed to consolidate resources.

After the first lockdown, most of ART's properties reopened and occupancy rates in the regional cities recovered briefly due to pent-up demand from local travellers during the summer holidays. ART's properties also supported the accommodation needs of medical workers and secured long-stay bookings from student and arts and cultural groups.

In October 2020, a resurgence of the virus resulted in a second lockdown in France. Although less restrictive than the first, a few ART properties had to be closed again.

Given the impact of COVID-19 on ART's operating performance, the master lease agreements of 15 France properties, which were expiring in 2020 and 2021, were extended for two to three years on a revised rent structure with fixed and variable rent components. The fixed rent component will continue to offer income certainty to ART, and the variable component will enable the properties to capture the upside as market conditions improve. Rent abatement was also extended to the lessee during the lockdown periods. Total revenue from France declined 28% y-o-y in FY 2020, in EUR terms.

2021 OUTLOOK

The French economy is expected to grow 5% in 2021 as COVID-19 restrictions are lifted but is not expected to return to pre-crisis levels of output until mid-2022[2].

The travel sector is a significant contributor to the French economy. In 2019, travel and tourism produced more than EUR205 billion or about 9% of the country's GDP. As the sector faces mounting financial and job losses, there have been calls for a coordinated response amongst the European countries to restore confidence in travel[3] .

The situation continues to be fragile, however. While the number of new COVID-19 cases has begun to plateau, the percentage of infections by new variants of the virus has started creeping up[4]. To curb the spread of the virus, France is currently under a nationwide curfew, and cross-border travel has generally been prohibited. While there are plans to immunise the French population, the pace of the vaccination drive is slower than expected and there are challenges around supply and distribution.

France has one of the largest domestic travel markets and highest ratio of tourist trips to population with three to four domestic trips per capita[5]. As such, domestic travel is expected to resume when movement restrictions are eased, particularly in the French regions. Depending on market conditions, ART's properties that are temporarily closed will progressively be reopened to capture the demand. In the interim, the fixed rent from the master leases will help to mitigate the absence of income, offering ART downside protection.

1 Source: National Institute of Statistics and Economic Studies (2021)
2 Source: Banque de France (2020)
3 Source: Schengenvisainfo (2020)
4 Source: Business Standard (2021)
5 Source: UNWTO (2020)

Gross Rental Income (EUR'000)

	FY 2020	FY 2019
Citadines Antigone Montpellier	**446**	534
Citadines Austerlitz Paris	**209**	327
Citadines Castellane Marseille	**352**	364
Citadines City Centre Grenoble	**339**	461
Citadines City Centre Lille	**559**	740
Citadines Croisette Cannes	**234**	318
Citadines Didot Montparnasse Paris	**862**	1,187
Citadines Les Halles Paris	**2,293**	3,356
Citadines Maine Montparnasse Paris	**395**	965
Citadines Montmartre Paris	**991**	1,428
Citadines Place d'Italie Paris	**1,521**	2,052
Citadines Prado Chanot Marseille	**352**	469
Citadines Presqu'île Lyon	**791**	1,056
Citadines République Paris	**366**	1,022
Citadines Tour Eiffel Paris	**1,921**	2,514
Citadines Trocadéro Paris	**1,151**	1,600
La Clef Louvre Paris	**1,164**	1,678

Citadines Trocadéro Paris

OPERATIONS REVIEW

GERMANY

Citadines Kurfürstendamm Berlin

5
Properties

721
Units

S$14.7
million
Total Revenue
(FY 2020)

S$13.4
million
Total Gross Profit
(FY 2020)

S$255.2
million
Valuation
(as at 31 December 2020)

ART owns five properties in Germany under master lease arrangements with remaining lease terms varying between 11 and 19 years[1]. Under the master leases, ART receives largely fixed rents which are subject to annual indexation, thus enhancing the stability of ART's portfolio.

Citadines Kurfürstendamm Berlin is a 117-unit freehold property located near Kurfürstendamm, an upscale retail neighborhood. *Citadines City Centre Frankfurt* is a 165-unit freehold property that is located in the city centre, surrounded by numerous retail and commercial developments. *Citadines Michel Hamburg,* a 127-unit leasehold property and *The Madison Hamburg,* a 166-unit freehold property, are both strategically located near Hamburg city centre. *Citadines Arnulfpark Munich* is a 146-unit freehold property located close to Olympia Shopping Centre, Munich's main shopping mall.

1 Including extension period at lessees' option.


Citadines Arnulfpark Munich

2020 REVIEW

Germany's GDP fell 5% in 2020 as the pandemic brought about widespread disruption, impacting household spending and industrial production[2]. Relative to the other countries in Europe, the recession in Germany was among the smallest declines in Europe, as Germany's quicker response to the pandemic allowed services to resume earlier.

Travel bans on non-essential trips were lifted for 31 countries as early as June 2020. Accordingly, hotels in Germany reopened earlier and outperformed the wider European market, supported by the country's large domestic demand base[3]. In 2019, domestic visitors accounted for about 82% of Germany's total overnight stays[4].

Germany was first placed under a lockdown from March 2020 to April 2020. During the summer, when the lockdown was lifted, domestic travel rebounded, spurred by pent-up demand. ART's properties, which remained operational throughout the year, enjoyed an increase in domestic leisure bookings and uplift in occupancies before the second lockdown ensued in December 2020. Corporate long stays cushioned some of the impact. For FY 2020, revenue fell 7% y-o-y in EUR terms.

2021 OUTLOOK

The German economy is expected to stagnate in the first quarter of 2021, before seeing growth for the rest of the year. For the full year of 2021, Germany's GDP is forecasted to increase 3.5%[5].

The second lockdown, which began in December 2020, continued through to the start of 2021, as infections spiked during winter and new virus variants emerged. Recovery of the economy will depend on the rate at which the spread of COVID-19 is contained. Travel to Germany from Europe is expected to recover more quickly than from other overseas markets; while Germany has traditionally been a host of large conferences and events, business travel is expected to remain a challenge for the foreseeable future[6].

Strong domestic travel demand, as seen during the summer of 2020, is a bright spot for Germany. With travellers expected to redirect their outbound tourism trips to domestic markets, Germany has a sizeable base upon which to kickstart the recovery of its hospitality sector[7]. ART's properties, which are located in the key cities of Germany, are well-positioned to capture the upturn, and fixed rent from the master leases will help to mitigate the impact of COVID-19.

2 Source: Deutsche Welle (2021)
3 Source: Savills (2020)
4 Source: ftnNEWS (2021)
5 Source: International Monetary Fund (2021)
6 Source: Travel Weekly (2020)
7 Source: Savills (2020)

Gross Rental Income (EUR'000)

	FY 2020	FY 2019
Citadines Arnulfpark Munich	**1,430**	1,406
Citadines City Centre Frankfurt	**2,080**	2,063
Citadines Kurfürstendamm Berlin	**1,089**	1,074
Citadines Michel Hamburg	**1,737**	1,723
The Madison Hamburg	**2,566**	3,232


Somerset Grand Citra Jakarta

INDONESIA

2
Properties

407
Units

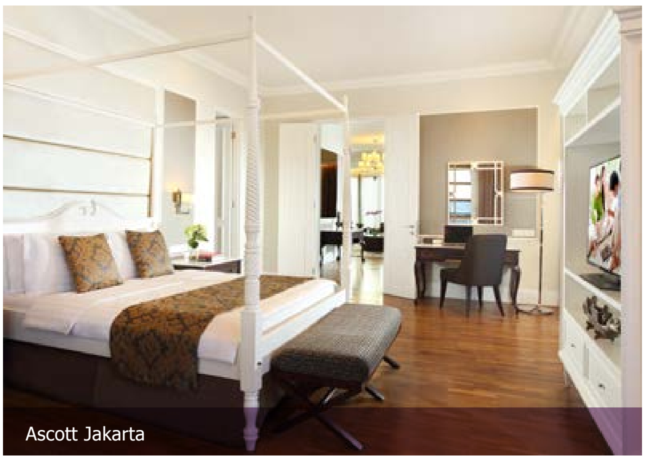
S$10.0
million
Total Revenue
(FY 2020)

S$2.0
million
Total Gross Profit
(FY 2020)

S$95.5
million
Valuation
(as at 31 December 2020)

ART owns two leasehold properties in Indonesia which are under management contracts and have an average length of stay of more than six months.

Ascott Jakarta is a 204-unit serviced residence situated in the Golden Triangle of Jakarta, the city's main business, shopping and entertainment district; *Somerset Grand Citra Jakarta* is a 203-unit serviced residence located close to the Golden Triangle of Jakarta, and surrounded by offices, embassies, convention centres and shopping centres.


Ascott Jakarta

2020 REVIEW

The COVID-19 pandemic brought about unprecedented challenges to Indonesia, with infections in all 34 provinces of the country[1] and the highest number of COVID-19 cases in Asia[2]. In 2020, Indonesia's economy contracted 2.07% from the year before[3].

The strain on Indonesia's tourism sector was also evident, with foreign visitor arrivals falling over 70% y-o-y and about IDR100 trillion (about USD7 billion) in revenue lost in 2020[4]. Domestic demand was also impacted when Indonesia imposed Large-scale Social Restrictions from April to June 2020 and subsequently from September to October 2020 following a resurgence in COVID-19 infections.

Located in the capital city of Jakarta, both of ART's properties in Indonesia primarily cater to the long-stay market segment and remained operational throughout the year. Apart from long-stay guests, the properties also served the embassies, providing accommodation to returning diplomats, as well as domestic leisure travellers and staycationers. The properties recorded a 36% y-o-y decline in RevPAU in FY 2020, in IDR terms.

2021 OUTLOOK

Indonesia's economy is expected to grow between 4.4% to 6.1% in 2021, driven by a recovery in consumer spending after vaccines become widely available and monetary and fiscal stimulus packages take effect[5].

The Tourism and Creative Economy Ministry targets 7 million visitor arrivals in 2021, a 75% increase from 4 million visitors in 2020. While the numbers suggest that a recovery is imminent, they fall short of the 16.1 million arrivals registered in 2019[5]. With the emergence of new COVID-19 variants, Indonesia has placed an entry ban on foreigners, and stricter rules on movements and activities have been imposed in some densely-populated parts of Indonesia[5].

Nonetheless, the government is optimistic that the domestic tourism industry can start recovering in 2021, as tourist mobility resumes with the easing of restrictions. According to Statistics Indonesia, domestic flight passengers picked up 33% month-on-month to 3 million in November 2020, signaling a return in confidence in domestic travel. To support the recovery of the tourism sector, the Indonesian government has allocated IDR14.4 trillion (about USD1 billion) for businesses and to encourage domestic travel[5].

1 Source: The Star (2020)
2 Source: Asean Briefing (2020)
3 Source: Statistics Bureau of Indonesia (2021)
4 Source: The Jakarta Post (2020)
5 Source: The Jakarta Post (2021)

Gross Rental Income (IDR'000)[6]

	FY 2020	FY 2019
Ascott Jakarta	**56,444,547**	90,296,315
Somerset Grand Citra Jakarta	**48,052,400**	70,114,316

6 The reporting currency for Indonesia has been changed from USD to IDR from 1 January 2020. For comparison purposes, the figures for FY 2019 were amended to IDR.

Revenue Per Available Unit (IDR'000)[6]

	FY 2020	FY 2019
Ascott Jakarta	**741,582**	1,197,631
Somerset Grand Citra Jakarta	**624,614**	923,513

6 The reporting currency for Indonesia has been changed from USD to IDR from 1 January 2020. For comparison purposes, the figures for FY 2019 were amended to IDR.

OPERATIONS REVIEW

JAPAN

Citadines Central Shinjuku Tokyo

19
Properties

4,135
Units

S$60.6 million
Total Revenue
(FY 2020)

S$40.5 million
Total Gross Profit
(FY 2020)

S$1,354.8 million
Valuation
(as at 31 December 2020)

Japan is one of ART's key markets which contributed 27% to the total gross profit for FY 2020. Following the divestment of *Somerset Azabu East Tokyo* in December 2020, ART currently owns 19 freehold properties in Japan, of which five are hotels under master leases, three are serviced residences and 11 are rental housing properties under management contracts.

Master Leases

Sotetsu Grand Fresa Tokyo-Bay Ariake is a 912-unit hotel located within the Tokyo Secondary City Centre in close proximity to Big Sight, a major international convention centre, Ariake Colosseum and retail options. *Sotetsu Grand Fresa Osaka-Namba* is a 698-unit hotel centrally located in Namba. 168-unit *Hotel WBF Kitasemba East*, 168-unit *Hotel WBF Kitasemba West* and 182-unit *Hotel WBF Honmachi* are in the Honmachi district of Osaka, in close proximity to the CBD, leisure destinations and the entertainment precinct, Dotonbori. The master leases have remaining lease terms varying between four to 12 years.

Management Contracts

Citadines Central Shinjuku Tokyo, a 206-unit serviced residence and *Citadines Shinjuku Tokyo*, a 160-unit serviced residence, are both located in the bustling entertainment area of Shinjuku. *Citadines Karasuma-Gojo Kyoto* is a 124-unit serviced residence located close to Gojo subway station, the business district and entertainment areas of Kyoto. The three serviced residences have an average length of stay of less than one month.

ART's 11 rental housing properties are located across five cities - Fukuoka, Hiroshima, Osaka, Tokyo and Sapporo. All the properties are conveniently located close to public transportation, supermarkets and other lifestyle amenities. The rental housing properties have an average length of stay of over 12 months.

2020 REVIEW

In 2020, the COVID-19 global pandemic took a toll on Japan's economy as hard lockdowns in major cities dampened demand for goods and services. Japan's economy showed signs of recovery towards the second half of the year, when the economy got a lift from pent-up demand. For the full year, the country's GDP declined 4.8%[1].

When the government declared a state of emergency, Citadines Central Shinjuku Tokyo and Citadines Karasuma-Gojo Kyoto were temporarily closed in April 2020, while Sotetsu Grand Fresa Osaka Namba and Sotetsu Grand Fresa Tokyo-Bay Ariake were temporarily closed in May 2020 to consolidate resources. After the state of emergency was lifted, the properties were reopened between July and August 2020 but continued to be adversely affected.

In April 2020, WBF Hotels & Resorts ("WBF"), a master lessee of three Japan properties filed for civil rehabilitation. Subject to finalisation, Hotel WBF Honmachi will continue to operate under a master lease while Hotel WBF Kitasemba East and Hotel WBF Kitasemba West will operate under management contracts with revised rent structure. The latter two properties have been closed since March and April 2020 as demand for accommodation remained poor in Osaka.

As Japan's international borders were closed, initiatives to help the domestic hospitality sector were introduced by the government. ART's properties received wage subsidies and enjoyed an uplift from the Go To Travel campaign, which was introduced in the third quarter of 2020 to encourage domestic travel[2]. Under the campaign, the government subsidised up to 50% of accommodation cost, prompting locals to go on staycations and day trips, particularly during the autumn foliage season. However, the resurgence of COVID-19 infections in certain cities forced the campaign to be suspended. In turn, hotels in the affected cities experienced a decline in occupancies in the fourth quarter of 2020.

ART's rental housing properties continued to register high occupancies of more than 90% despite the pandemic, providing a resilient stream of income. The RevPAU of ART's properties under management contracts decreased 76% y-o-y in JPY terms. Also mitigating the impact of COVID-19 were the master leases, which provided downside protection to ART's earnings.

2021 OUTLOOK

Japan's economy is forecasted to grow around 4% in 2021 and expected to rebound to pre-pandemic levels from April 2021, underpinned by the government's stimulus package[3]. Although a second state of emergency was declared in Tokyo and 10 other prefectures in January 2021, new infections have fallen significantly and emergency coronavirus measures have been progressively removed since late February 2021[4].

Japan plans to press ahead with the Olympic Games in Tokyo, which have been postponed to July 2021. While the decision on whether to allow foreign spectators has not been made by the International Olympic Committee, Japan has said that it could reopen its borders to international travellers, possibly from the second quarter of 2021, with the aim to admit visitors for the Olympic Games without mandatory vaccination or quarantine[5]. Japan's borders are currently closed to safeguard against more contagious strains of the virus.

ART's properties are poised to benefit from the reopening of borders and the Olympic Games as they are located in prime areas within Tokyo and accessible to the game venues by public transport. Sotetsu Grand Fresa Tokyo-Bay Ariake, in particular, is in close proximity to the game venues and walking distance to the Main Press Centre and International Broadcast Centre within the Ariake area.

Other bright spots for Japan include the government's plan to vaccinate the population, substantially less supply in the pipeline and over JPY1.6 trillion of additional funding for the Go To Travel campaign which is available until June 2021, which could fuel pent-up demand for domestic travel when restrictions are eased[6].

1 Source: Cabinet Office, Japan (2021)
2 Source: Japan Times (2020)
3 Source: Jiji Press (2021)
4 Source: Channel NewsAsia (2021)
5 Source: Reuters (2020)
6 Source: Savills (2021)

OPERATIONS REVIEW

Gross Rental Income (JPY'000)

	FY 2020	FY 2019
Citadines Central Shinjuku Tokyo	**250,899**	1,060,863
Citadines Karasuma-Gojo Kyoto	**71,353**	430,923
Citadines Shinjuku Tokyo	**187,855**	802,169
Hotel WBF Kitasemba East[7]	**97,617**	-
Hotel WBF Kitasemba West[7]	**97,300**	-
Hotel WBF Honmachi[7]	**138,560**	-
Somerset Azabu East Tokyo[8]	**158,199**	305,005
Sotetsu Grand Fresa Osaka-Namba[7]	**740,194**	-
Sotetsu Grand Fresa Tokyo-Bay Ariake[7]	**1,170,000**	-
Actus Hakata V-Tower	**248,399**	247,451
Big Palace Kita 14jo	**107,694**	106,950
Gravis Court Kakomachi	**47,193**	46,210
Gravis Court Kokutaiji	**35,213**	35,106
Gravis Court Nishiharaekimae	**27,801**	28,121
Infini Garden	**507,765**	495,418
Roppongi Residences Tokyo	**184,863**	181,535
S-Residence Fukushima Luxe	**170,273**	170,958
S-Residence Hommachi Marks	**90,455**	90,452
S-Residence Midoribashi Serio	**83,638**	83,449
S-Residence Tanimachi 9 chome	**100,348**	99,980

7 The property was acquired on 31 December 2019.
8 Somerset Azabu East Tokyo was divested in December 2020.

Serviced Residences Revenue Per Available Unit (JPY)

	FY 2020	FY 2019
Citadines Central Shinjuku Tokyo	**2,369**	13,069
Citadines Karasuma-Gojo Kyoto	**1,572**	9,521
Citadines Shinjuku Tokyo	**3,208**	13,736
Somerset Azabu East Tokyo[8]	**5,470**	10,360

8 Somerset Azabu East Tokyo was divested in December 2020.

Rental Housing Rental Per Square Metre (JPY)

	FY 2020	FY 2019
Actus Hakata V-Tower	**2,411**	2,411
Big Palace Kita 14jo	**2,117**	2,113
Gravis Court Kakomachi	**2,030**	2,023
Gravis Court Kokutaiji	**2,163**	2,159
Gravis Court Nishiharaekimae	**2,229**	2,228
Infini Garden	**1,327**	1,294
Roppongi Residences Tokyo	**4,227**	4,103
S-Residence Fukushima Luxe	**3,052**	3,083
S-Residence Hommachi Marks	**2,653**	2,650
S-Residence Midoribashi Serio	**2,647**	2,653
S-Residence Tanimachi 9 chome	**2,848**	2,843

Somerset Kuala Lumpur

MALAYSIA

1
Property

205
Units

S$2.9
million
Total Revenue
(FY 2020)

S$0.2
million
Total Gross Profit
(FY 2020)

S$43.8
million
Valuation
(as at 31 December 2020)

ART owns one freehold serviced residence in Kuala Lumpur, Malaysia. The 205-unit *Somerset Kuala Lumpur* is located along Jalan Ampang, close to several embassies, offices and shopping malls. Its prime location provides easy access to Kuala Lumpur's Golden Triangle, the city's renowned commercial, shopping and entertainment district. Operating under a management contract, the serviced residence has an average length of stay of more than three months.

2020 REVIEW

The COVID-19 pandemic posed significant pressure on Malaysia's economy, which saw the country's GDP decline by 5.6% in 2020[1].

To control the COVID-19 situation, Malaysia's Government initiated the Movement Control Order (MCO), shutting down most of the economy from March to June 2020. Following which, Malaysia transitioned into the Recovery Movement Control Order (RMCO), which saw the easing of movement controls before a resurgence in infections led to partial curbs being re-introduced in October 2020[2]. During the RMCO, more businesses could operate, and the interstate travel ban was lifted.

1 Source: Department of Statistics Malaysia (2021)
2 Source: The Straits Times (2021)

Tourism was among the economic sectors hardest hit by COVID-19, with more than 100 hotels and other short-term lodging operators in Malaysia closing permanently. To support the travel sector, the government introduced a detailed recovery plan which included strategic collaborations and partnerships, stimulus packages and tax incentives to encourage domestic travel[3].

In FY 2020, Somerset Kuala Lumpur continued to remain operational, largely supported by corporate long stays. The property also received domestic corporate bookings and staycations during the weekends and holidays. For FY 2020, RevPAU declined 36% y-o-y in MYR terms.

2021 OUTLOOK

Malaysia's economy is projected to grow 6.5% in 2021 with the easing of COVID-19 containment measures and travel restrictions, as well as the availability of vaccines[4]. There is also strong support coming from the government in its 2021 federal budget to boost the tourism industry[3].

In January 2021, Malaysia was placed under a Movement Control Order (MCO 2.0) following another surge in cases. The situation was particularly challenged in cities such as Kuala Lumpur, due to their dense population and active economic and industrial activities[5].

In March 2021, with the start of Malaysia's immunisation programme and as daily cases began to taper down, the public health restrictions and travel curbs were eased in Kuala Lumpur and a few other states. While travel between districts of the same state was allowed, inter-state travel remained banned[2].

With the unpredictability of the COVID-19 situation in Malaysia, industry experts expect demand for domestic travel to weaken before stabilising. The pent-up demand observed in end-2020 is expected to extend into 2021, and recovery is expected to pick up in the second half of the year. Spending, however, may be curtailed given lower purchasing power and lackluster economic conditions[6].

Our Malaysian team will continue to drive sales and marketing efforts with a focus on securing longer-stay accounts. Nonetheless, with only one property in Malaysia contributing less than 1% to total gross profit, the challenging environment is unlikely to have a significant impact on ART's overall portfolio performance.

3 Source: New Straits Times (2020)
4 Source: Bloomberg (2021)
5 Source: Malaysia Travel (2021)
6 Source: The Edge Markets (2021)

Gross Rental Income (MYR'000)

	FY 2020	FY 2019
Somerset Kuala Lumpur	**8,654**	13,470

Revenue Per Available Unit (MYR)

	FY 2020	FY 2019
Somerset Kuala Lumpur	**115**	180


Ascott Makati

THE PHILIPPINES

2
Properties

482
Units

S$13.7
million
Total Revenue
(FY 2020)

S$1.5
million
Total Gross Profit
(FY 2020)

S$136.9
million
Valuation
(as at 31 December 2020)

ART owns two serviced residences in the Philippines which are both under management contracts and have an average length of stay of over three months.

Ascott Makati is a 362-unit leasehold property located within Glorietta Mall, a retail and commercial complex situated in the Ayala Triangle, an upscale area comprising shopping malls, modern office buildings, first-class restaurants and bars, and surrounded by multinational companies, international banks, the Philippine Stock Exchange and embassies. *Somerset Millennium Makati* is a 120-unit freehold property located in the shopping and business district of Makati City.

Somerset Millennium Makati

2020 REVIEW

The Philippine economy shrank 9.5% in 2020 due to the global COVID-19 pandemic[1]. The nation was under various stages of a lockdown since March 2020, with many companies in the services sector being forced to shut down[2]. Despite best efforts to contain the virus, the country had the second-highest number of infections in Southeast Asia[3].

As international borders were largely closed, the Philippines recorded a decline of over 80% in international visitor arrivals and tourism receipts in 2020[4], adversely impacting the hospitality sector.

Due to government regulations, the two properties were not able to receive staycation guests as they housed guests on self-isolation. However, this was mitigated by existing long-stay guests, companies from essential services and shipping sectors, as well as returning Filipinos. In FY 2020, ART's properties in the Philippines registered a 51% y-o-y decline in RevPAU in PHP terms.

2021 OUTLOOK

The Philippine Central Bank expects GDP growth to range between 6.5% to 7.5% in 2021, supported by interest rate cuts and liquidity injections into the financial system[5]. General levels of activity are also expected to pick up as the Philippines commences to inoculate most of its population this year[6].

Despite the positive growth numbers, the outlook for Manila remains uncertain as COVID-19 curbs were extended at the start of 2021. As a region, Manila accounts for 40% of the Philippines' economic output, and the restrictions could potentially delay the country's economic recovery[7].

When restrictions are lifted, domestic travel is expected to recover first as international travel is expected to remain constrained in 2021[8]. The Philippine Department of Tourism has set its sights on driving domestic tourism, a market which generated PHP3 trillion in income in 2019. It has endorsed the reopening of hotels in cities with lower levels of community quarantine and has provided marketing and promotion support to popular leisure destinations[4]. Our properties in Manila, which largely serve business travellers and long-stay guests, will also continue to build on their base of corporate clients.

1 Source: Philippine Statistics Authority (2021)
2 Source: Benar News (2020)
3 Source: Asean Briefing (2020)
4 Source: Philippine Department of Tourism (2021)
5 Source: Philippine Central Bank (2021)
6 Source: Bloomberg (2021)
7 Source: Gulf Times (2021)
8 Source: The World Bank (2020)

Gross Rental Income (PHP'000)

	FY 2020	FY 2019
Ascott Makati	**372,086**	753,117
Somerset Millennium Makati	**98,475**	173,791

Revenue Per Available Unit (PHP)

	FY 2020	FY 2019
Ascott Makati	**2,543**	5,418
Somerset Millennium Makati	**1,962**	3,458

SINGAPORE

Ascott Orchard Singapore

5
Properties

1,226[1]
Units

S$34.6
million
Total Revenue
(FY 2020)

S$25.4
million
Total Gross Profit
(FY 2020)

S$1,076.6[2]
million
Valuation
(as at 31 December 2020)

Singapore is one of ART's key markets, contributing 17% of total gross profit for FY 2020. Two of the five properties in Singapore are under development. Of the operating properties, two are under master leases and one is under a management contract.

Master leases

Ascott Orchard Singapore is a 220-unit leasehold serviced residence located in the prime Orchard entertainment and commercial district, with easy access to the CBD via the Orchard MRT station and Somerset MRT station. The property is under a master lease arrangement with a remaining lease term of about two years.

Park Hotel Clarke Quay is a 336-unit leasehold hotel located in the Clarke Quay entertainment precinct, within proximity to the CBD and has excellent transport connectivity. The property is under a master lease arrangement with a remaining lease term of two years.

Management contract

Citadines Mount Sophia Property Singapore comprises 154 units. The leasehold serviced residence is strategically located in Singapore's arts and culture hub with easy access to Orchard Road and the CBD. The property has an average length of stay of more than four months.

1 Includes the 324-unit lyf one-north Singapore and 192-unit Somerset Liang Court Property Singapore, which are under development. Number of units are subject to change.
2 Somerset Liang Court Property Singapore is under development and the valuation of the property as at 31 December 2020 relates to the retained GFA, after the divestment of partial GFA on 15 July 2020.

OPERATIONS REVIEW

Development properties

ART's maiden development project and first coliving property, *lyf one-north Singapore*, is located in the prominent research and innovation business hub of one-north. The property, with estimated 324 units, is expected to complete in the fourth quarter of 2021.

Somerset Liang Court Property Singapore was formerly a 197-unit leasehold serviced residence in Clarke Quay under a management contract before part of its GFA was divested in July 2020. The retained GFA will be redeveloped into a new 192-unit serviced residence with hotel licence and refreshed lease of 99 years. The new property, which will be part of an iconic waterfront integrated development, is expected to complete in 2025.

2020 REVIEW

Singapore's economy contracted by 5.4% in 2020 amid disruption to economic activities arising from COVID-19. The slowdown was despite Singapore's relatively successful pandemic response. After three successive quarters of declines, Singapore's economy grew 2.1% in the fourth quarter of 2020, aided by the phased resumption of activities and a rebound in major economies[3].

During the Circuit Breaker from April to June 2020, international borders were shut and hotels were not allowed to offer staycations. ART's properties continued to be operational, with most of them block booked by the government for self-isolation business. Some of the properties also provided accommodation to workers affected by border closure.

When the restriction on staycations was subsequently eased for approved hotels, Ascott Orchard Singapore and Park Hotel Clarke Quay received healthy demand for staycations, particularly during the year-end holiday season. The pent-up demand was fuelled by Singapore Tourism Board's SingapoRediscover Vouchers scheme, through which locals could redeem vouchers for hotel stays and attractions.

The average occupancy rate of ART's properties was high in FY 2020, but rates were challenged due to the absence of transient travellers. In compliance with Singapore's Rental Relief Framework, rental relief was extended to the master lessees, while the maiden contribution from Park Hotel Clarke Quay and government support helped to partially mitigate some of the impact on earnings. In FY 2020, RevPAU of ART's Singapore properties under management contracts decreased 41% y-o-y.

2021 OUTLOOK

Singapore's economy is forecasted to grow 4% to 6% in 2021 and is expected to recover gradually over the course of the year. Domestically, Singapore's COVID-19 situation remains under control and the vaccination programme is underway. However, the pace of border reopening has slowed due to a global surge in COVID-19 cases and the emergence of more contagious strains of the virus. Consequently, tourism and aviation-related sectors are projected to see a weaker recovery compared to other economic sectors[3].

Without a large domestic market, the timing of when international borders reopen remains key to the recovery of Singapore's travel sector. Nevertheless, there are some bright spots. The World Economic Forum, which is traditionally held in Davos, Switzerland, will be held in Singapore in August 2020, due to the rapid spread of COVID-19 in Europe. The forum typically brings in about 3,000 dignitaries from around the world as well as a significant number of media representatives, and presents an opportunity for Singapore to showcase its MICE capabilities[4].

Singapore has also launched a segregated lane for business travellers, which allows them to stay and work in dedicated facilities in Singapore without being quarantined[4]. This initiative will enhance Singapore's relevance as a business hub and position it as a place to visit when the pandemic is over.

The development of lyf one-north Singapore, which was partially delayed due to the Circuit Breaker in 2020, is expected to complete in the fourth quarter of 2021. Construction works for Somerset Liang Court Property Singapore are scheduled to commence in the third quarter of 2021.

3 Source: Ministry of Trade and Industry (2020)
4 Source: The Straits Times (2021)

Gross Rental Income (S$'000)

	FY 2020	FY 2019
Ascott Orchard Singapore	**12,023**	15,569
Citadines Mount Sophia Property Singapore	**4,954**	8,870
Park Hotel Clarke Quay[5]	**9,730**	-
Somerset Liang Court Property Singapore[6]	**6,449**	17,688

5 The property was acquired on 31 December 2019.
6 Somerset Liang Court Property Singapore ceased operations and revenue recognition in July 2020 due to redevelopment.

Revenue Per Available Unit (S$)

	FY 2020	FY 2019
Citadines Mount Sophia Property Singapore	**88**	158
Somerset Liang Court Property Singapore[6]	**177**	246

6 Somerset Liang Court Property Singapore ceased operations and revenue recognition in July 2020 due to redevelopment.

Park Hotel Clarke Quay Singapore

OPERATIONS REVIEW

SOUTH KOREA

Sotetsu Hotels The Splaisir Seoul Dongdaemun

2
Properties

578
Units

S$5.2 million
Total Revenue
(FY 2020)

S$4.6 million
Total Gross Profit
(FY 2020)

S$182.0 million
Valuation
(as at 31 December 2020)

ART owns two freehold properties in Seoul, South Korea, under master lease arrangements.

Sotetsu Hotels The Splaisir Seoul Dongdaemun is a 215-unit four-star hotel located in the wholesale and retail precinct of Dongdaemun, one of the most popular destinations in Seoul. Landmarks within its vicinity include the Changdeokgung Palace, Dongdaemun Design Plaza and the Doota Mall. The hotel enjoys easy access to other parts of Seoul via the Dongdaemun History & Culture Park Station, which is a short walk away. The property has a remaining lease term of approximately nine years.

ibis Ambassador Seoul Insadong is a 363-unit hotel and is strategically located near Jung-gu, one of the major business districts in Seoul, where many large Korean corporates and financial institutions are based. It is also located near prominent tourist destinations such as the Insadong retail precinct, the Changdeokgung Palace and the Jongmyo Shrine. A short walking distance away is the Jongno 3-ga Station, which runs three lines of the Seoul metropolitan subway, offering convenient and excellent connectivity to other parts of the city. The property has a remaining lease term of approximately 13 years.

2020 REVIEW

South Korea's economy contracted by 1.0% in 2020[1], the smallest GDP decline registered among Organization for Economic Co-operation and Development countries, owing to the country's early success in containing the COVID-19 virus.

During the first two waves of COVID-19 infections, South Korea flattened the curve on COVID-19 without quarantining entire cities and shuttering businesses[2]. However, a third wave of infection in December 2020 resulted in social-distancing measures in Greater Seoul being raised to level 2.5 restrictions, the second highest under the country's five-tier system[3].

Although there was no border closure, the issuance of visas to international travellers was suspended, resulting in a fall in visitor arrivals and tourism receipts.

A discount coupon scheme introduced by the government to stimulate spending in the travel, arts and leisure sectors was also prematurely suspended during the summer due to a resurgence of infections[4]. In October 2020, when the scheme was restarted, there was some pick-up in domestic leisure bookings, but the numbers were small.

As a result of the muted demand, Sotetsu Hotels The Splaisir Seoul Dongdaemun was temporarily closed from April 2020 to consolidate resources. ibis Ambassador Seoul Insadong remained open albeit at low occupancies. Correspondingly, the master lease rent received by ART was lower.

2021 OUTLOOK

The Bank of Korea forecasts a 3.2% GDP growth in 2021[1], expected to be driven by a recovery in global trade, economic stimulus and the vaccine rollout which started in late February 2021[5]. To support South Korea's recovery from the fallout of the COVID-19 global pandemic, the parliament had approved its biggest-ever national budget of KRW558 trillion for 2021[6].

Seoul is currently under level 2 restrictions, a half notch lower from the previous level 2.5, as social-distancing rules were eased following a reduction in new cases[7]. Uncertainty remains, however, as a resurgence could potentially lead to the tightening of restrictions. In January 2021, an escalation of infections nearly led to Level 3 restrictions, the highest level of social-distancing rules short of a lockdown, being imposed for the first time in South Korea[8].

On the tourism front, the Korean Tourism Organization (KTO) has launched a marketing campaign with early bird promotions to attract international leisure travellers. While short term tourist visas remain suspended and all international arrivals are subject to quarantine currently, there are hopes that regular travel may begin by the second half of 2021[9].

The Ministry of Culture, Sports and Tourism, together with KTO, have also announced the 100 Must-Visit Tourism Spots of Korea for 2021-2022[10], to encourage visits by both domestic and foreign tourists when restrictions are eased. Both of ART's properties are in close proximity to Seoul's prominent tourist destinations and are therefore poised to benefit from KTO's campaigns when tourism resumes.

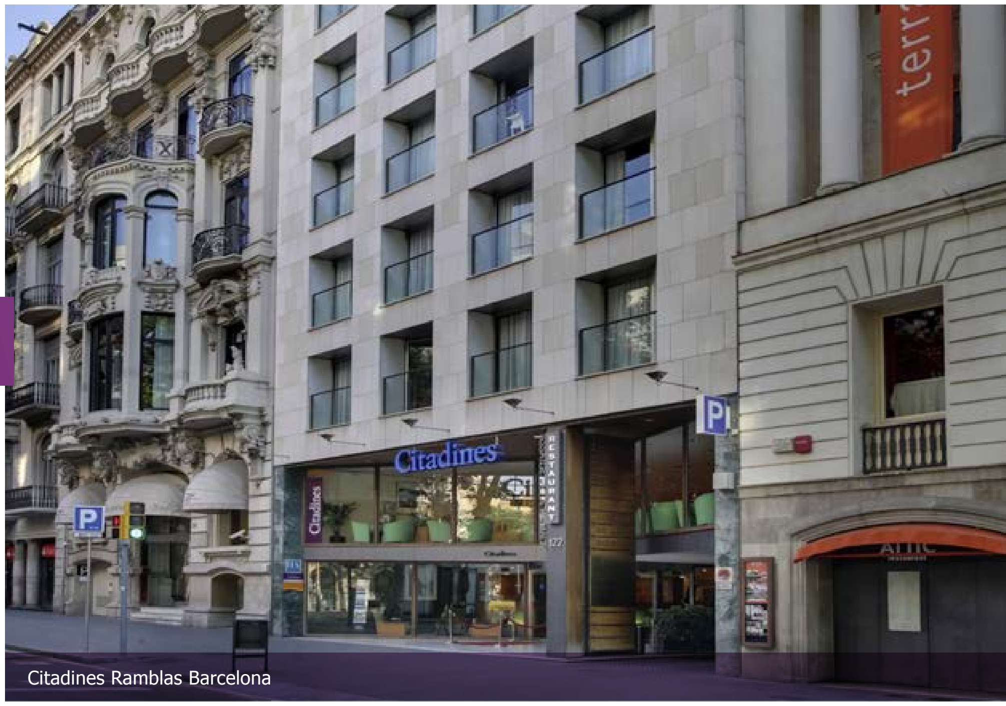
1 Source: Bank of Korea (2021)
2 Source: CNBC (2020)
3 Source: Reuters (2020)
4 Source: The Korea Bizwire (2020)
5 Source: Channel NewsAsia (2021)
6 Source: TBS eFM News (2020)
7 Source: The Straits Times (2021)
8 Source: New York Times (2021)
9 Source: Travel Trends Today (2021)
10 Source: Korean Herald (2021)

Gross Rental Income (KRW'000)

	FY 2020	FY 2019
Sotetsu Hotels The Splaisir Seoul Dongdaemun[11]	**3,312,433**	–
ibis Ambassador Seoul Insadong[11]	**1,146,453**	–

11 The property was acquired on 31 December 2019.

SPAIN



Citadines Ramblas Barcelona

1 Property

131 Units

S$3.7 million Total Revenue (FY 2020)

S$1.5 million Total Gross Profit (FY 2020)

S$65.2 million Valuation (as at 31 December 2020)

ART owns one freehold serviced residence in Barcelona, Spain. *Citadines Ramblas Barcelona* comprises 131 units and is located on the Las Ramblas boulevard, an iconic entertainment district, and is a few metres away from Plaza Catalunya, one of the most visited places in Barcelona. Las Ramblas enjoys good connectivity, with access to three Metro stations, and is close to the main business areas of the city, making it a prime location for both business and leisure travellers.

The property operates under a management contract with minimum guaranteed income (MCMGI) and has an average length of stay of less than a month.

2020 REVIEW

Spain's economy shrank 11% in 2020, making it the country's biggest contraction since the 1930s. This was mainly due to the 94 day-lockdown between March and June 2020, which resulted in Spain's economic output falling 17.8% in the second quarter of 2020. Contributions from tourism, Spain's third largest GDP driver which accounted for more than 12% of the country's GDP in previous years, had declined by a larger extent, reversing 78% y-o-y[1]. With travel coming to a standstill, Spain's main business federation estimated that about 500 hotels had permanently closed across Spain in 2020[2].

1 Source: National Statistics Institute (2021)
2 Source: Financial Times (2021)

During the lockdown, ART's Spain property temporarily closed from March to July 2020. As Spain entered a state of emergency in October 2020, demand for accommodation continued to be muted after the property's reopening, and operations were ceased again on 1 December 2020. Under the state of emergency, curfews were imposed, and hotels were allowed to operate but with limited capacity, to ensure adequate social distancing among guests.

Correspondingly, ART's Spain property recorded a decline in RevPAU of 88% y-o-y, in EUR terms. The decrease in revenue was mitigated by the income top-up under the MCMGI arrangement.

2021 OUTLOOK

Spain's economy is projected to grow 7.2% in 2021, the biggest GDP rebound expected among countries in the European Union[3]. The growth is expected to be fuelled by the deployment of vaccines as well as the pent-up demand for travel[4].

Since the start of 2021, Spain has been under a state of emergency, exacerbated by the emergence of variant strains of the coronavirus. Due to the Kent Variant of COVID-19, travel to and from the United Kingdom has been restricted since December 2020. This is significant as the United Kingdom has traditionally been the top country of origin for Spain's tourists[5]. Land border controls with Portugal have also been re-imposed. As at January 2021, only about 25% of the hotels in Barcelona were open and occupancies were low[4].

The vaccination process is underway, and the pace of Spain reopening to international tourism is dependent on how quickly its population is able to get vaccinated. There are mixed views on the timeline of the reopening - Spain's tourism minister expects the country to open up progressively from Spring 2021, while its prime minister believes that the country would be better prepared at the end of summer, when he expects 70% of Spain's population to have been vaccinated[6].

Regardless, the government of Spain remains committed to protecting the tourism sector. In June 2020, the government had injected EUR4.25 billion to aid the tourism industry and protect jobs in the sector. In its National Budget for 2021, a total of EUR1.35 billion, four times higher than the budget for 2018, has been set aside to boost the recovery[7].

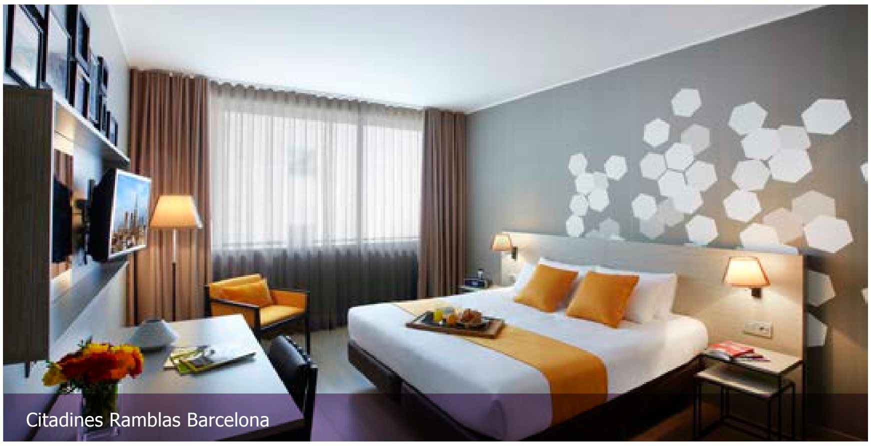
3 Source: International Monetary Fund (2021)
4 Source: El Pais (2021)
5 Source: Statista (2020)
6 Source: The Independent (2021)
7 Source: La Moncloa (2021)

Gross Rental Income (EUR'000)

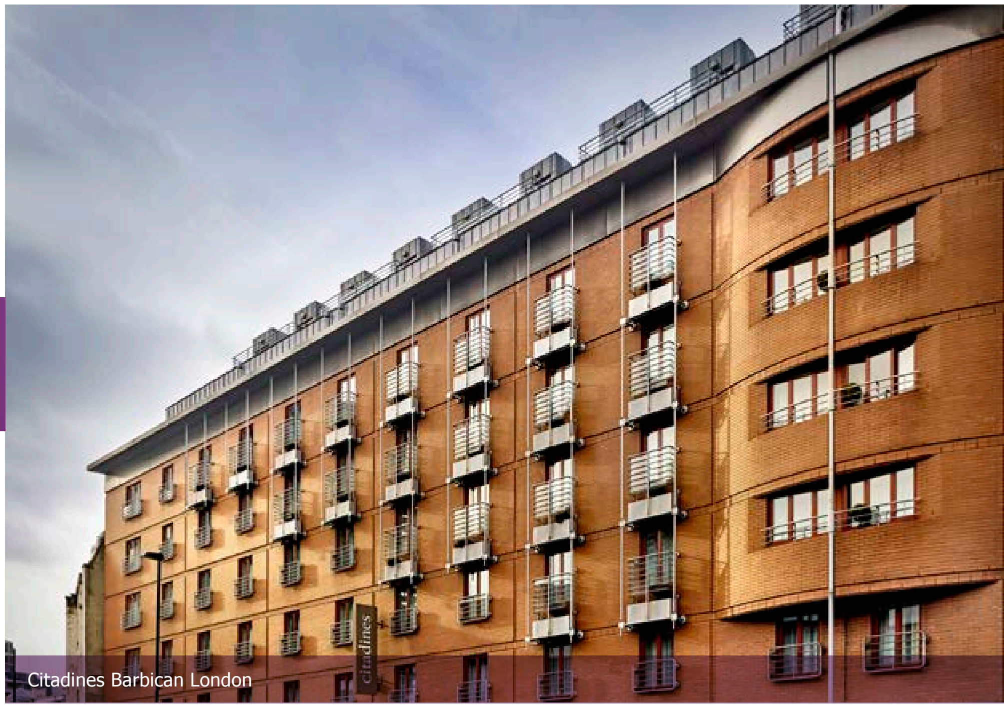
	FY 2020	FY 2019
Citadines Ramblas Barcelona	**2,268**	5,525

Revenue Per Available Unit (EUR)

	FY 2020	FY 2019
Citadines Ramblas Barcelona	**13**	105


Citadines Ramblas Barcelona

THE UNITED KINGDOM



Citadines Barbican London

4 Properties

600 Units

S$20.3 million Total Revenue (FY 2020)

S$6.5 million Total Gross Profit (FY 2020)

S$444.2 million Valuation (as at 31 December 2020)

The United Kingdom (UK) is one of ART's key markets, contributing 6% of the total gross profit for FY 2020. Of the four properties in UK, three are under management contracts and one is under management contract with minimum guaranteed income (MCMGI). The properties are freehold, located in London and have an average length of stay of more than one month.

Management Contracts

The three properties under management contracts include *Citadines Barbican London*, a 129-unit serviced residence, close to the Barbican Arts Centre and Musuem of London; *Citadines Holborn-Covent Garden London*, which comprises 192 units and is centrally located, close to the financial district of London and *Citadines Trafalgar Square London*, a 187-unit serviced residence located near key tourist attractions including Trafalgar Square, the National Gallery and River Thames.

Management Contract with Minimum Guaranteed Income

Citadines South Kensington London is under a MCMGI. It is a 92-unit serviced residence situated close to embassies and the renowned shopping and dining districts of Chelsea and Knightsbridge.

2020 REVIEW

The UK economy contracted 9.9% in 2020, the biggest fall registered amongst the Group of Seven or G7 countries. After the first nationwide lockdown from March to June 2020 and two successive quarters of contraction in the first half of 2020, the UK economy grew 16.1% in the third quarter, fuelled by the reopening of the hospitality sector during the summer. Growth tapered off at the end of the year on the back of the second lockdown from November to December 2020[1].

In July 2020, the UK government announced a list of 59 destinations under a travel corridor exemption, permitting smoother travel between countries with similar or lower rates of infection[2]. Despite the travel corridor exemption, international visitor arrivals remained limited. ART's properties, which were operational throughout the pandemic, pursued long stays with student groups and residential leases which provided a base to occupancies, and transient leisure bookings when lockdown measures were lifted.

Amid the uncertain operating environment, three MCMGI (for Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London), upon their expiry, were converted to management contracts from May 2020 for a year. The minimum guarantee under the MCMGI mitigated some of the COVID-19 impact in the first four months of the year. For FY 2020, the RevPAU of ART's UK properties declined 73% y-o-y in GBP terms.

2021 OUTLOOK

Following a poor showing in 2020, the UK economy is expected to grow 5.0% in 2021. The growth forecast is a reduction from the earlier forecast of 7.25% as UK and global activity has been impacted by rising COVID-19 cases, including a new, highly contagious variant of the coronavirus[3].

To curb the spread of the virus, the UK re-entered a lockdown in January 2021, temporarily closed travel corridors with earlier-approved destinations and tightened hotel quarantine requirements for COVID-19 hotspots[4]. Dozens of countries also banned travel from the UK to contain the COVID-19 variant first reported in England[2].

The Bank of England expects the economy to contract 4.0% in the first quarter of 2021 before consumer spending picks up, boosted by the vaccine rollout[3]. The UK has the third highest vaccination rate in the world, and the biggest and fastest vaccination programme in Europe[5].

Given its large domestic source base, the UK is expected to register an increase in overnight domestic tourism spend of more than 80% in 2021. This assumes a step change to recovery in Spring as restrictions ease and confidence returns. Inbound visitor numbers are expected to increase through the year, with most of the arrivals from short-haul trips within Europe. The recovery process depends on the speed and efficacy of the vaccine rollout, but pent-up appetite to travel remains strong for the vast majority[6].

1 Source: Office for National Statistics (2021)
2 Source: CNN (2020)
3 Source: Bank of England (2021)
4 Source: The Straits Times (2021)
5 Source: BBC (2021)
6 Source: Savills (2021)

Gross Rental Income (GBP'000)

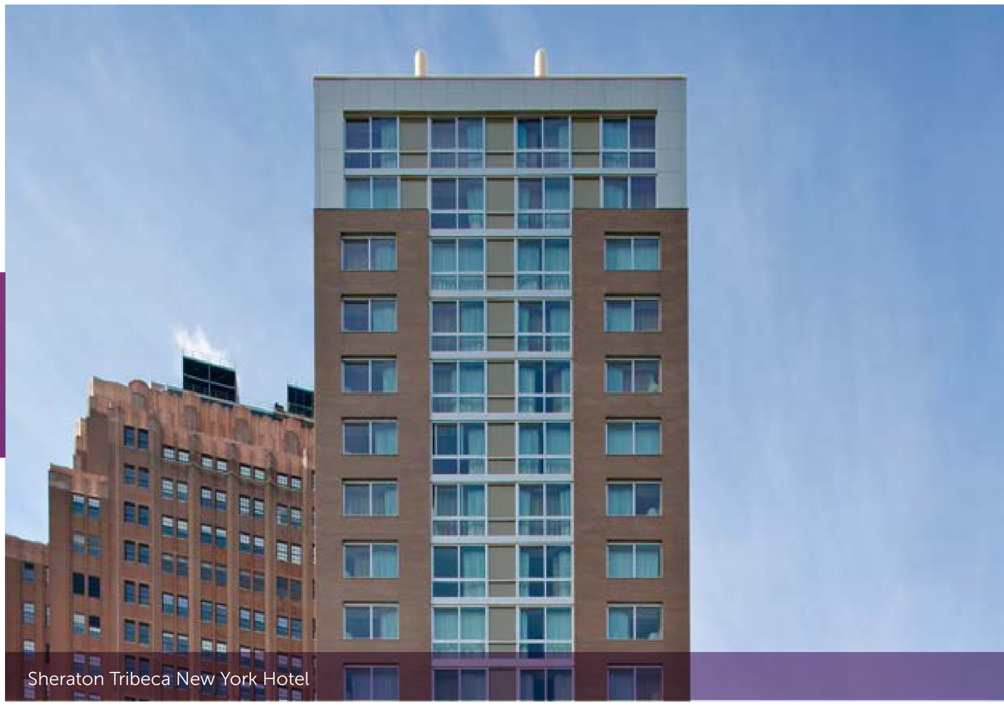
	FY 2020	FY 2019
Citadines Barbican London	**1,858**	5,401
Citadines Holborn-Covent Garden London	**2,928**	9,997
Citadines South Kensington London	**2,860**	4,896
Citadines Trafalgar Square London	**3,635**	11,516

Revenue Per Available Unit (GBP)

	FY 2020	FY 2019
Citadines Barbican London	**32**	112
Citadines Holborn-Covent Garden London	**32**	134
Citadines South Kensington London	**43**	139
Citadines Trafalgar Square London	**43**	161

OPERATIONS REVIEW

THE UNITED STATES OF AMERICA


Sheraton Tribeca New York Hotel

3 Properties

1,004 Units

S$33.0 million
Total Revenue (FY 2020)

(S$7.0) million
Total Gross Profit (FY 2020)

S$500.8 million
Valuation (as at 31 December 2020)

The United States of America (US) is one of ART's key markets. In FY 2020, however, the US registered a negative gross profit contribution of (5%). All three ART properties in the US are located in New York City and under management contracts. They have an average length of stay of about one month.

Hotel Central Times Square (formerly DoubleTree by Hilton Hotel New York – Times Square South), a 224-unit freehold limited-service hotel, and *Element New York Times Square West*, a 411-unit leasehold limited-service hotel, are strategically located in Midtown Manhattan and within walking distance from the Jacob K. Javits Convention Center and the Hudson Yards live-work-play community, as well as the Times Square commercial and entertainment neighbourhood. Both properties enjoy connectivity to numerous subway lines and transportation nodes. The 369-unit leasehold *Sheraton Tribeca New York Hotel* is located in the heart of Tribeca, close to the financial district and adjacent to SoHo, a premier retail district.

2020 REVIEW

The US economy contracted 3.5% in 2020 as the COVID-19 pandemic depressed consumer sentiment and business investment[1].

COVID-19 infections in the US were one of the highest globally. While the US did not close its international borders, there was minimal inbound travel demand.

1 Source: Bureau of Economic Analysis (2021)

New York City's hospitality industry was particularly hard-hit by the pandemic compared to the rest of the country. With the absence of international travel and corporate demand, front-line and essential workers replaced business travellers and tourists as the primary guests in the city's hotels, and roughly 20% of hotel rooms had to close permanently[2].

For most of the pandemic, ART's properties remained operational with reduced inventory, staffing and operating costs. Element New York Times Square West was temporarily closed from August to December 2020, after hosting healthcare workers and COVID-19 responders over the summer. Other properties pursued government-related group block bookings. ART's properties also received bookings from the leisure segment from drive-to-markets. For FY 2020, the RevPAU of ART's US portfolio declined 70% y-o-y in USD terms.

2021 OUTLOOK

Economic growth in the US is expected to recover to 5.1% in 2021, the strongest performance in more than three decades. Boosted by a USD1.9 trillion economic stimulus package, the US economy is expected to surpass pre-COVID-19 levels by 2021[3].

The winter surge in infection levels and renewed restrictions have dampened expectations for US hotel performance through the first half of 2021. However, progress in vaccine development has bolstered projections of a recovery in the second half of 2021, led by properties operating in the lower-priced chain-scale segments[4].

Secondary markets with less urban density and more drive-to availability are expected to recover faster[4]. In New York City, the hotel sector has largely been on pause with more than half of the city's hotels temporarily closed. Tourist numbers are expected to tick up alongside vaccinations, but business travel and events are not expected to return as quickly, as companies continue to telecommute[2].

In 2021, temporarily closed hotels are expected to continue to reopen in tandem with the economy once a vaccine becomes widely available. New hotel construction activity in the US had decelerated, and supply is expected to increase by 1.4% in 2021, down from 1.8% in 2020. New York City is also expected to experience a notable adjustment to the demand-supply equilibrium given that 5.8% of hotel supply had permanently closed in 2020[4].

The guestrooms and lobby of Hotel Central Times Square are scheduled to undergo refurbishment from the second quarter of 2021 and the property will be launched under a new brand in the third quarter of 2021. Post the asset enhancement, the property is expected to be well-positioned to benefit from the recovery in demand for accommodation.

2 Source: Bisnow (2021)
3 Source: International Monetary Fund (2021)
4 Source: PwC (2021)

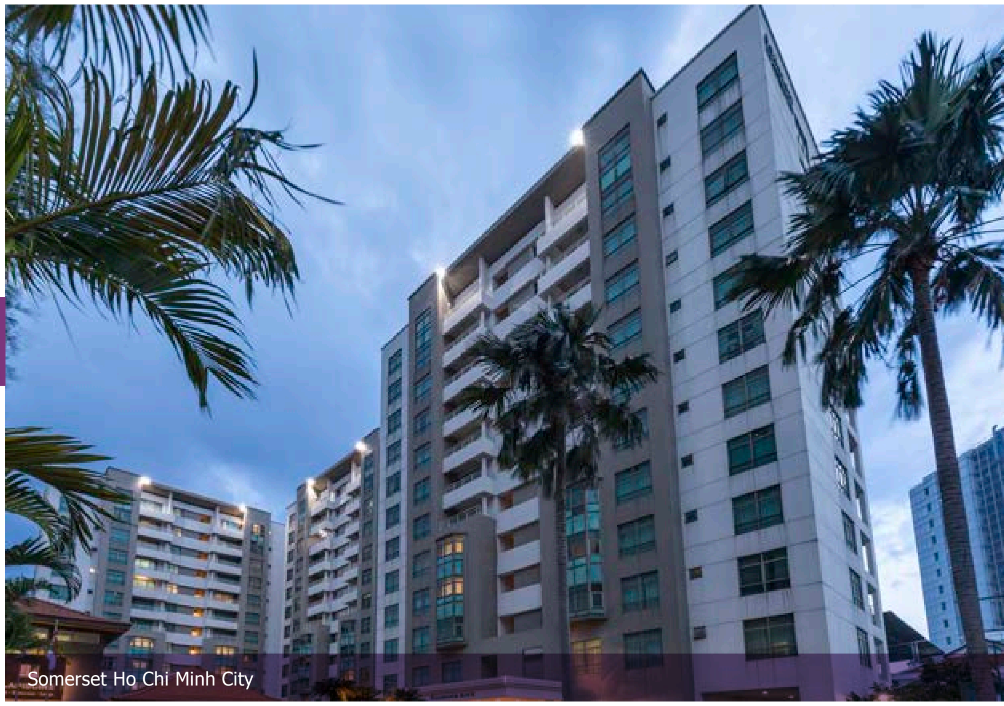
Gross Rental Income (USD'000)

	FY 2020	FY 2019
Element New York Times Square West	**6,348**	30,581
Hotel Central Times Square	**8,440**	16,577
Sheraton Tribeca New York Hotel	**8,758**	30,430

Revenue Per Available Unit (USD)

	FY 2020	FY 2019
Element New York Times Square West	**42**	204
Hotel Central Times Square	**103**	202
Sheraton Tribeca New York Hotel	**61**	221

VIETNAM



Somerset Ho Chi Minh City

4
Properties

761
Units

S$25.4
million
Total Revenue
(FY 2020)

S$12.9
million
Total Gross Profit
(FY 2020)

S$225.9
million
Valuation
(as at 31 December 2020)

Vietnam is one of ART's key markets, with four leasehold serviced residences contributing 9% of the total gross profit for FY 2020. Operating under management contracts, the four properties have an average length of stay of more than eight months.

Somerset Grand Hanoi comprises 185 units and is located within Hanoi's largest CBD, close to restaurants, entertainment stretches and local attractions. *Somerset Hoa Binh Hanoi* comprises 206 units and is well located next to the business and financial districts as well as the flourishing Hoa Lac high technology development zone.

Somerset Chancellor Court Ho Chi Minh City is a 172-unit serviced residence with a prime location in the CBD, which attracts expatriates working for large multinational companies within the vicinity. The 198-unit *Somerset Ho Chi Minh City* is strategically located in District 1, the city's acclaimed commercial, diplomatic and shopping district.

2020 REVIEW

Vietnam successfully limited the spread of COVID-19 and was the only country in Southeast Asia to record a positive growth through the pandemic. Nonetheless, GDP growth slowed significantly from 7.0% in 2019 to 2.9% in 2020, with exports and tourism severely affected[1].

With Vietnam's borders closed to foreign visitors due to the pandemic, and many of its major source markets

1 Source: General Statistics Office (2020)

under lockdown, Vietnam promoted domestic tourism through its "Vietnamese People Travel to Vietnam Destinations" campaign to replace some of the lost international earnings.

By the end of July 2020, the central Vietnam city of Danang went into a lockdown due to a second wave of outbreak, and domestic travel was curtailed. Even after the lockdown was lifted and domestic flights were reinstated, domestic travel in Vietnam remained slow, except to some resort destinations.

In FY 2020, corporate long-stay guests cushioned the occupancies at ART's Vietnam properties. As demand for discretionary travel remained limited, the properties pursued alternative sources of business, including serving diplomats on self-isolation or long stays, as well as experts and expatriates in search of long-stay accommodation. The average daily rate was impacted by a reduction in corporate budgets and price competition. Consequently, ART's Vietnam properties recorded a 47% y-o-y decrease in RevPAU in VND terms.

2021 OUTLOOK

The Vietnam government estimates the economy to grow by 6.7% in 2021[2]. Foreign direct investment is expected to continue its rise, given Vietnam's low labour cost and pro-investment policies[3]. Several free trade agreements were signed in 2020 and they are expected to enhance Vietnam's access to key external markets. Vietnam is also expected to benefit from supply chain relocations, which continued to take place even during the pandemic[4].

Vietnam was recognised as the second-best country in the world for its COVID-19 management and normalcy had largely returned in 2020. However, the emergence of a new strain of the virus and recent community transmission outbreaks have placed Vietnam on high alert.

In light of the outbreaks, anti-virus measures have been stepped up and the roll-out of the vaccination programme could be accelerated. So far, Vietnam has agreed to buy 30 million doses of the vaccine and is in talks with other vaccine producers.

Vietnam has generally adopted a prudent stance towards reopening its borders and attracting international visitors. Notwithstanding, the travel industry is positive on domestic travel, with the introduction of joint programmes with key economic zones and new tourism products and services[5]. At the start of 2021, the tourism department of Ho Chi Minh City had announced a goal of 33 million domestic tourists for 2021, supported by pent-up demand[6] .

Barring postponements and further spread of the virus, three and two new hotels are projected to open in 2021 in Ho Chi Minh City and Hanoi respectively[7]. With the limited new supply, strong economic outlook and large domestic travel market, Vietnam's hospitality sector is poised to recover gradually.

2 Source: International Monetary Fund (2021)
3 Source: Vietnam Briefing (2020)
4 Source: Financial Times (2020)
5 Source: Vietnam News (2021)
6 Source: Vietnam Tourism (2021)
7 Source: HVS (2020)

Gross Rental Income (VND'million)

	FY 2020	FY 2019
Somerset Chancellor Court Ho Chi Minh City	103,982	141,914
Somerset Grand Hanoi	163,778	256,005
Somerset Ho Chi Minh City	76,460	139,565
Somerset Hoa Binh Hanoi	58,271	108,756

Revenue Per Available Unit (VND'000)

	FY 2020	FY 2019
Somerset Chancellor Court Ho Chi Minh City	1,062	1,629
Somerset Grand Hanoi	793	2,001
Somerset Ho Chi Minh City	993	1,825
Somerset Hoa Binh Hanoi	623	1,265

FINANCIAL REVIEW

ART completed the combination with Ascendas Hospitality Trust (A-HTRUST) on 31 December 2019. As such, the FY 2019 financial performance did not include A-HTRUST.

REVENUE AND GROSS PROFIT

ART's revenue of S$369.9 million for the financial year ended 31 December 2020 (FY 2020) comprised S$101.9 million (28% of total revenue) from properties under master leases, S$25.8 million (7%) from properties under management contracts with minimum guaranteed income and S$242.2 million (65%) from properties under management contracts.

Revenue for FY 2020 decreased by S$145.0 million as compared to the previous financial year ended 31 December 2019 (FY 2019). The decrease in revenue was mainly due to lower revenue of S$231.3 million from the existing properties impacted by COVID-19 and decrease in revenue of S$15.5 million from the divestment of Somerset Liang Court Property Singapore in July 2020, Ascott Raffles Place Singapore in May 2019 and Somerset West Lake Hanoi in October 2019. The decrease was partially mitigated by additional contribution of S$101.8 million from the acquisition of the A-HTRUST portfolio on 31 December 2019, Quest Macquarie Park Sydney (acquired in February 2020) and Citadines Connect Sydney Airport (acquired in May 2019).

ART's portfolio occupancy was 46% in FY 2020. Revenue Per Available Unit (RevPAU) decreased by 61%, from S$152 in FY 2019 to S$59 in FY 2020.

The COVID-19 outbreak caused travel to come to a standstill as borders were shut and movement restrictions were imposed, adversely impacting the performance of our properties globally. ART's geographically diversified portfolio mitigated some of the downside risks from COVID-19. The long average length of stay of the portfolio helped to support overall occupancy levels.

ART's gross profit of S$149.6 million for FY 2020 comprised S$90.1 million (60% of total gross profit) from properties under master leases, S$9.5 million (7%) from properties under management contracts with minimum guaranteed income and S$50.0 million (33%) from properties under management contracts.

For the properties under master leases, revenue and gross profit were higher mainly due to the addition of the A-HTRUST properties in Japan, Singapore and South Korea from 1 January 2020, and the acquisition of Quest Macquarie Park Sydney in February 2020. The increase was partially offset by the rent abatement provided to the master lessees in Australia, France and Singapore, lower variable rent from the master leases due to COVID-19 impact and the change in rent structure of four French master leases upon their expiry from fixed to variable rent terms, from 25 March 2020 for a year.

Given the impact of COVID-19 on ART's operating performance, the master lease agreements of 15 France properties, which were expiring in 2020 and 2021, were extended for two to three years. Under the revised rent structure, the master lease rent would comprise both fixed and variable rent components. The fixed rent component will continue to offer income certainty to ART, and the variable component will enable the properties to capture the upside as market conditions improve.

For the properties under management contracts with minimum guaranteed income (MCMGI), both the revenue and gross profit were lower as compared to last year due to lockdown measures and temporary property closures in Europe, partially offset by income top-up from the property manager. Amid the uncertain operating environment, three MCMGI (for Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London), upon their expiry, were converted to management contracts from May 2020 for a year.

Revenue from management contracts was lower due to weak demand for accommodation and temporary property closures in Japan and the United States of America (US), partially mitigated by the addition of the six A-HTRUST properties in Australia from 1 January 2020.

ART's inclusion into the FTSE EPRA Nareit Global Real Estate Index (Global Developed Index), a leading benchmark for listed real estate investment companies and REITs, has broadened ART's reach to institutional investors globally and enhanced the trading liquidity of our stapled securities. ART's EBITDA[1] breakdown according to the FTSE classification of markets was 78.6% (2019: 75.9%) for developed markets and 21.4% (2019: 24.1%) for the rest of the markets in the portfolio.

1 Refers to earnings before net interest expense, tax, depreciation and amortisation (excluding corporate expenses).

	Local Currency	FY 2020 Revenue (million)	FY 2020 Gross Profit (million)	FY 2019 Revenue (million)	FY 2019 Gross Profit (million)
Master Leases					
Australia	AUD	7.1	6.5	7.6	7.2
France	EUR	15.7	13.6	21.7	19.8
Germany	EUR	9.4	8.5	10.1	9.3
Japan	JPY	2,243.2	1,997.1	–	–
Singapore	S$	21.8	19.0	18.6	15.8
South Korea	KRW	4,458.9	3,996.9	–	–
Management Contracts with Minimum Guaranteed Income					
Belgium	EUR	4.5	0.9	10.5	3.6
Spain	EUR	2.4	0.9	5.8	2.8
The United Kingdom[1]	GBP	8.5	3.8	13.1	5.3
Management Contracts					
Australia	AUD	75.9	8.6	31.0	11.6
China	RMB	179.3	57.3	257.2	102.8
Indonesia[2]	IDR	105,857.8	20,560.4	163,958.7	57,574.8
Japan	JPY	2,465.3	1,142.5	4,564.6	2,392.0
Malaysia	MYR	8.8	0.6	13.5	2.7
The Philippines	PHP	495.9	54.6	976.9	341.0
Singapore	S$	12.8	6.4	26.7	11.5
The United Kingdom[1]	GBP	3.0	(0.1)	19.2	8.5
The United States of America	USD	23.9	(5.0)	78.7	30.0
Vietnam[3]	VND	422.7	215.8	710.8	383.3

1 The management contracts with minimum guaranteed income for three of the properties in the United Kingdom were converted to management contracts from May 2020 for a year. For comparison purposes, the revenue and gross profit amounts from May 2019 to December 2019 have been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.

2 The reporting currency for Indonesia has been changed from USD to IDR from 1 January 2020. For comparison purposes, the revenue and gross profit amounts for FY 2019 were amended to IDR.

3 Revenue and gross profit figures for Vietnam are stated in billions.

FINANCIAL REVIEW

	FY 2020		FY 2019	
	Revenue (S$'million)	Gross Profit (S$'million)	Revenue (S$'million)	Gross Profit (S$'million)
Master Leases				
Australia	6.7	6.1	7.3	6.8
France	24.6	21.2	33.3	30.3
Germany	14.7	13.4	15.4	14.2
Japan	28.9	25.8	–	–
Singapore	21.8	19.0	18.6	15.8
South Korea	5.2	4.6	–	–
Subtotal	**101.9**	**90.1**	**74.6**	**67.1**
Management Contracts with Minimum Guaranteed Income				
Belgium	7.0	1.3	16.1	5.6
Spain	3.7	1.5	8.8	4.2
The United Kingdom	15.1	6.7	22.8	9.3
Subtotal	**25.8**	**9.5**	**47.7**	**19.1**
Management Contracts				
Australia	71.8	8.1	29.5	11.0
China	35.7	11.4	50.9	20.4
Indonesia	10.0	2.0	15.7	5.5
Japan	31.7	14.7	57.0	29.9
Malaysia	2.9	0.2	4.5	0.9
The Philippines	13.7	1.5	25.6	8.9
Singapore	12.8	6.4	26.7	11.5
The United Kingdom	5.2	(0.2)	33.4	14.8
The United States of America	33.0	(7.0)	107.4	40.9
Vietnam	25.4	12.9	41.9	22.6
Subtotal	**242.2**	**50.0**	**392.6**	**166.4**
Total	**369.9**	**149.6**	**514.9**	**252.6**

PORTFOLIO RECONSTITUTION

In FY 2020, despite COVID-19, ART continued to reconstitute its portfolio to create value for Stapled Securityholders by divesting properties that have reached their optimal stage of life cycle.

The partial gross floor area of Somerset Liang Court Property Singapore was divested in July 2020 at 44% above its book value. In December 2020, Ascott Guangzhou and Somerset Azabu East Tokyo were divested at 52% and 63% above their respective book values. ART also announced the divestments of Citadines Didot Montparnasse Paris, Citadines City Centre Grenoble and Somerset Xu Hui Shanghai at 69%, 35% and 171% above their respective book values. These three divestments are expected to be completed in the first half of 2021.

Cumulatively, these divestments will unlock about S$570 million in net proceeds which will enhance ART's liquidity and give it the flexibility to pare down debt, rejuvenate the portfolio or recycle the capital into higher-yielding assets. With the divestment gains, ART will also have greater capacity to supplement the distributions to its Stapled Securityholders, if necessary, while navigating the downturn.

DISTRIBUTIONS

Income available for distribution to Stapled Securityholders for FY 2020 was S$94.2 million, 43% lower as compared to FY 2019. To mitigate the impact of COVID-19 and replace lost income from divested assets, ART distributed partial divestment gains of S$45.0 million to top up the distributions to Stapled Securityholders. The distribution per Stapled Security (DPS) for FY 2020 was 3.03 cents.

In FY 2020, 100% of income available for distribution was paid out, demonstrating a firm commitment to deliver stable distributions.

ART continued to make 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 months period ending on each of the said dates.

ASSETS

ART's total asset value stood at S$7.2 billion as at 31 December 2020, 3% lower as compared to S$7.4 billion as at 31 December 2019. The decrease in total assets was mainly due to lower valuation of the portfolio arising from the impact of COVID-19 and the divestment of partial gross floor area of Somerset Liang Court Property Singapore.

CHANGE IN VALUE OF INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

The net change in fair value of investment properties, investment properties under development and assets held for sale has no impact on Stapled Securityholders' distribution.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, valuation of ART's investment properties is to be conducted once every year. Any increase or decrease in fair value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of investment properties.

As at 31 December 2020, independent full valuations were carried out by HVS (except for the six hotel properties in Australia, two properties in South Korea and the three properties in US). The two properties in South Korea and the three properties in US were valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. For the six hotel properties in Australia, the valuations were carried out by CBRE Valuations Pty Limited. In determining the fair value of ART's portfolio, the discounted cash flow and residual land value methods were used. The valuation methods used are consistent with that used in prior years.

ART's portfolio was revalued at S$6.6 billion, resulting in a deficit of S$0.4 billion which was recognised in the Consolidated Statement of Total Return in FY 2020. The deficit resulted mainly from lower valuation of ART's properties in all countries in view of soft operating performance and business outlook. The net impact on the Consolidated Statement of Total Return was S$332.2 million (net of tax and non-controlling interests).

Excluding assets held for sale, properties divested and acquired in FY 2020, the value of ART's portfolio declined by 7% as compared to 31 December 2019.

FUNDING AND BORROWINGS

As at 31 December 2020, 69% of ART's total debt was funded by bank borrowings and the balance 31% was tapped from the debt capital market. ART adopts a prudent and disciplined approach towards capital management to ensure financial flexibility in its funding structure and to mitigate concentration risk.

As at 31 December 2020, ART's outstanding borrowings was S$2,462.5 million (2019: S$2,349.0 million) with an effective interest rate at 1.8% per annum (2019: 2.0% per annum). Approximately 79% of the total borrowings were on fixed interest rates to hedge against rising interest rates.

The gearing of ART as at 31 December 2020 was 36.3% (2019: 33.6%) with a debt headroom of S$1.9 billion[1] providing it with greater access to growth opportunities and increased capacity for more development and conversion projects. The gearing of Ascott Reit as at 31 December 2020 was 36.4% (2019: 33.5%), below the 50.0% gearing limit allowed by the Monetary Authority of Singapore. The Managers are of the view that the higher aggregate leverage will not have a material impact on the risk profile of ART as the aggregate leverage of 36.3% is still within a manageable range in the short-term and the Managers will remain disciplined in managing the leverage profile of ART.

In June 2020, ART did not redeem its S$250.0 million perpetual securities with an initial distribution rate of 4.68% per annum on the first call date and had reset the distribution rate to 3.07% per annum. This allowed ART to conserve cashflow and maintain debt headroom at a time when demand for accommodation was softer, and market conditions for perpetual securities were less favourable. With the lower distribution rate, ART is expected to save about S$4.0 million per annum.

ART holds derivative financial instruments to hedge its currency and interest rate risk exposures. The fair value of derivatives for FY 2020 comprised of financial derivative assets and financial derivative liabilities of S$5.2 million and S$29.6 million respectively. The net amount of S$24.4 million in liabilities represented 0.7% of the net assets of ART as at 31 December 2020.

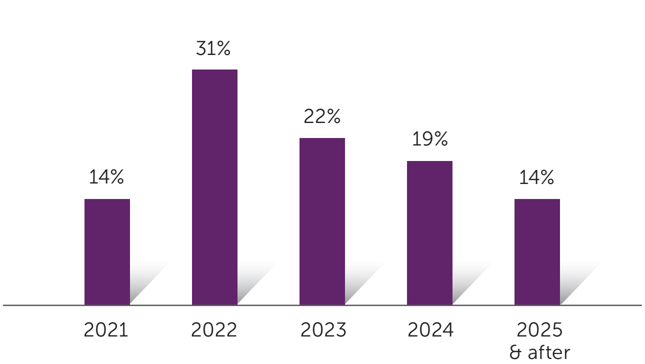
1 Before reaching aggregate leverage of 50%.

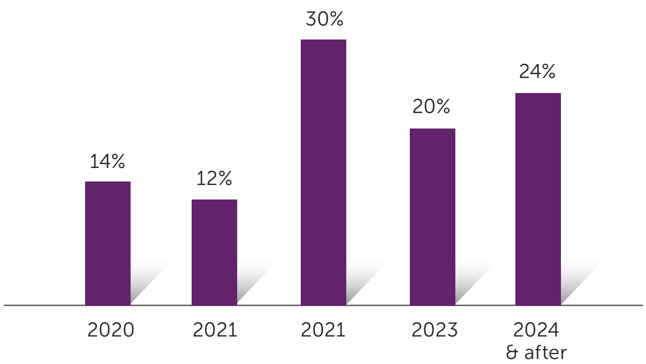
Breakdown of total income available for distribution to Stapled Securityholders for FY 2020 is as follows:

Distribution	1 January 2020 to 30 June 2020	1 July 2020 to 31 December 2020	1 January 2020 to 31 December 2020
Distribution rate per Stapled Security	1.047 cents	1.986 cents	3.033 cents
Payment Date	28 August 2020	26 February 2021	

FINANCIAL REVIEW

DEBT MATURITY PROFILE





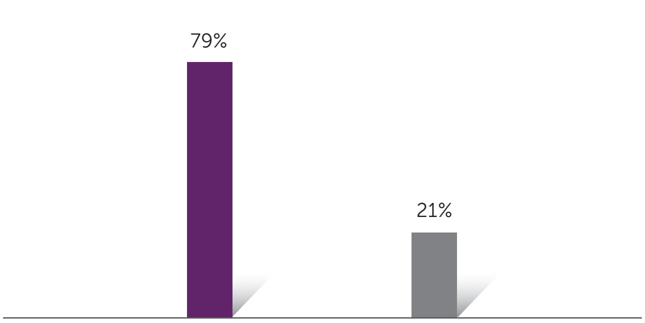
	2020
Maturity	**S$'million**
2021	333.0
2022	769.9
2023	546.8
2024	456.0
2025 & after	356.8
TOTAL	**2,462.5[1]**

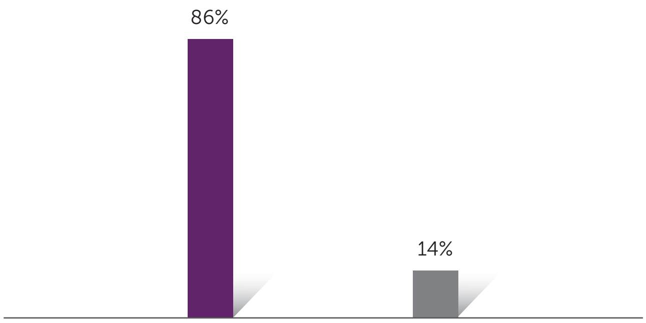
	2019
Maturity	**S$'million**
2020	337.1
2021	269.9
2022	697.1
2023	480.4
2024 & after	564.5
TOTAL	**2,349.0[1]**

1 Net of unamortised transaction costs.

Out of ART's total borrowings, 14% falls due in 2021, 31% falls due in 2022, 22% falls due in 2023, 19% falls due in 2024 and the balance falls due in 2025 and after. The Managers have commenced discussions to refinance the loan facilities due in 2021, ahead of their maturity dates.

FIXED VERSUS FLOATING RATE PROFILE





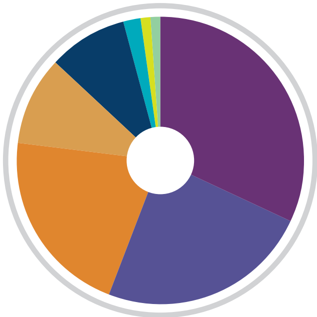
		2020
	S$'million	**%**
● Fixed Rate	1,939.5	79
● Floating Rate	523.0	21
TOTAL	**2,462.5[1]**	**100**

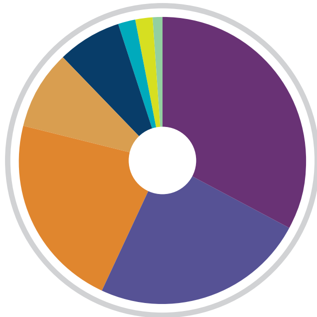
		2019
	S$'million	**%**
● Fixed Rate	2,023.2	86
● Floating Rate	325.8	14
TOTAL	**2,349.0[1]**	**100**

The fixed rate loans take into account the interest rate swaps which were entered into to convert floating rate loans to fixed rate loans. As at 31 December 2020, S$1,939.5 million[1] or 79% of ART's borrowings were on fixed interest rates, including S$329.9 million[1] due for refinancing in 2021, in line with the maturity dates of the underlying loans.

1 Net of unamortised transaction costs.

DEBT BY CURRENCY PROFILE





Currency	S$'million	% (2020)
JPY	795.5	32
SGD	579.4	24
USD	508.4	21
AUD	240.3	10
EUR	234.4	9
KRW	38.6	2
GBP	38.3	1
RMB	27.6	1
TOTAL	**2,462.5**[1]	**100**

Currency	S$'million	% (2019)
JPY	784.7	33
SGD	568.3	24
USD	511.2	22
EUR	220.3	9
AUD	171.9	7
GBP	37.5	2
KRW	37.2	2
RMB	17.9	1
TOTAL	**2,349.0**[1]	**100**

1 Net of unamortised transaction costs and before taking into account the cross currency interest rate swaps to manage the exposure to foreign currency risk.

On a portfolio basis, approximately 51% of ART's assets denominated in foreign currency were hedged.

CASH FLOW

As at 31 December 2020, ART's cash and cash equivalents was S$486.7 million, an increase of S$211.2 million over last year. The major cash flow movements were as follows:

	S$'million
Cash generated from operations	96.3
Net proceeds on disposal of investment properties and assets held for sale	231.0
Net proceeds on disposal of subsidiaries	130.1
Net drawdown of bank borrowings	51.6
Deposit received for divestment of subsidiaries	21.2
Distributions to Stapled Securityholders and perpetual securities holders	(152.8)
Payment of interest and income tax	(76.8)
Acquisition of investment properties	(42.8)
Capital expenditure on investment properties under development	(11.6)
Payment of transaction costs related to the combination	(11.2)
Acquisition of property, plant and equipment	(11.0)
Capital expenditure on investment properties and assets held for sale	(8.7)
Payment of lease liabilities	(7.5)

PORTFOLIO LISTING

ART's portfolio comprises 86 properties which are predominantly held under Ascott Reit, with the exception of the properties denoted by asterisks (*) which are held under Ascott BT.

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
Australia					
Citadines on Bourke Melbourne	131–135 Bourke Street, Melbourne, Victoria 3000, Australia	380	Freehold	–	167.6
Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth, WA 6000, Australia	85	Freehold	–	36.1
Citadines Connect Sydney Airport	113–121 Baxter Road, Mascot, New South Wales, NSW 2020, Australia	150	Freehold	–	58.8
Courtyard by Marriott Sydney – North Ryde*	7–11 Talavera Road, North Ryde, NSW 2113, Australia	196	Freehold	–	52.3
Novotel Sydney Central*	169–179 Thomas Street, Sydney, NSW 2000, Australia	255	Freehold	–	161.2
Novotel Sydney Parramatta*	350 Church Street, Parramatta, NSW 2150, Australia	194	Freehold	–	43.7
Pullman and Mercure Brisbane King George Square*	Corner Ann and Roma Street, Brisbane, QLD 4000, Australia	438	Freehold	–	89.2
Pullman and Mercure Melbourne Albert Park*	65 Queens Road, Melbourne, VIC 3004, Australia	378	Freehold	–	109.4
Pullman Sydney Hyde Park*	36 College Street, Sydney, NSW 2000, Australia	241	Freehold	–	156.4
Quest Campbelltown	1 Rennie Road, Woodbine, NSW 2560, Australia	81	Freehold	–	21.3
Quest Macquarie Park Sydney	71 Epping Road, Macquarie Park, NSW 2113, Australia	111	Freehold	–	42.8
Quest Mascot	108–114 Robey Road, Mascot, NSW 2020, Australia	91	Freehold	–	26.9
Quest Sydney Olympic Park	6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127, Australia	140	99	2111	44.8
Belgium					
Citadines Sainte–Catherine Brussels	51, quai au Bois à Brûler, 1000 Brussels, Belgium	169	Freehold	–	26.7
Citadines Toison d'Or Brussels	61–63, Avenue de la Toison d'Or, 1060 Brussels, Belgium	155	Freehold	–	23.5
China					
Citadines Xinghai Suzhou	Block 27, Jiacheng Gardens, 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021, China	167	70	2066	23.2

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
China					
Citadines Zhuankou Wuhan	159 Dongfeng Avenue (Xianglong Business Centre Zone C) Wuhan Economic and Techonological Development Zone, Wuhan 430056, China	249	40	2043	51.4
Somerset Grand Central Dalian	No. 128–2 Jinma Road, Dalian Development Area, Dalian 116600, China	195	50	2056	118.6
Somerset Heping Shenyang	80 Taiyuan North Street, Heping District, Shenyang 110000, China	270	40	2046	86.2
Somerset Olympic Tower Property Tianjin	126, Chengdu Road, Heping District, Tianjin 300051, China	185	70	2062	76.8
Somerset Xu Hui Shanghai[1]	888, Shaanxi Nan Road, Xu Hui District, Shanghai 200031, China	168	70	2066	51.5
France					
Citadines Antigone Montpellier	588, boulevard d'Antigone, 34000 Montpellier, France	122	Freehold	–	13.8
Citadines Austerlitz Paris	27, rue Esquirol, 75013 Paris, France	50	Freehold	–	9.6
Citadines Castellane Marseille	60, rue du Rouet, 13006 Marseille, France	98	Freehold	–	10.7
Citadines City Centre Grenoble[1]	9–11, rue de Strasbourg, 38000 Grenoble, France	107	Freehold	–	16.7
Citadines City Centre Lille	Avenue Willy Brandt–Euralille, 59777 Lille, France	101	Freehold	–	16.2
Citadines Croisette Cannes	1, rue le Poussin, 06400 Cannes, France	58	Freehold	–	8.4
Citadines Didot Montparnasse Paris[1]	94, rue Didot, 75014 Paris, France	80	Freehold	–	25.7
Citadines Les Halles Paris	4, rue des Innocents, 75001 Paris, France	189	Freehold	–	88.2
Citadines Maine Montparnasse Paris	67, avenue du Maine, 75014 Paris, France	67	Freehold	–	20.6
Citadines Montmartre Paris	16, avenue Rachel, 75018 Paris, France	111	Freehold	–	40.4
Citadines Place d'Italie Paris	18, place d'Italie, 75013 Paris, France	169	Freehold	–	56.3
Citadines Prado Chanot Marseille	9–11, boulevard de Louvain, 13008 Marseille, France	77	Freehold	–	9.4
Citadines Presqu'île Lyon	2 rue Thomassin, 69002 Lyon, France	116	Freehold	–	21.4
Citadines République Paris	75 bis, avenue Parmentier, 75011 Paris, France	76	Freehold	–	21.2

PORTFOLIO LISTING

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
France					
Citadines Tour Eiffel Paris	132, Boulevard de Grenelle, 75015 Paris, France	104	Freehold	–	59.2
Citadines Trocadéro Paris	29 bis, rue Saint–Didier, 75116 Paris, France	97	Freehold	–	51.3
La Clef Louvre Paris	8, rue de Richelieu, 75001 Paris, France	51	Freehold	–	40.3
Germany					
Citadines Arnulfpark Munich	Arnulfstrasse 51, 80636 München, Germany	146	Freehold	–	34.0
Citadines City Centre Frankfurt	Europa–Allee 23, 60327 Frankfurt am Main, Germany	165	Freehold	–	55.6
Citadines Kurfürstendamm Berlin	Olivaer Platz 1, 10707 Berlin–Wilmersdorf, Germany	117	Freehold	–	21.1
Citadines Michel Hamburg	Ludwig–Erhard–Straße 7, 20459 Hamburg, Germany	127	99	2111	46.4
The Madison Hamburg	Schaarsteinweg 4, 20459 Hamburg, Germany	166	Freehold	–	59.4
Indonesia					
Ascott Jakarta	Jalan Kebon Kacang Raya No. 2, Jakarta 10230, Indonesia	204	26	2024	43.0
Somerset Grand Citra Jakarta	Jalan Prof Dr Satrio Kav 1, Jakarta 12940, Indonesia	203	30	2024	54.6
Japan					
Citadines Central Shinjuku Tokyo	1–2–9, Kabuki–cho, Shinjuku–ku, Tokyo 1600021, Japan	206	Freehold	–	95.2
Citadines Karasuma–Gojo Kyoto	432 Matsuya–cho, Gojo–dori Karasuma–Higashiiru, Shimogyo–ku, Kyoto 600–8105, Japan	124	Freehold	–	39.9
Citadines Shinjuku Tokyo	1–28–13 Shinjuku, Shinjuku–ku, Tokyo 1600022, Japan	160	Freehold	–	84.3
Hotel WBF Kitasemba East	2–6–8 Awajicho, Chuo–ku, Osaka 541–0047, Japan	168	Freehold	–	43.1
Hotel WBF Kitasemba West	3–2–7, Awajicho, Chuo–ku, Osaka 541–0047, Japan	168	Freehold	–	43.2
Hotel WBF Honmachi	4–4–10, Kitakyuhojimachi, Chuo–ku, Osaka 541–0057, Japan	182	Freehold	–	43.3
Sotetsu Grand Fresa Osaka–Namba*	1–1–13, Nipponbashi, Chuo–ku, Osaka 542–0073, Japan	698	Freehold	–	239.8
Sotetsu Grand Fresa Tokyo–Bay Ariake	3–6–6 Ariake Koto–ku, Tokyo 135–0063, Japan	912	Freehold	–	325.0

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
Japan Rental Housing					
Actus Hakata V–Tower	3–15–10, Hakata Ekimae Hakata–ku, Fukuoka, Japan	296	Freehold	–	39.5
Big Palace Kita 14jo	4–1–6, Kita14jo Nishi, Kita–ku, Sapporo, Japan	140	Freehold	–	17.3
Gravis Court Kakomachi	13–10, Kakomachi, Naka–ku, Hiroshima, Japan	63	Freehold	–	6.7
Gravis Court Kokutaiji	2–1–9, Kokutaijimachi, Naka–ku, Hiroshima, Japan	48	Freehold	–	5.0
Gravis Court Nishiharaekimae	8–38–10, Nishihara, Asaminami–ku, Hiroshima, Japan	29	Freehold	–	4.2
Infini Garden	3–2–2, 3, 4, 5 KashiiTeriha, Higashi–ku, Fukuoka, Japan	389	Freehold	–	95.2
Roppongi Residences Tokyo	3–4–31 Roppongi, Minato–ku, Tokyo 106–0032, Japan	64	Freehold	–	57.1
S–Residence Fukushima Luxe	7–22–9, Fukushima, Fukushima–ku, Osaka, Japan	178	Freehold	–	31.1
S–Residence Hommachi Marks	2–3–6, Tokuicho, Chuo–ku, Osaka, Japan	110	Freehold	–	17.3
S–Residence Midoribashi Serio	3–17–6, Nakamoto, Higashinari–ku, Osaka, Japan	98	Freehold	–	14.5
S–Residence Tanimachi 9 chome	4–29, Ikutamamaemachi, Tennoji–ku, Osaka, Japan	102	Freehold	–	18.1
Malaysia					
Somerset Kuala Lumpur	187, Jalan Ampang 50450, Kuala Lumpur, Malaysia	205	Freehold	–	67.4
The Philippines					
Ascott Makati	Glorietta 4, Ayala Center, Makati City 1224, The Philippines	362	48	2044	87.5
Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229, The Philippines	120	Freehold	–	12.7
Singapore					
Ascott Orchard Singapore	11 Cairnhill Road, Singapore 229724, Singapore	220	99	2113	405.0
Citadines Mount Sophia Property Singapore	8 Wilkie Road #01–26 Wilkie Edge, Singapore 228095, Singapore	154	96	2105	107.0
lyf one–north Singapore[2]	Lot 5360P MK3 at Nepal Hill, one-north, Portsdown Road, Singapore	324	60	2079	62.4
Park Hotel Clarke Quay	1 Unity Street, Singapore 237983, Singapore	336	99	2105	325.0

PORTFOLIO LISTING

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
Singapore					
Somerset Liang Court Property Singapore[3]	177B, River Valley Road, Singapore 179032, Singapore	192	99	2120	140.3
South Korea					
Sotetsu Hotels The Splaisir Seoul Dongdaemun*	226 Jangchoongdan–ro, Gwanghui–dong, Jung–gu, Seoul, South Korea	215	Freehold	–	95.1
ibis Ambassador Seoul Insadong*	31 Samil–daero 30–gil, Ikseon–dong, Jongno–gu, Seoul, South Korea	363	Freehold	–	98.1
Spain					
Citadines Ramblas Barcelona	Ramblas 122, 08002 Barcelona	131	Freehold	–	56.7
The United Kingdom					
Citadines Barbican London	7–21 Goswell Road, London EC1M 7AH, United Kingdom	129	Freehold	–	75.0
Citadines Holborn–Covent Garden London	94–99 High Holborn, London WC1V 6LF, United Kingdom	192	Freehold	–	127.5
Citadines South Kensington London	35A Gloucester Road, London SW7 4PL, United Kingdom	92	Freehold	–	71.1
Citadines Trafalgar Square London	18/21 Northumberland Avenue, London WC2N 5EA, United Kingdom	187	Freehold	–	130.9
The United States of America					
Element New York Times Square West	311 West 39th Street, New York, New York 10018, The United States of America	411	99	2112	220.7
Hotel Central Times Square (formerly DoubleTree by Hilton Hotel New York - Times Square South)	341 West 36th Street, New York, New York 10018, The United States of America	224	Freehold	–	148.4
Sheraton Tribeca New York Hotel	370 Canal Street, New York, New York 10013, The United States of America	369	99	2112	218.0
Vietnam					
Somerset Chancellor Court Ho Chi Minh City	21–23, Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam	172	48	2041	69.3
Somerset Grand Hanoi	49, Hai Ba Trung Street, Hanoi, Vietnam	185	45	2038	105.7
Somerset Ho Chi Minh City	8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City, Vietnam	198	45	2039	66.8
Somerset Hoa Binh Hanoi	106 Hoang Quoc Viet Street, Cau Giay, Hanoi, Vietnam	206	36	2042	54.9

* Held under Ascott BT.

1 Divestment of Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble are expected to complete in the first quarter of 2021 and divestment of Somerset Xu Hui Shanghai is expected to complete in the second quarter of 2021.

2 Currently under development and the number of units may be subject to change. The Agreed Property Value at Acquisition of S$62.4 million refers to the price of the site acquired through a tender bid.

3 (a) As disclosed in the announcement dated 21 November 2019, partial interest in the land was divested and the retained interest in the land is currently being redeveloped into a new serviced residence property with 192 units (number of units may be subject to change). (b) The Property Value at Acquisition of S$140.3 million refers to the value of ART's remaining interest in the land derived from the sale price per square foot as disclosed in the announcement. (c) The tenure expiry date is based on the expected extension of the lease term to 99 years assuming that the new lease is entered into in 2021.

SUSTAINABILITY MANAGEMENT

SUSTAINABILITY COMMITMENT

The Managers are part of the CapitaLand Group and our sustainability strategy is aligned to that of CapitaLand. Details can be found in the upcoming CapitaLand Limited Global Sustainability Report 2020.

CapitaLand places sustainability at the core of everything it does, and is committed to growing in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of our communities.

In 2020, CapitaLand unveiled its 2030 Sustainability Master Plan to elevate the Group's commitment to global sustainability in the built environment given its presence in more than 220 cities and over 30 countries. The Master Plan focuses on three key pillars to drive CapitaLand's sustainability efforts in the environment, social and governance (ESG) pillars, enabling the Group to create a larger positive impact for the environment and society.

- Building portfolio resilience and resource efficiency,
- Enabling thriving and future-adaptive communities, as well as
- Accelerating sustainability innovation and collaboration

Five pathways were identified, and CapitaLand will adapt its strategies as technologies evolve and new scientific data become available.

1. Integrating sustainability in CapitaLand's real estate life cycle

From the earliest stage of the investment process to design, procurement, construction, operations and redevelopment or divestment, sustainability targets will be embedded in policies, processes, best practices and key performance indicators of CapitaLand's business operations.

2. Strengthening innovation and collaboration to drive sustainability

CapitaLand will continue to source globally for new ideas and technologies to meet its sustainability ambitions and work with like-minded partners to create shared values.

3. Leveraging sustainability trends and data analytics

This allows CapitaLand to track critical performance and progress in water, waste, energy, carbon emissions and health and safety. These measurements along with social indicators are key to driving performance improvement across its operating properties and development projects.

4. Monitoring and reporting to ensure transparency

As CapitaLand tracks its sustainability progress, it will continue to validate its performance by external assurance and align its Global Sustainability Report to international standards.

5. Increasing engagement and communication with key stakeholder groups

It is key to building awareness and collectively effecting transformational change to achieve CapitaLand's 2030 targets.

Pushing boundaries of change

To push the boundaries of change, CapitaLand will transit to a low-carbon business that is aligned with climate science. In November 2020, CapitaLand had its carbon emissions reduction targets approved by the Science Based Targets initiative (SBTi) for a 'well-below 2°C' scenario. The targets are in line with the goals of the Paris Agreement to keep global temperature rise well below 2°C in this century. CapitaLand is also developing a new metric, Return on Sustainability, in addition to the regular financial return to measure the Group's ESG impact.

CapitaLand has launched the inaugural CapitaLand Sustainability X Challenge (CSXC), an innovation challenge to enable CapitaLand to accelerate its sustainability efforts and meet its 2030 targets. The CSXC covers seven challenge statements and reflects the key themes and goals in CapitaLand's 2030 Sustainability Master Plan.

CapitaLand aims to be a leader in sustainable finance and intends to secure S$6 billion through sustainable finance by 2030. Proceeds and interest rate savings from CapitaLand's efforts in sustainable finance can also be used to drive more sustainability initiatives and innovations within the company.

Measuring against global benchmarks

CapitaLand was one of the first companies in Singapore to voluntarily publish an annual Global Sustainability Report and externally assure the entire report. Benchmarking against an international standard and framework that is externally validated helps CapitaLand to overcome the challenges in sustainability reporting that arise from its diversified asset types and geographical presence. CapitaLand is a signatory to the United Nations (UN) Global Compact and its Global Sustainability Report serves as its Communication on Progress, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations Index, Dow Jones Sustainability World Index and Asia-Pacific Index, Global Real Estate Sustainability Benchmark (Global Sector Leader, Diversified-Listed), FTSE4Good Index Series, MSCI Global Sustainability Indexes and The Sustainability Yearbook.

CapitaLand's Global Sustainability Report 2020 will be published by 31 May 2021 and will continue to be prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and will also continue to apply the Guiding Principles of the International Integrated Reporting Framework and ISO 26000:2010 Guidance on Social Responsibility and reference the UN Sustainable Development Goals and the Taskforce on Climate Related Financial Disclosure. CapitaLand also plans to align its sustainability report to the Sustainability Accounting Standards Board (SASB). The report will cover CapitaLand's global portfolio and employees, as well as its listed real estate investment trusts and business trusts, including ART, unless otherwise indicated. The report will be externally assured to AA1000 Assurance Standard.

This sustainability chapter references selected GRI Standards[1] to report specific information and covers ART's properties from 1 January to 31 December 2020 (excluding properties managed by third-party operators) unless otherwise indicated. The CapitaLand team behind the Managers and the property managers responsible for property and portfolio operations are identified as employees of ART.

More information on ART's sustainability management practices will be published on its website by May 2021.

BOARD, TOP MANAGEMENT AND STAFF COMMITMENT AND INVOLVEMENT

CapitaLand's sustainability management comes under the purview of the CapitaLand Sustainability Council. Reporting to the CapitaLand Board, the Council comprises certain CapitaLand independent board directors and members of the CapitaLand Executive Committee. It is supported by the Group Sustainability Office and various work teams to drive continued progress and improvement in the areas of ESG. Currently, CapitaLand's Sustainability Council is chaired by Ms Goh Swee Chen, who is also the president of Global Compact Network Singapore (local chapter of the United Nations Global Compact).

The work teams comprise representatives from CapitaLand business units and corporate functions. Each business unit also has its own Environmental, Health and Safety (EHS) Committee to drive initiatives in countries where they operate with support from various departments.

ART's Boards are also updated regularly on matters relating to sustainability risks and business malpractice incidents. The Boards are also updated on the sustainability management performance of ART, key material issues identified by stakeholders and the planned follow-up measures.

BOARDS' STATEMENT

ART is committed to sustainability and incorporates the key principles of environment, social and governance (ESG) in setting its business strategies and operations.

The Managers' Boards of Directors (Boards) set the risk appetite, which determines the nature and extent of material risks that ART is willing to take to achieve our strategic and business objectives. The risk appetite incorporates ESG factors such as fraud, corruption and bribery, environment, health and safety.

The Boards also approve the executive compensation framework based on the principle of linking pay to performance. Business plans are translated to both quantitative and qualitative performance targets including sustainable corporate practices and are cascaded throughout the organisation.

1 This material references Disclosure 302-1 from GRI 302: Energy 2016, Disclosure 303-1 from GRI 303: Water 2016, Disclosure 305-1 and Disclosure 305-2 from GRI 305: Emissions 2016, Disclosure 205-1 and Disclosure 205-2 from GRI 205: Anti-Corruption 2016, Disclosure 403-1 from GRI 403: Occupational Health & Injury 2016 and Disclosure 405-1 from GRI 405: Diversity 2016

CapitaDNA
Vision, Mission, Credo and Core Values

CORE VALUES

WINNING MINDSET | ENTERPRISING | RESPECT | INTEGRITY

COMMITMENT TO OUR STAKEHOLDERS

We create great customer value and experiences through high-quality products and services

FOR OUR **CUSTOMERS**
Tenants, shoppers, home owners, residents

We deliver sustainable shareholder returns and build a strong global network of capital partners

FOR OUR **INVESTORS**
including business partners

We develop high-performing people and teams through rewarding opportunities

FOR OUR **PEOPLE**
Staff

We care for and contribute to the economic, environmental and social development of communities

FOR OUR **COMMUNITIES**
Government agencies/ NGOs, general public, the environment, suppliers/contractors

STRATEGIC SUSTAINABILITY MANAGEMENT STRUCTURE

CapitaLand Board of Directors

CapitaLand Sustainability Council
Strategic oversight of ESG policies and intergration

CapitaLand Management Council
Strategic management of ESG implementation across the Group

Various Sustainability Work Teams
Involving business units and corporate departments, covering:
- Investments
- Environment, health and safety
- Innovation
- Stakeholder engagement
- Enterprise risk management

All Staff

MATERIALITY

ART has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. These material risks include fraud and corruption, environmental (e.g. climate change), health and safety, and human capital risks which are ESG-relevant.

We identify and review material issues that are most relevant and significant to us and our stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to ART. More information on stakeholder engagement will be available on ART's website and the Social and Relationship Capital, Human Capital and Environmental Capital chapters of the CapitaLand Global Sustainability Report 2020 by May 2021.

PRIORITISATION OF ESG MATERIAL ISSUES

Environment	Social/Labour Practices	Governance
Critical		
› Energy efficiency › Climate change and emissions reduction › Water management	› Occupational health and safety › Employment › Stakeholder engagement › Supply chain management	› Compliance › Business ethics › Products and services[1]
Moderate and Emerging		
› Building materials › Construction and operational waste › Biodiversity	› Diversity › Human rights	

1 This includes customer health and safety.

CREATING VALUE AND ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework were referenced in this report, and the material ESG issues are grouped into six Capitals – Environmental, Manufactured, Human, Social and Relationship, Organisational, and Financial. This is also mapped against eight UN SDGs that are most aligned with CapitaLand's Master Plan 2030 targets, and where CapitaLand can achieve the greatest positive impact. More information will be available on ART's website and the CapitaLand Global Sustainability Report 2020 by May 2021.

Capitals	What We Do	2020 Value Created
Environmental Capital › Carbon emissions › Energy management › Water stewardship › Waste and resource management **Manufactured Capital** › Environmentally sustainable, healthy, safe and accessible quality buildings › Innovative and sustainable construction methods and technologies (SDG 3, 7, 9, 11, 12 and 13) **Material ESG issues** › Energy efficiency › Climate change and emissions reduction › Water management › Building materials › Construction and operational waste › Biodiversity › Stakeholder engagement › Product safety and customer well-being	CapitaLand is committed to › Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern › Transit to low-carbon business and reduce energy consumption through improved energy efficiency and increase use of renewable energy › Green its global operational portfolio by 2030 › Actively embrace innovation to ensure commercial viability without compromising the environment for future generations › Future-proof its developments by addressing the risks of climate change right from the design stage › Preserve the biodiversity of its sites as well as the wider area where possible › Build safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence and hotel guests, homeowners and members of the community	› Carbon emissions reduction targets approved by the SBTi for a 'well-below 2°C' scenario › ART obtained 15 new green building certifications for its existing properties and development project, lyf one-north Singapore, bringing the total number of green buildings to 21 › Consumption[1]: For the first nine months of 2020, ART's operational properties' total energy consumption was 50,703 MWh. Indirect energy consumption accounted for about 86% (43,786 MWh) and direct energy consumption from gas, diesel and other fuels accounted for about 14% (6,917 MWh) of total energy consumption. Approximately 954 MWh of our electricity consumption was from renewable sources. Direct (Scope 1) and indirect (Scope 2) carbon emissions were approximately 1,276 tonnes CO_2e and 21,676 tonnes CO_2e respectively. ART's operating properties' total water consumption was about 493,989m^3. This included the use of 7,432m^3 of recycled water › Reduction[2]: Consumption was lower for the first nine months of 2020 than the same period in 2019 as some properties were temporarily closed and the occupancies of operating properties were lower due to COVID-19. Our reduction in energy usage in kWh/m^2 was 31% and our reduction in water usage in m^3/m^2 was 49% from the 2008 baseline. Our reduction in carbon intensity (kg/m^2) was 40% from the 2008 baseline. ART will continue to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage

1 Computation of footprint data excluded third-party operated properties.
2 Computation of intensity data excluded new properties which were in operation for less than 12 months, properties undergoing asset enhancement programmes and third-party operated properties.

SUSTAINABILITY MANAGEMENT

Capitals	What We Do	2020 Value Created
Manufactured Capital › Environmentally sustainable, healthy, safe and accessible quality buildings › Innovative and sustainable construction methods and technologies **Human Capital** › Health and safety › Job creation and security › Learning and development › Benefits and remuneration (SDG 3 and 8) **Material ESG issues** › Occupational health & safety › Supply chain management › Employment › Diversity › Human rights	› ART believes that regardless of ethnicity, age or gender, staff can make a significant contribution based on their talent, expertise and experience. We adopt consistent, equitable, and fair labour policies and practices in rewarding as well as developing staff under the direct hire of CapitaLand. CapitaLand is a signatory to the UN Global Compact › ART aims to provide a work environment that is safe and contributes to the general well-being of our employees › Occupational health and safety of our stakeholders is of utmost importance to ART. This includes all our staff, guests and residents, tenants, contractors, suppliers and the communities that use our properties	› Global workforce[3] About **70** nationalities Male and female, at ratio of **47:53** **63%** of ART's global workforce was **aged between 30 and 50** Over **48** training hours per staff › Zero staff fatality or permanent disability
Social and Relationship Capital › Stakeholder relations › Social licence to operate › Community development › Cross-sectoral partnership (SDG 1, 2, 4, 8, 17) **Material ESG issues** › Stakeholder engagement › Products and services (include customer health and safety)	› ART is committed to activities that are aligned with its focus on community investment. We engage our stakeholders, raising awareness in the areas of philanthropy, environment, health and safety › Promoting sustainability amongst the guests and residents at ART's properties	› ART's Sponsor, The Ascott Limited (Ascott) provided accommodation to healthcare workers, returning nationals, guests who were affected by border closures or city lockdowns, migrant workers and others who had been stranded due to COVID-19 › Ascott launched the #StayHomeWithAscott campaign to rally the global community to curb the spread of COVID-19 by staying home. With the support of CapitaLand Hope Foundation, the philanthropic arm of CapitaLand, Ascott pledged a total of US$200,000 through the campaign towards Save the Children's food security and assistance programmes, to support about 12,000 underprivileged children affected by COVID-19 › Working with the Singapore government, CapitaLand was involved in setting up and managing the tentage facility at Tanjong Pagar Terminal which housed up to 3,500 migrant workers during the COVID-19 outbreak. Ascott helped to run the floating accommodations, which housed up to 1,700 migrant workers

3 Computation of global workforce statistics were based on employees of ART (including our subsidiaries) and the Managers.

Capitals	What We Do	2020 Value Created
Organisational Capital › Leadership and culture › Corporate governance › Risk management **Material ESG issues** › Compliance › Business ethics › Stakeholder engagement	› CapitaLand is a signatory to the UN Global Compact › CapitaLand's Supply Chain Code of Conduct influences its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management › All staff are required to make an annual declaration to uphold CapitaLand's core values and not to engage in any corrupt or unethical practices › Requires third-party service providers and vendors to adhere to anti-bribery and anti-corruption provisions › Requires main contractors to ensure no child labour and forced labour at CapitaLand project sites	› Refer to the Corporate Governance section on pages 101 to 134 of this Annual Report › No reported incident relating to discrimination, child labour or forced labour › ART supports the ethical marketing of our products and services and practises fair competition, including room sales. We adhere to the Singapore Code of Advertising Practice (SCAP) and any other rules and regulations that apply. The SCAP was formulated against the background of national law, international law and practice, including the International Code of Advertising Practice published by the International Chamber of Commerce 
Financial Capital › Sustainable financing › Earnings › Equity › Investments › Assets	› Combination of operating income from investment properties and trading properties, disciplined capital recycling and growth of fee income › Calibrated balance across product platforms and geographies	› ART secured its first green loan of S$50 million in early January 2021 to finance the development of lyf one-north Singapore, which is certified Green Mark Gold[PLUS] by the Building and Construction Authority of Singapore › Refer to the Portfolio Overview and Financial Review sections on pages 36 to 39 and 76 to 81 respectively of this Annual Report

lyf one-north Singapore (artist's impression)

SUSTAINABILITY MANAGEMENT

STAKEHOLDER ENGAGEMENT

Stakeholders are groups that ART's business has a significant impact on and those with a vested interest in our operations. Key stakeholders include customers, business associates, builders and suppliers, employees and the local community. Other groups include regulators and key government agencies, non-governmental organisations, representatives of the capital market and the media. They are mapped into groups based on their relationship with ART.

Through the various engagement channels, we seek to understand our stakeholders' views, communicate effectively with them and respond to their concerns.

Stakeholder	Description/Purpose	Engagement Channel	Key Topics/Issues
Employees	To develop a high-performance work culture that embraces diversity, innovation and teamwork	› Regular dialogue sessions with senior management › Regular employee engagement survey › Volunteer programmes › Recreation club activities › Regular staff engagement initiatives, such as the global LIFE Heartware Awards to recognise staff who consistently provide exemplary service	› Work-life balance › Remuneration and benefits › Employee welfare and well-being › Training and development › Promoting a culture of service excellence
Customers – Guests and Residents	To track, monitor and improve on guest satisfaction	› Regular satisfaction surveys › Guest Rating Score › Loyalty programmes › Marketing and promotional campaigns	› Quality and well-managed serviced residences › Operational and service improvements › Positive guest experience
Investors, Analysts and Media	To cultivate trust and confidence through two-way communication	› Announcements on SGXNet and on ART's corporate website, including ART's financial results and business updates › Annual and Extraordinary General Meetings › Annual reports and sustainability reports › Media releases and interviews › Regular analyst and investor meetings › Responses to sustainability surveys	› Operational efficiency, monetary savings, cost optimisation › DPS yield, earnings, operational performance, business strategy, market outlook › Environmental, Social and Corporate Governance risks and opportunities

Stakeholder	Description/Purpose	Engagement Channel	Key Topics/Issues
Supply Chain – Main Contractors, Vendors, Suppliers, Creditors	To be a fair and reasonable employer for goods and services and share industry best practices	› CapitaLand's contract management guidelines and house rules › CapitaLand Supply Chain Code of Conduct › EHS Guidelines › Policy and quarterly EHS monitoring › Vendor evaluation, including events, meetings and trainings	› Design and quality › Occupational health and safety practices › Workers welfare and well-being › Environmental compliance › Timely payment
Government Agencies and Regulators / Community and NGOs	To be a responsible corporate citizen and contribute to the communities in which ART operates	› Employee volunteerism and corporate social responsibility programmes › Regulatory readiness to the Singapore Government's commitment to manage carbon emission › Longstanding partner of various national programmes › Sustainability reports › Participation in external conferences/forums › Corporate advertisements › Consultation and sharing with academics, NGOs and business associations › Senior management representation on boards of various industry bodies and sustainability related public discussions	› Philanthropy › Sustainable building developments › Stakeholder programmes to advocate sustainable consumer behaviours › Advocating best practices

ENTERPRISE RISK MANAGEMENT

The Managers of ART take a proactive approach to risk management, making it an integral part of ART's business – both strategically and operationally. The objective is not risk minimisation, but rather the optimisation of opportunities within the known and agreed risk appetite levels set by the Boards of Directors of the Managers (Boards). We take measured risks in a prudent manner for justifiable reasons.

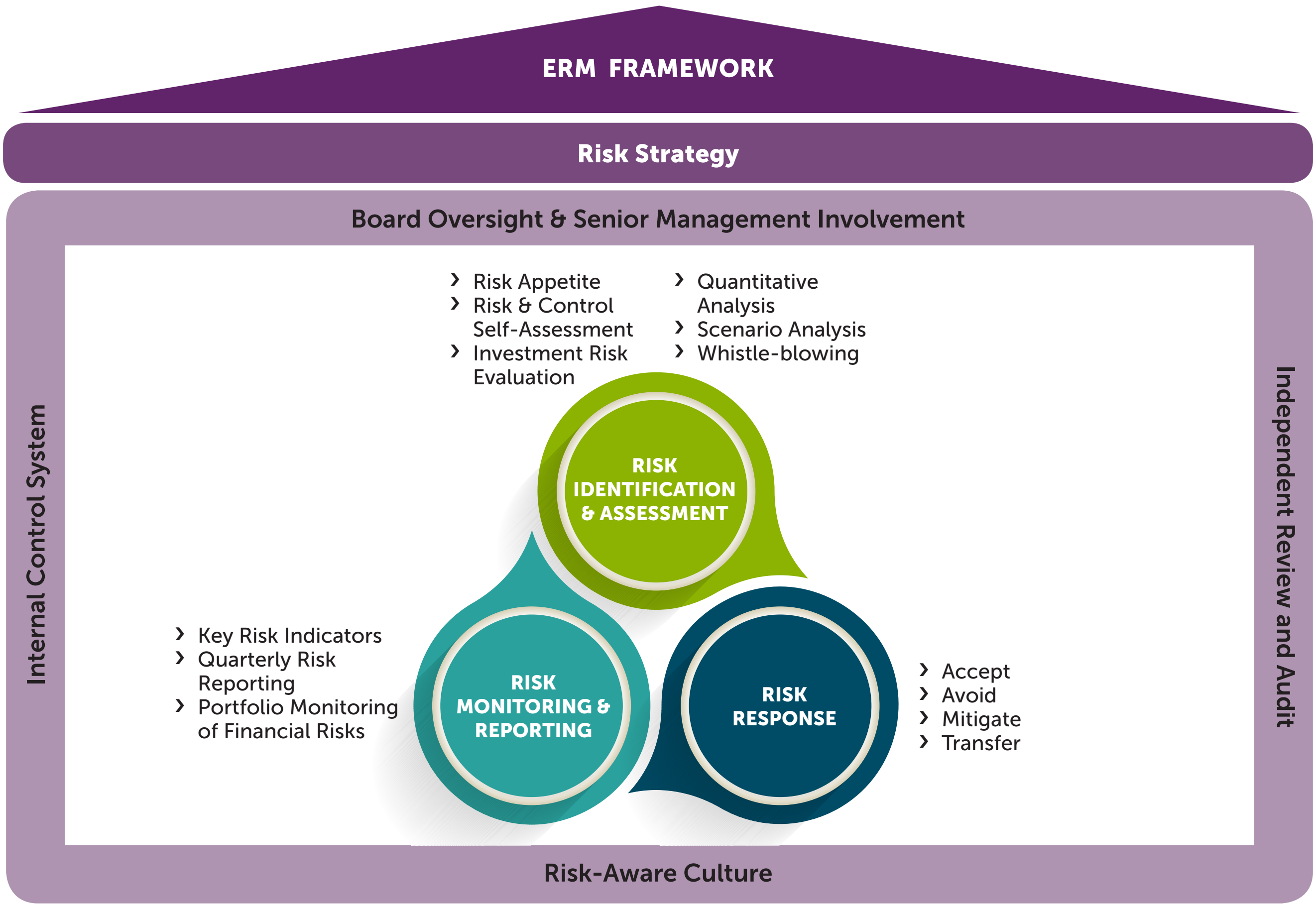
GOVERNANCE

The Boards are responsible for the governance of risk across ART. Their role includes determining ART's risk appetite, overseeing the Managers' Enterprise Risk Management (ERM) Framework, regularly reviewing ART's risk profile, material risks and mitigation strategies, and ensuring the adequacy and effectiveness of the risk management framework and policies. For these purposes, the Boards are assisted by the Audit Committee (AC) which provides dedicated oversight of risk management at the Boards' level, including adhoc risk matters referred to it by the Boards.

The AC, made up of four independent members of the Boards, meets quarterly. The meetings are attended by the Chief Executive Officer (CEO) as well as other key management staff of the Managers.

The Boards approve ART's risk appetite, which determines the nature and extent of material risks that the Managers are willing to take to achieve ART's strategic and business objectives. ART's Risk Appetite Statement (RAS) is expressed via formal, high-level and overarching statements and accompanying risk limits which determine specific risk boundaries established at an operational level. Taking the interests of all key stakeholders into consideration, the RAS sets out explicit and forward-looking views of ART's desired risk profile and ensures it is aligned with ART's strategy and business plans.

The CEO, together with a team of other key management personnel, is responsible for directing and monitoring the development, improvement, implementation and practice of ERM across ART.



The Managers' ERM Framework is adapted from the International Organization for Standardization (ISO) 31000 International Risk Management Standards. It is also guided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework and other relevant best practices and guidelines. It specifies the required environmental and organisational components needed to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually and updated in compliance with latest regulatory requirements as well as best practices in the industry.

A robust internal control system and an effective, independent review and audit process underpin the Managers' ERM Framework. While line management is responsible for the design and implementation of effective internal controls using a risk-based approach, CapitaLand's Internal Audit function reviews such design and implementation to provide reasonable assurance to the AC on the adequacy and effectiveness of the risk management and internal control systems.

ART's successful ERM programme is based on fostering the right risk culture. The Managers work closely with CapitaLand's Group Risk Management Department (GRM) to conduct regular workshops to enhance risk management knowledge and promote a culture of risk awareness. Risk management principles are embedded in all our decision-making and business processes.

Once a year, the Managers coordinate a Risk and Control Self-Assessment (RCSA) exercise for ART. This requires respective risk and control owners to identify, assess and document material risks, which include Environment, Social and Governance (ESG)-relevant risks, along with their key controls and mitigating measures. Material risks and their associated controls are consolidated and reviewed by the Managers before they are presented to the AC and the Boards.

MANAGING MATERIAL RISKS

The Managers take a comprehensive, iterative approach in identifying, managing, monitoring and reporting material risks across ART. These material risks include:

Material Risk	Details	Key Mitigating Action
Business Interruption	› Exposure to sudden and major disaster events such as pandemic, terrorist attacks, fires, prolonged power outages or other major infrastructure or equipment failures which could cause business interruption which may significantly disrupt operations at the properties › Business disruptions arising from the COVID-19 pandemic which could negatively impact the real estate industry and result in potential structural disruption shifts › Acceleration of the pace of pre-existing trends on digital adoption which could disrupt and transform the real estate industry	› Focus on diversifying our portfolio geographically and by contract type › Continue to prioritise the well-being of our customers by adopting contactless technologies and innovative tech solutions to enhance the safety, cleanliness and hygiene at ART's properties › Future proof ART's business through digitalisation of business operations and processes, innovation and flexibility in ART's product offerings, such as accelerating our omnichannel solutions, assisting our customers with digital transition, optimising the use-of-space and extending offerings in the new norm › Put in place business continuity plans and standard operating procedures for crisis management at each property to respond to any disruption › Ensure business interruption insurance coverage is adequately purchased › Conduct annual Disaster Recovery Plan (DRP) exercise to ensure timely recoverability of business-critical IT systems

ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Climate Change	› Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods, and fresh water depletion › Transitional risks include potentially more stringent regulations and increased expectations from stakeholders	› Work in conjunction with CapitaLand to regularly review mitigation and adaptation efforts which include future proofing our portfolio against changing climate conditions from the design stage and improving the operational efficiency of our properties by setting targets for carbon emissions, water, energy and waste efficiency › CapitaLand has in place a Group environmental management system which is externally certified to ISO 14001 › For more information, please refer to CapitaLand's Global Sustainability Report 2020, to be published by 31 May 2021
Competition	› Keen competition from other established players, investors and managers of real estate assets and new market entrants in the hospitality market	› Constantly strive to differentiate ourselves from our peers by adapting ART's business and products to the evolving needs of our customers, delivering exceptional products and services, and engaging customers with customer-centric initiatives and loyalty programmes › Focus on building key enablers that give ART a competitive advantage amidst competition and digital disruption, such as embarking on digital transformation in our processes, enhancing our data analytics capabilities to speed up data-driven decisions, and leveraging innovation tools and solutions to assist our customers to pivot to the new digital operating model › Incorporate ESG considerations in ART's business to reinforce its leading position as a sustainable real estate company
Economic	› Exposure to event risks, such as pandemic, political leadership uncertainties/changes, trade wars, economic downturns and sudden changes in real estate-related regulations, in major economies, key financial and property markets	› Adopt a disciplined approach to financial management › Focus on diversifying our portfolio geographically and by contract type › Focus on cities where ART or its Sponsor, The Ascott Limited (Ascott), has operational scale and where underlying economic fundamentals are more robust › Actively monitor macroeconomic trends, policies and regulatory changes in key markets
Financial	› Exposure to financial risks relating to liquidity constraints, foreign currency and interest rate volatility resulting in realised/unrealised losses, and/or negatively impacting planned cash generation and cash usage profile	› Actively monitor ART's debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities, to finance ART's operations › Access to various sources of funds from both banks and capital markets to minimise over-reliance on a single source of funds for any funding or refinancing requirements › Adopt natural hedging, where possible, by borrowing in the same currency as the revenue streams generated from ART's investments › Actively review and maintain an optimal mix of fixed and floating interest rate borrowings, taking into consideration the investments' holding period and nature of the assets › For more information, please refer to the "Financial Risk Management" section on page 266 of this Annual Report

Material Risk	Details	Key Mitigating Action
Fraud, Bribery and Corruption	› Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties	› Promote the right ethical culture at all levels to build strong foundations › Adopt a zero-tolerance stance against fraud, bribery and corruption in the conduct of business and reinforce the importance of integrity - one of ART's core values › Communicate the commitment to integrity from the top through policies such as Fraud, Bribery & Corruption (FBC) Risk Management Policy, Whistle-Blowing Policy and Ethics and Code of Business Conduct Policies and Anti-Money Laundering and Countering the Financing of Terrorism Policy › All employees sign a pledge to renew their commitment to uphold ART's core values annually
Information Technology / Cyber Security	› Ongoing business digitalisation exposes the business to IT-related threats, which may result in compromising the confidentiality, integrity and availability of ART's information assets and/or systems. This may have negative impact on customer experience, financials and/or regulatory compliance	› The outsourced IT team from CapitaLand executes its Cyber Security Strategy through ongoing review against existing/evolving threat landscapes and institutes measures to minimise vulnerability exposure and manage threat vectors › Roll out ongoing staff IT Security Awareness Training to counter human intervention in the information security chain › Periodically review and update Group IT Security Policy and Data Protection Framework to ensure relevancy › Maintain and test IT Security Incident Management Procedure to ensure prompt response and timely remediation to cyber security incidents › Conduct annual DRP exercise to ensure timely recoverability of business-critical IT systems › Engage independent security providers to conduct vulnerability assessment to further strengthen the IT systems
Investment and Divestment	› Deployment of capital into loss-making or below-target return investments due to wrong underwriting assumptions or poor execution › Inadequate planning to identify suitable divestment opportunities	› Evaluate all investment and divestment proposals against a rigorous set of criteria which includes potential for value creation and distribution per Stapled Security (DPS) accretion, review key financial assumptions and perform sensitivity analysis on key variables › Boards review and approve all major investment and divestment decisions › Conduct rigorous due diligence reviews on all investment and divestment proposals and where necessary, enlist third-party consultants with the requisite expertise to assist in the due diligence review › Identify potential risks associated with proposed projects and the issues that may prevent smooth implementation or attainment of projected outcomes at the evaluation stage and devise action plans to mitigate such risks as early as possible › Integrate sustainability in real estate life cycle from the earliest stage of our investment, redevelopment and divestment processes

ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Political and Policy	› Exposure to events such as political leadership uncertainty, inconsistent public policies, social unrest, change in property-related regulations and other events in the markets that ART operates in	› Focus on diversifying ART's portfolio geographically › Overseas operations are managed by experienced managers and teams familiar with local conditions and cultures › Maintain a balanced mix of stable and growth income within the portfolio comprising properties on master leases, management contracts with minimum guaranteed income and management contracts
Project Management	› Inability to meet the project's key deliverables in relation to cost, quality and time to completion which may adversely impact profitability	› Conduct regular site visits to closely monitor progress of development projects › Appoint vendors through a stringent pre-qualification procedure to assess key criteria such as vendors' track records and financial performance › Leverage in-house teams of experienced technical staff to provide guidance and independent audit checks on safety, quality of architectural design, and mechanical and electrical engineering detailing
Regulatory and Compliance	› Non-compliance to applicable laws and regulations in the markets ART operates in which may lead to hefty penalties/ fines and negative publicity	› Maintain a framework that proactively identifies the applicable laws and regulations, and embed compliance into the day-to-day operations › Leverage in-house specialised teams such as compliance and tax that provide advisory services and updates on latest changes to laws and regulations › Report significant regulatory non-compliance cases to the AC on a quarterly basis for oversight by the Boards
Safety, Health and Well Being	› Increased expectations from stakeholders to provide safe and healthy environment, including well-being, at ART's properties	› Work in conjunction with CapitaLand to regularly review its mitigation efforts which include work-related safety targets › CapitaLand has in place a health and safety management system which is externally certified to ISO 45001 › For more information, please refer to CapitaLand's Global Sustainability Report 2020, to be published by 31 May 2021

CORPORATE GOVERNANCE

OUR ROLE

Ascott Residence Trust (ART) is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT) pursuant to a stapling deed dated 9 September 2019 and each stapled security consists of one Ascott Reit Unit and one Ascott BT Unit and is treated as a single instrument (Stapled Security).

Ascott Residence Trust Management Limited (Reit Manager) was appointed manager of Ascott Reit in accordance with the terms of the trust deed dated 19 January 2006 (as amended) between the Reit Manager and DBS Trustee Limited, as the trustee of Ascott Reit (Trustee). Ascott Business Trust Management Pte. Ltd. (Trustee-Manager) (collectively with the Reit Manager, the Managers) was appointed the trustee-manager of Ascott BT in accordance with the terms of the trust deed constituting Ascott BT dated 9 September 2019 (as amended) (collectively, Trust Deeds).

We, as the Managers, set the strategic direction of ART and its subsidiaries (the Stapled Group) on any investment or divestment opportunities and asset enhancements in accordance with ART's stated investment strategy. The research, evaluation and analysis required for this purpose are led by us as the Managers.

As the Managers, we have general powers of management over the assets of ART. Our primary responsibility is to manage the assets and liabilities of ART for the benefit of the stapled securityholders of ART (Stapled Securityholders). We do this with a focus on generating rental income and enhancing asset value over time so as to maximise returns from the investments, and ultimately the distributions and total returns, to Stapled Securityholders.

Our other functions and responsibilities as the Managers include:

(a) using our best endeavours to conduct ART's business in a proper and efficient manner;

(b) preparing annual business plans for review by the directors of the Managers (Directors), including forecasts on revenue, net income, and capital expenditure, explanations on major variances to previous years' financial results, written commentaries on key issues and underlying assumptions on rental rates, operating expenses and any other relevant assumptions;

(c) ensuring compliance with relevant laws and regulations, including the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual), the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS) (including Appendix 6 of the CIS Code (Property Funds Appendix)), the Business Trusts Act (Chapter 31A of Singapore) (BTA), the Business Trusts Regulations 2005 (BTR), the Securities and Futures Act (Chapter 289 of Singapore) (SFA), written directions, notices, codes and other guidelines that MAS may issue from time to time, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of ART and Stapled Securityholders;

(d) attending to all regular communications with Stapled Securityholders; and

(e) supervising the relevant property manager which performs the day-to-day property management functions (including leasing, marketing, promotion, operations coordination and other property management activities) for ART's properties.

The Managers also consider sustainability issues (including environmental and social factors) as part of their responsibilities. ART's environmental sustainability and community outreach programmes can be found in the Sustainability Management section set out on pages 87 to 95 of this Annual Report.

ART is externally managed by the Managers. The Managers appoint experienced and well qualified personnel to run their day-to-day operations.

The Managers were appointed in accordance with the terms of the Trust Deeds. The Trust Deeds outline certain circumstances under which the Managers can be removed. In the case of Ascott Reit, by resolution passed by a simple majority, and in the case of Ascott BT, by 75% of Stapled Securityholders present and voting at a meeting of Stapled Securityholders duly convened and held in accordance with the provisions of the Trust Deeds.

The Managers are wholly owned subsidiaries of CapitaLand Limited (CL) which holds a significant stapled securityholding interest in ART. CL is a long-term real estate developer and investor, with a vested interest in the long-term performance of ART. CL's significant stapled securityholding interest in ART demonstrates its commitment to ART and as a result, CL's interest is aligned with that of other Stapled Securityholders. The Managers' association with CL provides the following benefits, among other things, to ART:

(a) a stable pipeline of property assets through CL's development activities;

(b) wider and better access to banks and capital markets on favourable terms;

(c) fund raising and treasury support; and

(d) access to a bench of experienced management talent.

OUR CORPORATE GOVERNANCE FRAMEWORK AND CULTURE

The Managers embrace the tenets of good corporate governance, including accountability, transparency and sustainability. They are committed to enhancing long-term stapled securityholder value and have appropriate people, processes and structure to direct and manage the business and affairs of the Managers with a view to achieving operational excellence and delivering the Stapled Group's long-term strategic objectives. The policies and practices developed by the Managers to meet the specific business needs of the Stapled Group provide a firm foundation for a trusted and respected business enterprise.

Our corporate governance framework is set out below:

BOARDS OF DIRECTORS OF THE MANAGERS

5 Independent Directors (ID) and 4 Non-Independent Directors (Non-ID)
Led by ID, Mr Tan Beng Hai, Bob, Chairman.

Key responsibility: Oversee the Managers' strategic direction, performance and affairs and foster the success of ART to deliver sustainable value over the long term to Stapled Securityholders

AUDIT COMMITTEE (AC)

4 IDs
Led by Mr Sim Juat Quee Michael Gabriel, AC Chairman.

Key responsibility: Assist the Boards in their oversight of the financial reporting process, internal controls system, internal and external audit processes, and management of compliance with legal, regulatory and company policies

EXECUTIVE COMMITTEE (EC)

4 Non-IDs
Led by Mr Lee Chee Koon, EC Chairman.

Key responsibility: Assist the Boards in their oversight of the day-to-day activities of the Managers and ART

The Boards of Directors of the Managers (Boards) set the tone from the top and are responsible for the Managers' corporate governance standards and policies, underscoring their importance to the Stapled Group.

This corporate governance report (Report) sets out the corporate governance practices for the financial year (FY) 2020 with reference to the Code of Corporate Governance 2018 (Code).

Throughout FY 2020, the Managers have complied with the principles of corporate governance laid down by the Code and also complied, substantially, with the provisions underlying the principles of the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this Report. This Report also sets out additional policies and practices adopted by the Managers which are not provided in the Code.

ART has received accolades for excellence in corporate governance and corporate governance-related efforts. In FY 2020, ART was ranked third in the Singapore Governance and Transparency Index within the REIT and Business Trust Category for the third consecutive year.

BOARD MATTERS

Principle 1: The Boards' Conduct of Affairs

Boards' Duties and Responsibilities

The Boards oversee the strategic direction, performance and affairs of the Managers, in furtherance of the Managers' primary responsibility to foster the success of ART so as to deliver sustainable value over the long term to Stapled Securityholders. The Boards provide overall guidance to the management team (Management), led by the Chief Executive Officer (CEO). The Boards work with Management to achieve ART's objectives and long-term success and Management is accountable to the Boards for its performance. Management is responsible for the execution of the strategy for ART and the day-to-day operations of ART's business.

The Boards establish goals for Management and monitor the achievement of these goals. The Boards ensure that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the Listing Manual, the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. The Boards also set the disclosure and transparency standards for ART and ensure that obligations to Stapled Securityholders and other stakeholders are understood and met.

The Boards have adopted a set of internal controls which establishes financial approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments and this is clearly communicated to Management in writing. The Boards have reserved authority to approve certain matters including:

(a) material acquisitions, investments and divestments;

(b) issue of new stapled securities in ART (Stapled Securities);

(c) income distributions and other returns to Stapled Securityholders; and

(d) matters which involve a conflict of interest for a controlling Stapled Securityholder or a Director.

Apart from matters that specifically require the Boards' approval, the Boards delegate authority for transactions below the Boards' approval limits to Board Committees and Management to optimise operational efficiency.

The Directors are fiduciaries and are collectively and individually obliged at all times to act honestly and objectively in the best interests of ART. Consistent with this principle, the Boards are committed to ethics and integrity of action and have adopted a Board Code of Business Conduct and Ethics (Board Code) which provides that every Director is expected to, among other things, adhere to the highest standards of ethical conduct. All Directors are required to comply with the Board Code. This sets the appropriate tone from the top in respect of the desired organisational culture, and assists the Boards in ensuring proper accountability within the Managers. In line with this, the Boards have a standing policy that a Director must not allow himself or herself to get into a position where there is a conflict between his or her duty to ART and his or her own interests. Where a Director has a conflict of interest in a particular matter, he or she will be required to disclose his or her interest to the Boards, recuse himself or herself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions.

Furthermore, the Directors have the responsibility to act with due diligence in the discharge of their duties and ensure that they have the relevant knowledge to carry out and discharge their duties as directors, including understanding their roles as executive, non-executive, and independent directors, the business of ART and the environment in which ART operates. The Directors are also required to dedicate the necessary effort, commitment and time to their work as directors, and are expected to attend all meetings of the Boards, except if unusual circumstances make attendance impractical.

Directors' Development

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Boards recognise the importance of continual training and development for their Directors so as to equip them to discharge the duties and responsibilities of their office as Directors to the best of their abilities. The Managers have in place a training framework to guide and support the Managers towards meeting the objective of having Boards which comprise individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their duties and responsibilities. Directors who have no prior experience as a director of an issuer listed on the SGX-ST will be provided with training on the roles and responsibilities of a director of a listed issuer in accordance with the Listing Manual. The costs of training are borne by the Managers.

Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Director's Manual (which includes information on a broad range of matters relating to the role, duties and responsibilities of a Director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to ART's business, operations, strategies, organisation structure, responsibilities of CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Managers (key management personnel), and financial and governance practices. The induction programme may include visits to ART's properties. Through the induction programme, the new Directors also get acquainted with members of Management which facilitates their interaction at Board meetings.

Following their appointment, the Directors are provided with opportunities for continuing education in areas such as director's duties and responsibilities, changes to regulations and accounting standards, and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members. The Directors may also recommend suitable training and development programmes to the Boards. In FY 2020, the training and professional development programmes for the Directors included seminars conducted by experts and senior business leaders on board practices and issues faced by boards. The Directors also regularly receive reading materials on topical matters or subjects as well as updates on regulatory changes and their implications.

Board Committees

The Boards have established various Board Committees to assist them in the discharge of their functions. These Board Committees are the Audit Committee (AC) and the Executive Committee (EC).

All the Board Committees have clear written terms of reference setting out their respective composition, authorities and duties, including reporting back to the Boards. Each of the Board Committees operates under delegated authority from the Boards with the Boards retaining overall oversight. The decisions and significant matters discussed at the respective Board Committees are reported to the Boards on a periodic basis. The minutes of the Board Committee meetings which record the key deliberations and decisions taken during these meetings are also circulated to all members of the Boards for their information. The composition of the various Board Committees is set out on page 132 of this Annual Report and the inside back cover of this Annual Report. The duties and responsibilities of the Board Committees are set out in this Report.

The Boards may form other Board Committees from time to time. The composition of each Board Committee is also reviewed as and when there are changes to Board membership. Where appropriate, changes are made to composition of the Board Committees, with a view to ensuring there is an appropriate diversity of skills and experience, and fostering active participation and contributions from Board Committee members.

Meetings of Board and Board Committees

Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors. The Constitution of the Managers (Constitution) permits the Directors to participate in Board and Board Committee meetings via audio or video conference. If a Director is unable to attend a Board or Board Committee meeting, he or she may provide his or her comments to the Chairman or the relevant Board Committee Chairman ahead of the meeting and these comments are taken into consideration in the deliberations. The Boards and Board Committees may also make decisions by way of written resolutions.

In addition to scheduled meetings, the Boards may also hold ad hoc meetings as required by business imperatives. The Directors (excluding the CEO) also meet from time to time without the presence of Management.

At each scheduled Board meeting, the Boards are apprised of the following:

(a) significant matters discussed at the AC meeting which is typically scheduled before the Board meeting;

(b) AC’s recommendation on ART’s periodic and year-end financial results following AC’s review of the same;

(c) decisions made by Board Committees in the period under review;

(d) updates on ART's business and operations in the period under review, including market developments and trends, as well as business initiatives and opportunities;

(e) financial performance, budgetary and capital management related matters in the period under review, including any material variance between any projections in budget or business plans and the actual results from business activities and operations;

(f) any risk management issues that materially impact ART’s operations or financial performance;

(g) updates on key Stapled Securityholder engagements in the period under review, as well as analyst views and market feedback; and

(h) prospective transactions which Management is exploring.

This allows the Boards to develop a good understanding of the progress of the Stapled Group’s business as well as the issues and challenges faced by ART, and also promotes active engagement with Management.

The Managers adopt and practise the principle of collective decisions and therefore, no individual Director influences or dominates the decision-making process. There is mutual respect and trust among the Directors and therefore the Boards benefit from a culture of frank and rigorous discussions. Such discussions conducted on a professional basis contribute to the dynamism and effectiveness of the Boards. The Boards' composition is such that there is diversity in views and perspectives which enriches deliberations and contributes to better decision-making of the Boards in the best interests of ART. At Board and Board Committee meetings, all the Directors actively participate in discussions, in particular, they engage in open and constructive debate and challenge Management on its assumptions and recommendations.

Management provides the Directors with complete, adequate and timely information prior to Board and Board Committee meetings and on an ongoing basis. This enables the Directors to make informed decisions and discharge their duties and responsibilities.

As a general rule, meeting materials are provided to the Directors at least five working days prior to Board and Board Committee meetings, to allow them to prepare for the meetings and to enable discussions to focus on any questions or issues that they may have or identify. Agendas for Board and Board Committee meetings are prepared in consultation with the Chairman and the chairmen of the respective Board Committees. This provides assurance that there is time to cover all relevant matters during the meetings.

In line with the Managers' ongoing commitment to minimise paper wastage and reduce their carbon footprint, the Managers do not provide printed copies of Board and Board Committee meeting materials. Instead, the Directors are provided with tablet devices to enable them to access and review meeting materials prior to and during meetings. This initiative also enhances information security as the meeting materials are made available through a secure channel. The Directors are also able to review and approve written resolutions using the tablet devices.

A total of five Board meetings and five AC meetings were held in FY 2020. The key deliberations and decisions taken at Board and Board Committee meetings are minuted.

A record of the Directors' attendance at Board and Board Committee meetings for FY 2020 is set out on page 133 of this Annual Report. The CEO who is also a Director attends all Board meetings. She also attends all AC meetings on an ex officio basis. Other members of Management attend Board and Board Committee meetings as required to brief the Boards and Board Committees on specific business matters.

There is active interaction between the Directors and Management during and outside Board and Board Committee meetings. The Directors have separate, independent and unfettered access to Management for any information that they may require. The Boards and Management share a productive and harmonious relationship, which is critical for good governance and organisational effectiveness.

The Directors also have separate and independent access to the company secretary of the Managers (Company Secretary). The Company Secretary keeps herself abreast of relevant developments. She has oversight of corporate secretarial administration matters and advises the Boards and Management on corporate governance matters. The Company Secretary attends Board meetings and assists the Chairman in ensuring that Board procedures are followed. The Company Secretary also facilitates the induction programme for new Directors and oversees professional development administration for the Directors. The appointment and the removal of the Company Secretary is subject to the Boards' approval.

The Directors, whether individually or collectively as the Boards, are entitled to have access to independent external professional advice where necessary, at the Managers' expense.

Principle 2: Board Composition and Guidance

Board Independence

The Boards have a strong independent element as five out of nine directors, including the Chairman, are non-executive IDs. Other than the CEO who is the only executive Director on the Boards, non-executive Directors make up the rest of the Boards. None of the Directors have served on the Boards for nine years or longer. No lead ID is appointed as the Chairman is an ID. Profiles of the Directors, their respective Board Committee memberships and roles are set out on pages 21 to 26 of this Annual Report. Key information on the Directors is also available on ART's website at www.ascottresidencetrust.com (Website). The statement on the composition of the Board of Directors of the Trustee-Manager pursuant to Regulation 12(8) of the BTR can be found on page 141 of this Annual Report.

The Boards review from time to time the size and composition of the Boards and each Board Committee, with a view to ensuring that the size is appropriate in facilitating effective decision-making, and the composition reflects a strong independent element as well as balance and diversity of thought and background. The review takes into account the scope and nature of the Stapled Group's operations, and the competition that the Stapled Group faces.

The Boards assess annually (and as and when circumstances require) the independence of each Director in accordance with the requirements of the Listing Manual and the guidance in the Code, the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), the BTR and where relevant, the recommendations set out in the Practice Guidance accompanying the Code (Practice Guidance). A Director is considered independent if he or she is independent in conduct, character and judgment and:

(a) has no relationship with the Managers, their related corporations, their substantial shareholders, ART's substantial Stapled Securityholders (being Stapled Securityholders who have interests in voting Stapled Securities with 5% or more of the total votes attached to all voting Stapled Securities) or the Managers' officers that could interfere, or be reasonably perceived to interfere with the exercise of his or her independent business judgment in the best interests of ART;

(b) is independent from the management of the Managers and ART, from any business relationship with the Managers and ART, and from every substantial shareholder of the Managers and every substantial Stapled Securityholder of ART;

(c) is not a substantial shareholder of the Managers or a substantial Stapled Securityholder of ART;

(d) is not employed and has not been employed by the Managers or ART or their related corporations in the current or any of the past three financial years;

(e) does not have an immediate family member who is employed or has been employed by the Managers or ART or their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Boards; and

(f) has not served on the Boards for a continuous period of nine years or longer.

There is a rigorous process to evaluate the independence of each ID. As part of the process:

(a) each ID provides information of his or her business interests and confirms, annually, that there are no relationships which interfere with the exercise of his or her independent business judgment with a view to the best interests of the Stapled Securityholders as a whole, and such information is then reviewed by the Boards; and

(b) the Boards also reflect on the respective IDs' conduct and contributions at Board and Board Committee meetings, in particular, whether the relevant ID has exercised independent judgment in discharging his or her duties and responsibilities.

Each ID is required to recuse himself or herself from the Boards' deliberations on his or her independence. In appropriate cases, the Boards also review the independence of an ID as and when there is a change of circumstances involving the ID. In this regard, an ID is required to report to the Managers when there is any change of circumstances which may affect his or her independence.

The Boards have carried out the assessment of the independence of their IDs for FY 2020 and the paragraphs below set out the outcome of the assessment. Each of the IDs had recused himself or herself from the Boards' deliberations on his or her independence.

Mr Tan Beng Hai, Bob

Mr Tan is a non-executive director of Singapore Post Limited (SingPost) which provides postal services to CL and its subsidiaries (CL Group). In addition, SingPost engages CL Group to manage SingPost Centre and had also purchased CapitaVouchers from CL Group during the course of the year. The decision to procure or provide the services was made by the management of CL in the ordinary course of business, on arm’s length basis and based on normal commercial terms. Mr Tan’s role in SingPost is non-executive in nature and he is not involved in the day-to-day conduct of business of SingPost.

Mr Tan also serves as a non-executive director of a subsidiary of Temasek Holdings (Private) Limited (Temasek). Temasek is deemed to be a substantial Stapled Securityholder through its direct and indirect interests in CL, which is a substantial Stapled Securityholder of ART. Mr Tan’s role in these corporations is non-executive in nature and he is not involved in the day-to-day conduct of the business of these corporations.

The Boards have considered the conduct of Mr Tan in the discharge of his duties and responsibilities as a Director, and are of the view that the relationships set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Tan does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Tan has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Tan is an independent Director. Mr Tan will recuse himself from participating in any Boards’ deliberation on any transactions that could potentially give rise to a conflict of interest.

Mr Zulkifli Bin Baharudin

Mr Zulkifli is a non-executive director of a subsidiary and an associated corporation of Temasek. Mr Zulkifli’s role in these corporations is non-executive in nature and he is not involved in the day-to-day conduct of the business of these corporations.

The Boards have considered the conduct of Mr Zulkifli in the discharge of his duties and responsibilities as a Director, and are of the view that the relationships set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Zulkifli does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Zulkifli has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Zulkifli is an independent Director. Mr Zulkifli will recuse himself from participating in any Boards’ deliberation on any transactions that could potentially give rise to a conflict of interest.

Mr Sim Juat Quee Michael Gabriel

Mr Sim serves as a board member of Jurong Town Corporation (JTC), a statutory board under the Ministry of Trade and Industry. In FY 2020, CL Group made certain payments to JTC in respect of lease of space from JTC. The leases were in the ordinary course of business, on arm’s length basis and based on normal commercial terms. Mr Sim’s role in JTC is non-executive in nature and he is not involved in the day-to-day conduct of business of JTC.

The Boards have considered the conduct of Mr Sim in the discharge of his duties and responsibilities as a Director, and are of the view that the relationships set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Sim does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Sim has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Sim is an independent Director. Mr Sim will recuse himself from participating in any Boards’ deliberation on any transactions that could potentially give rise to a conflict of interest.

Mr Chia Kim Huat
Mr Chia does not have any relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment.

The Boards have considered the conduct of Mr Chia in the discharge of his duties and responsibilities as a Director, and are of the view that Mr Chia has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Chia is an independent Director. Mr Chia will recuse himself from participating in any Boards' deliberation on any transactions that could potentially give rise to a conflict of interest.

Ms Deborah Lee Siew Yin
Ms Lee does not have any relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect her independent judgment.

The Boards have considered the conduct of Ms Lee in the discharge of her duties and responsibilities as a Director, and are of the view that Ms Lee has exercised independent judgment in the discharge of her duties and responsibilities. Based on the above, the Boards arrived at the determination that Ms Lee is an independent Director. Ms Lee will recuse herself from participating in any Boards' deliberation on any transactions that could potentially give rise to a conflict of interest.

The Boards are of the view that as at the last day of FY 2020, each of Mr Tan, Mr Zulkifli, Mr Sim, Mr Chia and Ms Lee was able to act in the best interests of all Stapled Securityholders in respect of the period in which they served as directors in FY 2020.

In addition, under Regulation 13H(1) of the SFR, where a substantial shareholder of a manager of a real estate investment trust (REIT) is a corporation, a person would be considered to be connected to that substantial shareholder if he is, inter alia, a director of the substantial shareholder or a director of a related corporation or an associated company of the substantial shareholder. Such person will prima facie not be deemed to be independent unless the directors nevertheless regard him to be independent.

The Trustee-Manager is a related corporation of the Reit Manager as both the Trustee-Manager and the Reit Manager are directly held by CL Group and as Ascott BT and Ascott Reit are stapled, the directors of the Managers are identical to avoid any differences or deadlock in the operation of the Stapled Group. As a result, all five independent directors of the Reit Manager, namely Mr Tan Beng Hai, Bob, Mr Zulkifli Bin Baharudin, Mr Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat and Ms Deborah Lee Siew Yin will prima facie be deemed to be connected to a substantial shareholder of the Reit Manager and hence not independent pursuant to Regulation 13H of the SFR.

Against the foregoing, the board of directors of the Reit Manager (Reit Manager Board) has reviewed and assessed the independence of each of the five IDs of the Reit Manager in relation to Regulation 13H of the SFR and has pursuant to Regulation 13D(8) of the SFR, resolved that notwithstanding that each of the five IDs is a director of both the Reit Manager and the Trustee-Manager, on the basis that:

(a) for so long as Ascott BT is stapled to Ascott Reit, there will be no real prejudice to the interests of the holders of Ascott Reit Units for the Trustee-Manager and the Reit Manager to have the same board of directors as Ascott Reit Units and the Ascott BT Units will be stapled together and held by the same investors. The stapling together of Ascott Reit Units and Ascott BT Units means that the holders of Ascott Reit Units are at the same time the investors of the Stapled Securities, who stand to benefit as a whole;

(b) since the Ascott BT Units and Ascott Reit Units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between Ascott Reit and Ascott BT,

the Reit Manager Board is satisfied that the five IDs' independent judgment and ability to act with regard to the interests of all the Stapled Securityholders of ART as a whole will not be impaired.

CORPORATE GOVERNANCE

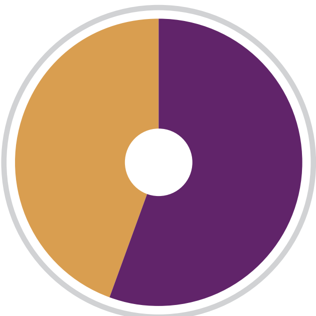
Board Diversity

The Boards embrace diversity and have formally adopted a Board Diversity Policy. The Board Diversity Policy provides for the Boards to comprise talented and dedicated Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds, with due consideration to diversity factors, including but not limited to, diversity in business or professional experience, age and gender.

The Boards believe in diversity and value the benefits that diversity can bring to the Boards in their deliberations by avoiding groupthink and fostering constructive debate. Diversity enhances the Boards' decision-making capability and ensures that the Managers have the opportunity to benefit from all available talent and perspectives.

The Boards, in carrying out their duties of determining the optimal composition of the Boards in their Board renewal process, identifying possible candidates and making recommendations of board appointments to the Boards, consider diversity factors such as age, educational, business and professional backgrounds of their members. Female representation is also considered an important aspect of diversity. The current Boards comprise nine members who are corporate and business leaders, and are professionals with varied backgrounds, expertise and experience including in finance, banking, retail management, investment, real estate, legal, accounting and general management. The current Boards have two female members, one of whom is also the CEO. For further information on the Boards' work in this regard, please refer to "Board Membership" under Principle 4 in this Report.

BOARD INDEPENDENCE



	No. of Directors
Independent Director	5
Non-Independent Director	4

BOARD GENDER DIVERSITY

	No. of Directors
Male	7
Female	2

AGE SPREAD

	No. of Directors
61-70 years	4
51-60 years	2
50 years and below	3

TENURE MIX

	No. of Directors
0 to 3 years	4
>3 to 5 years	2
>5 to 7 years	1
>7 to 9 years	2

Principle 3: Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the CEO are held by separate individuals, in keeping with the principles that there be a clear division of responsibilities between the leadership of the Boards and Management and that no one individual has unfettered powers of decision-making. The non-executive independent Chairman is Mr Tan Beng Hai, Bob, whereas the CEO is Ms Beh Siew Kim. They do not share any family ties. The Chairman and the CEO enjoy a positive and constructive working relationship between them, and support each other in their respective leadership roles.

The Chairman provides leadership to the Boards and facilitates the conditions for the overall effectiveness of the Boards, Board Committees and individual Directors. This includes setting the agenda of Board meetings, ensuring that there is sufficient information and time at meetings to address all agenda items, and promoting open and constructive engagement among the Directors as well as between the Boards and the CEO on strategic issues.

The Chairman devotes considerable time to understanding the business of ART, as well as the issues and the competition that ART faces. He plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO. He also maintains open lines of communication and engages with other members of Management regularly, and acts as a sounding board for the CEO on strategic and significant operational matters.

The Chairman also presides over the Annual General Meeting (AGM) each year and other general meetings where he plays a crucial role in fostering constructive dialogue between the Stapled Securityholders, the Boards and Management.

The CEO has full executive responsibilities to manage the Stapled Group's business and to develop and implement policies approved by the Boards.

The separation of the roles and responsibilities of the Chairman and the CEO, and the resulting clarity of roles provide a healthy professional relationship between the Boards and Management, facilitate robust deliberations on the Stapled Group's business activities and the exchange of ideas and views to help shape the strategic process, and ensure an appropriate balance of power, increased accountability and greater capacity of the Boards for independent decision-making.

As the roles of the Chairman and the CEO are held by separate individuals who are not related to each other, and the Chairman is an ID, no lead ID has been appointed. Moreover, the Boards have a strong independent element as five out of nine directors (including the Chairman) are non-executive IDs. There are also sufficient measures in place to address situations where the Chairman is conflicted as the Directors are required to recuse themselves from deliberations and abstain from voting on any matters that could potentially give rise to conflict. Accordingly the foregoing is consistent with the intent of Principle 3 of the Code.

Principle 4: Board Membership

The Boards undertake the functions of a nominating committee and therefore, the Managers do not have a separate nominating committee. The Boards perform the functions that such a committee would otherwise perform.

While this is a deviation from Provision 4.1 of the Code which requires the establishment of a nominating committee, the Boards are able to undertake the functions of a nominating committee because:

(a) the Reit Manager does not manage any other REITs and the Trustee-Manager does not manage any other business trusts (BTs). In general, REITs, BTs and stapled trusts (including ART) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Boards' capacity would not be unduly stretched if the responsibilities of a nominating committee were also undertaken by the Boards as the Boards would be able to give adequate attention to such issues;

(b) the focused scope of the business of ART also means a manageable competency requirement for the Boards such that the Boards are able to manage the duties of a nominating committee; and

(c) IDs form at least half of the Boards and the Chairman is an ID, which demonstrates that the IDs play a substantive role, and assure the objectivity and independence of the decision-making process concerning nomination. This also mitigates any concerns of conflict which can be managed by having the conflicted Directors abstain from the decision-making process. Further, conflict situations are less likely to arise in matters of nomination.

The SGX-ST has also issued a Practice Note which provides that the requirement for the establishment of nominating and remuneration committees under the Listing Manual does not apply to REITs or BTs if the REIT or BT complies with the SFA and the BTA and the regulations made thereunder relating to the board composition of a REIT manager or BT trustee-manager. As the Reit Manager and the Trustee-Manager comply with Regulation 13D of the SFR and the statutory stipulations relating to the composition of the Boards of the Managers, the Managers are of the opinion that the corporate governance requirements relating to the nominating and remuneration committees have been substantively addressed.

The Boards have a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Boards. All Board appointments are made based on merit and approved by the Boards. The Boards' scope of duties and responsibilities includes:

(a) reviewing the size and composition of the Boards, the succession plans for Directors, and the structure and membership of the Board Committees;

(b) reviewing the process and criteria for the evaluation of the performance of the Boards, Board Committees and Directors;

(c) ensuring the provision of training and professional development programmes for the Boards;

(d) considering annually and, as and when circumstances require, if a Director is independent;

(e) reviewing whether a Director has been adequately carrying out his or her duties as a Director; and

(f) considering the appointment and re-appointment of Directors.

Board Composition and Renewal

The Boards strive to ensure that there is an optimal blend in the Boards of backgrounds, experience and knowledge in business and general management, expertise relevant to the Stapled Group's business and track record, and that each Director can bring to the Boards an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of the Stapled Group. The Boards have a few members who have prior working experience in the sector that ART operates in.

There is a structured process for determining Board composition and for selecting candidates for appointment as Directors. The Boards evaluate the Boards' competencies on a long-term basis and identify competencies which may be further strengthened in the long term. Board succession planning takes into account the need to maintain flexibility to effectively address succession planning and to ensure that the Managers continue to attract and retain highly qualified individuals to serve on the Boards. The process ensures that the Board composition is such that the Boards have capabilities and experience which are aligned with ART's strategy and environment, and includes the following considerations: (a) the current size of the Boards and Board Committees, composition mix and core competencies; (b) the candidate's/Director's independence, in the case of an independent director; (c) the composition requirements for the Boards and relevant Board Committees (if the candidate/Director is proposed to be appointed to any Board Committee); and (d) the candidate's/Director's age, gender, track record, experience and capabilities and such other relevant factors as may be determined by the Boards, which would provide an appropriate balance and contribute to the collective skill of the Boards.

The Boards support the principle that Board renewal is a necessary and continual process, both for good governance and for ensuring that the Boards have the skills, expertise and experience which are relevant to the evolving needs of the Stapled Group's business.

Board succession planning is carried out through the annual review of the Boards' composition as well as when a Director gives notice of his or her intention to retire or resign. The Boards seek to refresh their membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance. The Boards also have in place guidelines on the tenure of Directors. The guidelines provide that an ID should serve for no more than a maximum of two three-year terms and any extension of tenure beyond six years will be reviewed by the Boards on a yearly basis up to a period of nine years (inclusive of the initial two three-year terms served).

Searches for possible candidates are conducted through contacts and recommendations. The Boards may retain external consultants from time to time to assist the Boards in identifying suitable candidates for appointment to the Boards. Candidates are identified based on the needs of ART and the relevant skills required, taking into account, among other things, the requirements in the Listing Manual and the Code, as well as the factors in the Board Diversity Policy. The candidates will be assessed against a range of criteria including their demonstrated business sense and judgment, skills and expertise, and market and industry knowledge (and may include elements such as financial, sustainability or other specific competency, geographical representation and business background). The Boards also consider the qualities of the candidates, in particular whether they are aligned to the strategic directions and values of ART. In addition, the Boards assess the candidates' ability to commit time to the affairs of ART, taking into consideration their other current appointments.

In FY 2020, no alternate director to any Director was appointed. In keeping with the principle that a Director must be able to commit time to the affairs of the Managers, the Boards have adopted the principle that they will generally not approve the appointment of alternate directors.

Board Changes

On 15 April 2020 and 17 June 2020 respectively, Mr Chia Kim Huat and Ms Deborah Lee Siew Yin joined the Boards as Non-Executive Independent Director and member of the AC. On 15 April 2020, Mr Goh Soon Keat Kevin joined the Boards as Non-Executive Non-Independent Director and member of the EC. Ms Elaine Carole Young stepped down from the Boards with effect from 17 June 2020.

Directors who are appointed to the Boards from time to time either have prior experience as a director of an issuer listed on the SGX-ST or will undergo the training required under rule 210(5)(a) of the Listing Manual (the Mandatory Training). Mr Goh Soon Keat Kevin has registered for the relevant training courses required under rule 210(5)(a) of the Listing Manual, and will be attending these courses in March 2021 and May 2021, and will complete the Mandatory Training by 20 May 2021. As Mr Chia Kim Huat and Ms Deborah Lee Siew Yin have prior experience as a director of an issuer listed on the SGX-ST, they are not required to undergo the Mandatory Training.

Review of Directors' Ability to Commit Time

In view of the responsibilities of a Director, Directors need to be able to devote sufficient time and attention to adequately perform their duties and responsibilities. The Boards conduct a review of the other appointments and commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director which may affect his or her ability to commit time to the Managers. In this regard, Directors are required to report to the Boards any changes in their other appointments.

In respect of the Directors' other appointments and commitments, no limit is set as to the number of listed company board appointments. The Boards take the view that the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near term plan regarding some of the other appointments. A Director with multiple directorships is expected to ensure that he or she can devote sufficient time and attention to the affairs of the Managers. IDs are also required to consult the Chairman before accepting any invitation for appointment as a director of another entity or offer of a full-time executive appointment.

Each of the Directors is required to make his or her own self-assessment and confirm that he or she is able to devote sufficient time and attention to the affairs of the Managers. For FY 2020, all non-executive Directors had undergone the self-assessment and provided the confirmation.

The Boards assess each Director's ability to commit time to the affairs of the Managers annually and, where appropriate, when there is a change of circumstances involving a Director. In conducting the assessment, the Boards take into consideration each Director's confirmation, his or her commitments, attendance record at meetings of the Boards and Board Committees, as well as conduct and contributions (including preparedness and participation) at Board and Board Committee meetings.

The Directors' listed company directorships and principal commitments are disclosed on pages 21 to 26 of this Annual Report and their attendance record for FY 2020 is set out on page 133 of this Annual Report. In particular, the CEO does not serve on any listed company board outside of the Stapled Group. For FY 2020, the Directors achieved high meeting attendance rates and have contributed positively to discussions at Board and Board Committee meetings. Based on the above, the Boards have determined that each Director has been adequately carrying out his or her duties as a Director and noted that no Director has a significant number of listed directorships and principal commitments.

Principle 5: Board Performance

The Managers believe that oversight from strong and effective Boards go a long way towards guiding a business enterprise to achieving success.

Whilst Board performance is ultimately reflected in the long-term performance of the Stapled Group, the Boards believe that engaging in a regular process of self-assessment and evaluation of Board performance provides an opportunity for the Boards to reflect on their effectiveness including the quality of their decisions, and for Directors to consider their performance and contributions. It also enables the Boards to identify key strengths and areas for improvement which are essential to effective stewardship and attaining success for ART.

As part of the Managers' commitment towards improving corporate governance, the Boards have approved and implemented a process to evaluate annually the effectiveness of the Boards as a whole and that of each of its Board Committees and individual Directors. As part of the process, a questionnaire is sent to the Directors, and the evaluation results are aggregated and reported to the Chairman of the Boards. The overall evaluation results are also shared with the Boards and follow up action is taken where necessary with a view to enhancing the effectiveness of the Boards and individual Directors in the discharge of their duties and responsibilities.

Board and Board Committees

The evaluation categories covered in the questionnaire include Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. As part of the questionnaire, the Boards also consider whether the creation of value for Stapled Securityholders has been taken into account in the decision-making process. For FY 2020, the outcome of the evaluation was satisfactory and the Directors on the whole provided affirmative ratings across all the evaluation categories.

Individual Directors

The evaluation categories covered in the questionnaire include Director's duties, contributions, conduct and interpersonal skills, as well as strategic thinking and risk management. For FY 2020, the outcome of the evaluation was satisfactory and each of the Directors on the whole received affirmative ratings across all the evaluation categories.

The Boards also recognise that contributions by an individual Director can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and Board Committee meetings.

Board Evaluation as an Ongoing Process

The Boards believe that performance evaluation should be an ongoing process and the Boards achieve this by seeking feedback on a regular basis. The regular interactions between the Directors, and between the Directors and Management, also contribute to this ongoing process. Through this process of engaging their members, the Boards also benefit from an understanding of shared norms between Directors which also contributes to a positive board culture. The collective board performance and the contributions of individual Directors are also reflected in, and evidenced by, the synergistic performance of the Boards in discharging their responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering ART in the appropriate direction, as well as the long-term performance of ART whether under favourable or challenging market conditions.

REMUNERATION MATTERS

Principles 6, 7 and 8: Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

The Boards undertake the functions of a remuneration committee and therefore, the Managers do not have a separate remuneration committee. The Boards perform the functions that such a committee would otherwise perform.

While this is a deviation from Provision 6.1 of the Code which requires the establishment of a remuneration committee, the Boards are able to undertake the functions of a remuneration committee because:

(a) the Reit Manager does not manage any other REITs and the Trustee-Manager does not manage any other BTs. In general, REITs, BTs and stapled trusts (including ART) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Boards' capacity would not be unduly stretched by reason of them undertaking the responsibilities of a remuneration committee and the Boards would be able to give adequate attention to such issues relating to remuneration matters; and

(b) the IDs form at least half of the Boards and the Chairman is an ID, which demonstrate that the IDs play a substantive role and assure the objectivity and independence of the decision-making process concerning remuneration. This also mitigates any concerns of conflict which can be managed by having the conflicted Directors abstain from the decision-making process. Further, conflict situations are less likely to arise in matters of remuneration.

In undertaking this function, the Boards consider all aspects of remuneration, including overseeing the design and implementation of the remuneration policy, the framework of remuneration and the specific remuneration packages for each Director and for key management personnel and termination terms (if any) to ensure they are fair. No Director, however, is involved in any decision of the Boards relating to his or her own remuneration.

The Boards have a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. These policies are in line with the Stapled Group's business strategy and the executive compensation framework is based on the key principle of linking pay to performance, which is aligned with the long-term success of ART. Pay-for-performance is emphasised by linking total remuneration to the achievement of corporate and individual goals and objectives. The Boards have access to independent remuneration consultants for advice on remuneration matters as required.

In terms of the process adopted by the Managers for developing and reviewing policies on remuneration and determining the remuneration packages for Directors and key management personnel, the Managers, through an independent remuneration consultant, take into account compensation benchmarks within the industry, as appropriate, so as to ensure that the remuneration packages payable to Directors and key management personnel are in line with the objectives of the remuneration policies. They also consider the compensation framework of CL as a point of reference. The Managers are subsidiaries of CL which also holds a significant stake in ART. The association with the CL Group puts the Managers in a better position to attract and retain better qualified management talent; it provides an intangible benefit to the Managers such that it allows their employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

In FY 2020, an independent remuneration consultant, Willis Towers Watson, provided professional advice on Board and executive remuneration. Willis Towers Watson is a leading global advisory, broking and solutions company with 45,000 employees serving more than 140 countries and markets. The consultant is not related to the Managers, their controlling shareholder, their related corporations or any of their Directors.

Accordingly, the Boards' procedures for developing remuneration policies are consistent with the intent of Principle 6 of the Code.

Remuneration Policy for Key Management Personnel

The remuneration framework and policy is designed to support the implementation of the Stapled Group's strategy and deliver sustainable Stapled Securityholder value. The principles governing the Managers' key management personnel remuneration policy are as follows:

Business Alignment

- Focus on generating rental income and enhancing asset value over time so as to maximise returns from investments and ultimately the distributions and total returns to Stapled Securityholders
- Provide sound and structured funding to ensure affordability and cost-effectiveness in line with performance goals
- Enhance retention of key talents to build strong organisational capabilities

Motivate Right Behaviour

- Pay for performance - align, differentiate and balance rewards according to multiple dimensions of performance
- Strengthen line-of-sight linking rewards and performance

Fair & Appropriate

- Ensure competitive remuneration relative to the appropriate external talent markets
- Manage internal equity such that remuneration is viewed as fair across the Stapled Group
- Significant and appropriate portion of pay-at-risk, taking into account risk policies of the Stapled Group, symmetrical with risk outcomes and sensitive to the risk time horizon

Effective Implementation

- Maintain rigorous corporate governance standards
- Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations
- Facilitate employee understanding to maximise the value of the remuneration programme

Remuneration for Key Management Personnel

Remuneration for key management personnel comprises fixed components, a variable cash component, stapled security-based components and employee benefits. A significant proportion of key management personnel's remuneration is in the form of variable compensation, awarded in a combination of short-term and long-term incentives, in keeping with the principle that the interests of key management personnel align with those of Stapled Securityholders and that the remuneration framework links rewards to business and individual performance.

A. **Fixed Components:**
The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund.

B. **Variable Cash Component:**
The variable cash component comprises the Balanced Scorecard Bonus Plan (BSBP) that is linked to the achievement of annual performance targets for each key management personnel as agreed at the beginning of the financial year with the Boards.

Under the Balanced Scorecard framework, the Stapled Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative key performance indicators in the dimensions of:

- Financial: This includes targets relating to profitability and distributions, capital structure, financial management and risk management;
- Strengthening Execution: This includes targets relating to service excellence and investor relations;
- Future Growth: This includes targets relating to asset enhancements and portfolio reconstitution; and
- Sustainability: This includes targets relating to sustainable corporate practices and talent management.

These are cascaded down throughout the organisation, thereby creating alignment across the Stapled Group.

After the close of each financial year, the Boards review the Stapled Group's achievements against the targets set in the Balanced Scorecard and determine the overall performance taking into consideration qualitative factors such as the quality of earnings, operating environment, regulatory landscape and industry trends.

In determining the pay-out quantum for each key management personnel under the BSBP, the Boards consider the overall business performance and individual performance as well as the affordability of the pay-out for the Managers.

C. Stapled Security-based Components:

Stapled Security awards were granted in FY 2020 pursuant to the Managers' Performance Stapled Security Plan and the Restricted Stapled Security Plan (together, the Stapled Security Plans), approved by the Boards. The Managers believe that the Stapled Security-based components of the remuneration for key management personnel serve to align the interests of such key management personnel with that of Stapled Securityholders and ART's long-term growth and value.

The obligation to deliver the Stapled Securities is expected to be satisfied out of the Stapled Securities held by the Managers.

To promote the alignment of Management's interests with that of Stapled Securityholders in the longer term, senior members of Management are subject to Stapled Security ownership guidelines to instil stronger identification with the longer-term performance and growth of the Stapled Group. Under these guidelines, senior members of Management are required to retain a prescribed proportion of the Stapled Securities received under the Stapled Security Plans worth up to at least one year of basic salary.

Managers' Performance Stapled Security Plan (PSSP)

In FY 2020, the Boards granted awards which are conditional on targets set for a three-year performance period. A specified number of Stapled Securities will only be released to the recipients at the end of the qualifying performance period, provided that minimally the threshold target is achieved. An initial number of Stapled Securities (PSSP baseline award) is allocated conditional on the achievement of a pre-determined target in respect of the Relative Total Stapled Securityholder Return (TSSR) of the Stapled Group measured by the percentile ranking of the TSSR of the Stapled Group relative to the constituent REITs in the FTSE ST REIT Index.

The above performance measure has been selected as a key measurement of wealth creation for Stapled Securityholders. The final number of Stapled Securities to be released will depend on the Stapled Group's performance against the pre-determined targets over the three-year qualifying performance period. This serves to align Management's interests with that of Stapled Securityholders in the longer term and to deter short-term risk taking. No Stapled Securities will be released if the threshold target is not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Stapled Securities than the PSSP baseline award can be delivered up to a maximum of 200% of the PSSP baseline award. The Boards have the discretion to adjust the number of Stapled Securities released taking into consideration other relevant quantitative and qualitative factors. The recipient will receive fully paid Stapled Securities at no cost.

For FY 2020, the relevant award for assessment of the performance achieved by the Stapled Group is the award granted in FY 2018 where the qualifying performance period was FY 2018 to FY 2020. Based on the Boards' assessment that the performance achieved by the Stapled Group has partially met the pre-determined performance targets for such performance period, the resulting number of Stapled Securities released has been adjusted accordingly to reflect the performance level.

In respect of the Stapled Securities awards granted under the PSSP in FY 2019 and FY 2020, the respective qualifying performance periods have not ended as at the date of this Report.

Managers' Restricted Stapled Security Plan (RSSP)

In FY 2020, the Boards granted awards which are conditional on targets set for a one-year performance period. A specified number of Stapled Securities will only be released to recipients at the end of the qualifying performance period, provided that minimally the threshold targets are achieved.

Under the RSSP, an initial number of Stapled Securities (RSSP baseline award) is allocated conditional on the achievement of pre-determined targets in respect of the following performance conditions:

(a) Gross Profit of the Stapled Group; and

(b) Distribution per Stapled Security of the Stapled Group.

The above performance measures have been selected as they are the key drivers of business performance and are aligned to Stapled Securityholder value. The final number of Stapled Securities to be released will depend on the Stapled Group's performance against the pre-determined targets at the end of the one-year qualifying performance period. The Stapled Securities will be released in equal annual tranches over a vesting period of three years. No Stapled Securities will be released if the threshold targets are not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Stapled Securities than the RSSP baseline award can be delivered up to a maximum of 150% of the RSSP baseline award. The Boards have the discretion to adjust the number of Stapled Securities released taking into consideration other relevant quantitative and qualitative factors. Recipients will receive fully paid Stapled Securities at no cost.

In respect of the Stapled Securities awards granted under the RSSP in FY 2020, based on the Boards' assessment that the performance achieved by the Stapled Group has partially met the pre-determined performance targets for FY 2020, the resulting number of Stapled Securities released has been adjusted accordingly to reflect the performance level.

D. **Employee Benefits:**

The benefits provided are comparable with local market practices.

At present, there are four key management personnel (including the CEO). Each year, the Boards evaluate the extent to which each of the key management personnel has delivered on the business and individual goals and objectives, and based on the outcome of the evaluation, approves the compensation for the key management personnel. In such evaluation, the Boards consider whether the level of remuneration is appropriate to attract, retain and motivate key management personnel to successfully manage ART for the long term. The CEO does not attend discussions relating to her performance and remuneration.

The CEO's remuneration amount in a band of S$250,000 and the aggregate of the total remuneration of the other key management personnel (excluding the CEO), together with a breakdown of their respective remuneration components in percentage terms, are set out in the Key Management Personnel's Remuneration Table on page 133 of this Annual Report.

While the disclosure of the CEO's exact remuneration amount and the requisite remuneration band for each of the other key management personnel (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the Code, the Boards have considered carefully and decided that such disclosure would not be in the interests of the Managers or Stapled Securityholders due to the intense competition for talents in the industry, as well as the need to balance the confidential and commercial sensitivities associated with remuneration matters. The Managers are of the view that despite this partial deviation from Provision 8.1 of the Code, the disclosures on pages 133 and 134 of this Annual Report are consistent with the intent of Principle 8 of the Code and would provide sufficient information and transparency to the Stapled Securityholders on the Managers' remuneration policies and the level and mix of remuneration accorded to the key management personnel, and enable the Stapled Securityholders to understand the relationship between ART's performance, value creation and the remuneration of the key management personnel. In addition, the remuneration of the management personnel, including the key management personnel, is not borne by ART as it is paid out of the fees that the Managers receive (the quantum and basis of which have been disclosed).

Apart from the key management personnel and other employees of the Managers, the Managers outsource various other services to a wholly owned subsidiary of CL (CL Subsidiary). The CL Subsidiary provides the services through its employees and employees of CL Group (together, the Outsourced Personnel). This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of ART from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Boards and Management. In this regard, the remuneration of such Outsourced Personnel, being employees of the CL Subsidiary and CL Group, is not included as part of the disclosure of remuneration of key management personnel of the Managers in this Report.

The Boards seek to ensure that the remuneration of the CEO and other key management personnel is strongly linked to the achievement of business and individual performance targets. The performance targets approved by the Boards are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both shorter-term and longer-term quantifiable objectives.

In FY 2020, no termination, retirement or post-employment benefits were granted to Directors, the CEO and other key management personnel. There was also no special retirement plan, ‘golden parachute’ or special severance package for any of the key management personnel.

In FY 2020, there were no employees of the Managers who were substantial shareholders of the Managers, substantial Stapled Securityholders of ART or immediate family members of a Director, the CEO, any substantial shareholder of the Managers or any substantial Stapled Securityholder of ART. “Immediate family member” refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

Remuneration for Non-Executive Directors

The non-executive Directors’ fees for FY 2020, together with a breakdown of the components, are set out in the Non-Executive Directors’ Remuneration Table on page 134 of this Annual Report. The CEO who is an executive Director is remunerated as part of the key management personnel of the Managers and does not receive any Director’s fees. The non-executive Directors who are employees of the CL Group also do not receive any Directors’ fees.

The compensation policy for non-executive Directors is based on a scale of fees divided into basic retainer fees for serving as Director and additional fees for attendance and serving on Board Committees. The framework for the non-executive Directors’ fees has remained unchanged from that of the previous financial year.

The compensation package is benchmarked against market, taking into account the effort, time spent and demanding responsibilities on the part of the non-executive Directors in light of the scale, complexity and geographic scope of the Stapled Group’s business. The remuneration of non-executive Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the non-executive Directors to provide good stewardship of the Managers and ART.

The non-executive Directors’ fees are paid in cash (about 80%) and in the form of Stapled Securities (about 20%), save that a non-executive Director (not being an employee of the CL Group) who steps down from the Boards during a financial year will be paid fees fully in cash. The Managers believe that the payment of a portion of the non-executive Directors’ fees in Stapled Securities will serve to align the interests of non-executive Directors with the interests of Stapled Securityholders and ART’s long-term growth and value. In order to encourage the alignment of the interests of the non-executive Directors with the interests of Stapled Securityholders, a non-executive Director is required to hold the number of Stapled Securities worth at least one year of his or her basic retainer fee or the total number of Stapled Securities awarded to him or her, whichever is lower, at all times during his or her Board tenure.

In solidarity with ART’s stakeholders, the Boards agreed to a voluntary 5% reduction in the total FY 2020 fees for each Director.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Managers maintain adequate and effective systems of risk management and internal controls addressing material financial, operational, compliance and information technology (IT) risks to safeguard Stapled Securityholders' interests and the Stapled Group's assets.

The Boards have overall responsibility for the governance of risk and oversee the Managers in the design, implementation and monitoring of the risk management and internal controls systems. The AC assists the Boards in carrying out the Boards' responsibility of overseeing the risk management framework and policies for the Stapled Group.

Under its terms of reference, the scope of the AC's duties and responsibilities includes:

(a) making recommendations to the Boards on the Risk Appetite Statement (RAS) for Stapled Group;

(b) assessing the adequacy and effectiveness of the risk management and internal controls systems established by the Managers to manage risks;

(c) overseeing the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with the Stapled Group's risk appetite and reports to the Boards on its decisions on any material matters concerning the aforementioned;

(d) making the necessary recommendations to the Boards such that an opinion regarding the adequacy and effectiveness of the risk management and internal controls systems can be made by the Boards in the Annual Report in accordance with the Listing Manual and the Code; and

(e) considering and advising on risk matters referred to it by the Boards or Management, including reviewing and reporting to the Boards on any material breaches of the RAS, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

The Managers adopt an Enterprise Risk Management (ERM) Framework which sets out the required environmental and organisational components for managing risks in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually.

As part of the ERM Framework, the Managers undertake and perform a Risk and Control Self-Assessment (RCSA) annually to identify material risks along with their mitigating measures. The adequacy and effectiveness of the systems of risk management and internal controls are reviewed at least annually, by Management, the AC and the Boards, taking into account the best practices and guidance in the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council and the Listing Manual.

The Stapled Group's RAS, incorporating the risk limits, addresses the management of material risks faced by the Stapled Group. Alignment of the Stapled Group's risk profile to the RAS is achieved through various communication and monitoring mechanisms (including key risk indicators set for Management) put in place across the various functions within the Managers.

More information on the Managers' ERM Framework including the material risks identified can be found in the ERM section on pages 96 to 100 of this Annual Report.

The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the AC. The AC also reviews the adequacy and effectiveness of the measures taken by the Managers on the recommendations made by the internal and external auditors in this respect.

The Boards have received assurance from the CEO and the Chief Financial Officer (CFO) of the Managers that the financial records of the Stapled Group have been properly maintained and the financial statements for FY 2020 give a true and fair view of the Stapled Group's operations and finances. They have also received assurance from the CEO and the relevant key management personnel who have responsibility regarding various aspects of risk management and internal controls that the systems of risk management and internal controls in place for the Stapled Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) that the Managers consider relevant and material to the current business environment.

The CEO, the CFO and the relevant key management personnel of the Managers have obtained similar assurances from the respective risk and control owners. In addition, in FY 2020, the Boards received certification by Management on the integrity of financial reporting and the Boards provided a negative assurance confirmation to Stapled Securityholders as required by the Listing Manual.

Based on the ERM Framework and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the CFO, the Boards are of the opinion that the systems of risk management and internal controls (including financial, operational, compliance and IT controls) are adequate and effective to address the risks (including financial, operational, compliance and IT risks) which the Stapled Group considers relevant and material to its current business environment as at 31 December 2020. The AC concurs with the Boards in their opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Boards or the AC in the review for FY 2020.

The Boards note that the systems of risk management and internal controls established by the Managers provide reasonable assurance that the Stapled Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Boards also note that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee

At present, the AC comprises four non-executive Directors, all of whom (including the chairman of the AC) are IDs. The AC Chairman is a Director other than the Chairman of the Boards. The AC Chairman and members bring with them invaluable recent and relevant managerial and professional expertise in accounting, auditing and related financial management domains.

The AC does not comprise former partners of ART's incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) who have any financial interest in KPMG LLP.

The AC has explicit authority to investigate any matter within its terms of reference. Management provides the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and full discretion to invite any Director or key management personnel to attend its meetings. Similarly, both the internal and external auditors have unrestricted access to the AC.

Under its terms of reference, the AC's scope of duties and responsibilities includes:

(a) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Stapled Group and any announcements relating to the Stapled Group's financial performance;

(b) reviewing and reporting to the Boards at least annually the adequacy and effectiveness of the Managers' internal controls (including financial, operational, compliance and IT controls) and risk management systems;

(c) reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;

(d) reviewing the adequacy and effectiveness of the Managers' internal audit (IA) and compliance functions;

(e) making recommendations to the Boards on the proposals to Stapled Securityholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration of the external auditors;

(f) reviewing and approving processes to regulate transactions between an interested person (as defined in Chapter 9 of the Listing Manual) and/or interested party (as defined in the Property Funds Appendix) (each, an Interested Person) and ART and/or its subsidiaries (Interested Person Transactions), to ensure compliance with the applicable regulations. The regulations include the requirements that Interested Person Transactions are on normal commercial terms and are not prejudicial to the interests of ART and its minority Stapled Securityholders. In respect of any property management agreement which is an Interested Person Transaction, the AC also carries out reviews at appropriate intervals to satisfy itself that the Managers have reviewed the property manager's compliance with the terms of the property management agreement and has taken remedial actions where necessary; and

(g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be raised, and independently investigated, for appropriate follow up action to be taken.

The AC undertook a review of the independence of the external auditors, taking into consideration, among other factors, ART's relationships with the external auditors in FY 2020, as well as the processes and safeguards adopted by the Managers and the external auditors relating to audit independence. Based on the review, the AC is satisfied that the external auditors are independent. The external auditors have also provided confirmation of their independence to the AC. The amount of audit and non-audit fees paid to the external auditors for FY 2020 amounted to S$2,830,000, comprising audit fees of S$2,758,000 and non-audit fees of S$72,000.

The AC holds at least four scheduled meetings in a year and met five times in FY 2020. At all scheduled AC meetings in FY 2020, the CEO and the CFO were in attendance. During each of these meetings, among other things, the AC reviewed the financial statements including the relevance and consistency of the accounting principles adopted and any significant financial reporting issues. It recommended the financial statements and corresponding announcements to the Boards for approval. In FY 2020, the AC also reviewed and assessed the adequacy and effectiveness of the internal controls and risk management systems established by the Managers to manage risks, taking into consideration the outcome of reviews conducted by Management and both the internal and external auditors, as well as the assurances from the CEO and the CFO.

The AC also meets with the external auditors and with the internal auditors, without the presence of Management, at least once a year. In FY 2020, the AC met with the external auditors and internal auditors twice, separately and without Management's presence, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the significant comments and recommendations by the auditors.

Where relevant, the AC makes reference to the best practices and guidance for audit committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

Key Audit Matter

In the review of the financial statements of the Stapled Group for FY 2020, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed, amongst other matters, the following key audit matter as reported by the external auditors for FY 2020.

Key audit matter	How this issue was addressed by the AC
Valuation of investment properties, freehold land and buildings and investment properties under development	The AC considered the valuation methodologies and key assumptions applied by the valuers for investment properties, freehold land and buildings and investment properties under development in arriving at the valuations and also evaluated the valuers' objectivity and competency. In order to provide fresh perspectives to the valuation process, the valuers do not value the same property for more than two consecutive years. This practice has been consistently adhered to over time. The AC reviewed the outputs from the valuation process and held discussions with Management and the external auditors to review the valuation methodologies, focusing on significant changes in fair value measurement and key drivers of the changes including assessing the reasonableness of the discount rates, terminal capitalisation rates, revenue per available unit and gross development costs adopted by the valuers. The valuation of investment properties, freehold land and buildings and investment properties under development was also an area of focus for the external auditors. The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the key assumptions applied in the valuation. The AC was satisfied with the valuation process, the methodologies used and the valuation of the investment properties, freehold land and buildings and investment properties under development.

The Managers confirm, on behalf of ART, that ART complies with Rules 712 and 715 of the Listing Manual.

Internal Audit

The Managers have in place an IA function supported by CL's Internal Audit Department (CL IA). CL IA is independent of the activities it audits and has unfettered access to the Stapled Group's documents, records, properties and employees, including access to the AC, and has appropriate standing with respect to the Managers. The primary reporting line of CL IA in respect of the Stapled Group is to the AC, however, the AC does not decide on the appointment, termination and remuneration of the head of CL IA as it operates at the CL Group level. While this is a deviation from Provision 10.4 which requires the AC to decide on the appointment, termination and remuneration of the head of the IA function, CL IA is able to carry out its role effectively for the reasons below and is accordingly consistent with the intent of Principle 10 of the Code.

The AC monitors and assesses the role and effectiveness of the IA function through reviewing the IA process from time to time and may make recommendations to the Boards for any changes to the IA process. The AC also reviews to ensure that the IA function is adequately resourced and skilled in line with the nature, size and complexity of the Managers and ART's business, and that an adequate budget is allocated to the IA function to assure its proper functioning. In respect of FY 2020, the AC has carried out a review of the IA function and is satisfied that the IA function performed by CL IA is adequately resourced, effective and independent.

CL IA plans its IA schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. During FY 2020, the AC reviewed the results of audits performed by CL IA based on the approved audit plan. The AC also reviewed reports on whistle blower complaints reviewed by CL IA to ensure independent and thorough investigation and adequate follow up. The AC also received reports on Interested Person Transactions reviewed by CL IA that they were on normal commercial terms and are not prejudicial to the interests of ART and its minority Stapled Securityholders.

CL IA is adequately resourced and staffed with persons with the relevant qualifications and experience. CL IA is a corporate member of the Institute of Internal Auditors Inc. (IIA), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America (USA). CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by IIA, and has incorporated these Standards into its audit practices.

To ensure that IAs are performed by competent professionals, CL IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CL IA staff who are involved in IT audits have the relevant professional IT certifications and are also members of the ISACA Singapore Chapter, a professional body administering information systems audit and information security certifications that is headquartered in the USA. The ISACA Information Systems Auditing Standards provide guidance on the standards and procedures to be applied in IT audits. CL IA identifies and provides training and development opportunities for its staff to ensure their technical knowledge and skill sets remain current and relevant.

STAPLED SECURITYHOLDER RIGHTS AND ENGAGEMENT

Principles 11, 12 and 13: Shareholder Rights and Conduct of General Meetings, Engagement with Shareholders, Managing Stakeholder Relationships

The Managers are committed to treating all Stapled Securityholders fairly and equitably. All Stapled Securityholders enjoy specific rights under the Trust Deeds and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions.

General Meetings

In view of the COVID-19 pandemic, the previous general meeting held in FY 2020 was, and the forthcoming AGM to be held on 19 April 2021 (AGM 2021) will be, held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (COVID-19 Temporary Measures Order). Alternative arrangements relating to attendance at the AGM 2021 (including arrangements by which the AGM 2021 can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM 2021, addressing of substantial and relevant questions prior to or at the AGM 2021 and voting by appointing the chairman of the meeting as proxy at the AGM 2021) are set out in the Managers' notice of annual general meeting dated 26 March 2021. The description below sets out ART's usual practice for Stapled Securityholders meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

Stapled Securityholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through the appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Stapled Securityholder, through its appointed representative). Stapled Securityholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of ART.

ART supports the principle of encouraging Stapled Securityholder participation and voting at general meetings. ART's Annual Report is provided to Stapled Securityholders within 120 days from the end of ART's financial year. Stapled Securityholders may download the Annual Report from the Website and printed copies of the Annual Report are available upon request. More than the legally required notice period for general meetings is generally provided. Stapled Securityholders will receive the notices of general meetings and may download these notices from the Website. Notices of the general meetings are also advertised in the press and issued on SGXNet. The rationale and explanation for each agenda item which requires Stapled Securityholders' approval at a general meeting are provided in the notice of the general meeting or in the accompanying circular (if any) issued to Stapled Securityholders in respect of the matter(s) for approval at the general meeting. This enables Stapled Securityholders to exercise their votes on an informed basis.

At AGMs, Management makes a presentation to Stapled Securityholders to update them on ART's performance, position and prospects. The presentation materials are made available to Stapled Securityholders on the Website and also on SGXNet.

Stapled Securityholders are informed of the rules governing general meetings and are given the opportunity to communicate their views, ask questions and discuss with the Boards and Management on matters affecting ART. Representatives of the Trustee, Directors (including the chairman of the respective Board Committees), key management personnel and the external auditors of ART, are present for the entire duration of the AGMs to address any queries that the Stapled Securityholders may have, including queries about the conduct of ART's external audit and the preparation and contents of the external auditors' report. Directors and Management also interact with Stapled Securityholders after the AGMs.

All Directors attended the general meeting held during their tenure in FY 2020. A record of the Directors' attendance at the general meeting in FY 2020 can be found in their meeting attendance records as set out on page 133 of this Annual Report.

To safeguard the Stapled Securityholders' interests and rights, a separate resolution is proposed for each substantially separate matter to be approved at a general meeting.

To ensure transparency in the voting process and better reflect Stapled Securityholders' interests, ART conducts electronic poll voting for all the resolutions proposed at general meetings. One Stapled Security is entitled to one vote. Voting procedures and the rules governing general meetings are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Stapled Securityholders immediately after each resolution is voted on at the general meetings. The total number of votes cast for or against each resolution and the respective percentages are also announced on SGXNet after the general meetings.

Provision 11.4 of the Code requires an issuer's Constitution to allow for absentia voting at general meetings of shareholders. ART's Trust Deeds currently do not permit Stapled Securityholders to vote at general meetings in absentia (such as via mail or email). The Managers will consider implementing the relevant amendments to ART's Trust Deeds to permit absentia voting after they have carried out careful study and are satisfied that the integrity of information and the authentication of the identity of Stapled Securityholders through the internet will not be compromised, and after the implementation of legislative changes to recognise remote voting. The Managers are of the view that despite the deviation from Provision 11.4 of the Code, Stapled Securityholders nevertheless have opportunities to communicate their views on matters affecting ART even when they are not in attendance at general meetings. For example, Stapled Securityholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

Minutes of the general meetings recording the substantial and relevant comments made, questions raised and answers provided, are prepared and are available to Stapled Securityholders for their inspection upon request. Minutes of AGMs are also made available on the Website. Accordingly, the rights provided to Stapled Securityholders are consistent with the intent of Principle 11 of the Code.

Distribution Policy

ART's distribution policy is to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties by ART which are determined to be trading gains), with the actual level of distribution to be determined at the Managers' discretion. Distributions are generally paid within 35 market days after the relevant record date.

CORPORATE GOVERNANCE

Timely Disclosure of Information

The Managers are committed to keeping all Stapled Securityholders, other stakeholders, analysts and the media informed of ART's performance and any changes in the Stapled Group or its business which would likely to materially affect the price or value of the Stapled Securities.

The Managers provide Stapled Securityholders with periodic and annual financial statements within the relevant periods prescribed by the Listing Manual. In particular, for FY 2020, full unaudited half-yearly financial statements have been released, along with business updates for the calendar quarters ending 31 March and 30 September respectively. These periodic and annual financial statements were reviewed and approved by the Boards prior to release to Stapled Securityholders by announcement on SGXNet. The release of periodic and annual financial statements were accompanied by news releases issued to the media and which were also made available on SGXNet. In presenting the periodic and annual financial statements to Stapled Securityholders, the Boards sought to provide Stapled Securityholders with a balanced, clear and comprehensible assessment of ART and the Stapled Group's performance, position and prospects.

In addition to the release of financial statements, the Managers also keep ART's Stapled Securityholders, stakeholders and analysts informed of the performance and changes in the Stapled Group or its business which would likely materially affect the price or value of the Stapled Securities on a timely and consistent basis, so as to assist Stapled Securityholders and investors in their investment decisions. This is performed through the release on SGXNet of announcements in compliance with regulatory reporting requirements and news releases for the media, on a timely and consistent basis. These announcements and news releases are also posted on the Website. In addition, the Managers also conduct analysts' and media briefings, and the materials used for such briefings are uploaded on SGXNet.

The Managers have a formal policy on corporate disclosure controls and procedures to ensure that ART complies with its disclosure obligations under the Listing Manual. These controls and procedures incorporate the decision-making process and an obligation on internal reporting of the decisions made.

The Managers believe in conducting the business of ART in ways that seek to deliver sustainable value to Stapled Securityholders. Best practices are promoted as a means to build an excellent business for ART and the Managers' accountability to Stapled Securityholders for ART's performance. Prompt fulfilment of statutory reporting requirements is but one way to maintain Stapled Securityholders' confidence and trust in the capability and integrity of the Managers.

Investor Relations

The Managers have in place an Investor Relations department which facilitates effective communication with Stapled Securityholders and analysts. The Managers also maintain the Website which contains information on ART including but not limited to its prospectus, circulars, current and past announcements and news releases, financial statements, investor presentations and Annual Reports.

The Managers actively engage with Stapled Securityholders with a view to solicit and understand their views, and have put in place an Investor Relations Policy to promote regular, effective and fair communications with Stapled Securityholders. The Investor Relations Policy, which sets out the mechanism through which Stapled Securityholders may contact the Managers with questions and through which the Managers may respond to such questions, is available on the Website. Stapled Securityholders are welcome to engage with the Managers beyond general meetings and they may do so by contacting the Investor Relations department whose details may be found on the Website via the Managers Contacts channel on the Website.

More information on the Managers' investor and media relations efforts can be found in the Investor Relations section on pages 32 to 34 of this Annual Report.

The Managers also have in place a corporate communications function supported by CL's Group Communications department which works closely with the media and oversees ART's media communications efforts.

Managing Stakeholder Relationships

The Boards' role includes considering sustainability as part of their strategic formulation. The Managers adopt an inclusive approach for ART by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of ART are served. The Managers are committed to sustainability and incorporate the key principles of environmental and social responsibility, and corporate governance in ART's business strategies and operations. The Managers have arrangements in place to identify and engage with material stakeholder groups from time to time to gather feedback on the sustainability issues most important to them and to manage their relationships with such groups. Such arrangements include maintaining the Website, which is kept updated with current information, to facilitate communication and engagement with ART's stakeholders. More details of ART's sustainability strategy and stakeholder engagement can be found on pages 87 to 95 of this Annual Report.

ADDITIONAL INFORMATION

Executive Committee

In addition to the AC, the Boards have also established an EC.

The EC oversees the day-to-day activities of the Managers and that of ART, on behalf of the Boards. The EC is guided by its terms of reference, in particular, the EC:

(a) approves specific budgets for capital expenditure on development projects, acquisitions and enhancements/ upgrading of properties within its approved financial limits;

(b) reviews management reports and operating budgets; and

(c) awards contracts for development projects.

The members of the EC also meet informally during the course of the year.

Dealings with Interested Persons

Review Procedures for Interested Person Transactions

The Managers have established internal control procedures to ensure that all Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties, and are not prejudicial to the interests of ART and Stapled Securityholders. In respect of such transactions, the Managers would have to demonstrate to the AC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of ART and Stapled Securityholders which may include obtaining (where practicable) third party quotations or obtaining valuations from independent valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix). The internal control procedures also ensure compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

In particular, the procedures in place include the following:

Interested Person Transactions[1]	Approving Authority, Procedures and Disclosure
Below S$100,000 per transaction	› Management
S$100,000 and above per transaction which: (a) (for the purpose of the Listing Manual) singly, or when aggregated with other transactions[2] entered into by Ascott Reit or Ascott BT with the same Interested Person in the same financial year is less than 3.0% of ART's net tangible assets; or (b) (for the purpose of the Property Funds Appendix) singly, or when aggregated with other transactions entered into by Ascott Reit with the same Interested Person in the same financial year is less than 3.0% of Ascott Reit's net asset value	› Management › Audit Committee
Transaction[2] which: (a) (for the purpose of the Listing Manual) if entered into by Ascott Reit or Ascott BT, is equal to or exceeds 3.0% of ART's net tangible assets; (b) (for the purpose of the Property Funds Appendix) if entered into by Ascott Reit, is equal to or exceeds 3.0% of Ascott Reit's net asset value; (c) (for the purpose of the Listing Manual) if entered into by Ascott Reit or Ascott BT, when aggregated with other transactions[2] with the same Interested Person in the same financial year is equal to or exceeds 3.0% of ART's net tangible assets; or (d) (for the purpose of the Property Funds Appendix) if entered into by Ascott Reit, when aggregated with other transactions with the same Interested Person in the same financial year is equal to or exceeds 3.0% of Ascott Reit's net asset value	› Management › Audit Committee › Immediate announcement
Transaction[2] which: (a) (for the purpose of the Listing Manual) if entered into by Ascott Reit or Ascott BT, is equal to or exceeds 5.0% of ART's net tangible assets; (b) (for the purpose of the Property Funds Appendix) if entered into by Ascott Reit, is equal to or exceeds 5.0% of Ascott Reit's net asset value; (c) (for the purpose of the Listing Manual) if entered into by Ascott Reit or Ascott BT, when aggregated with other transactions[2,3] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of ART's net tangible assets; or (d) (for the purpose of the Property Funds Appendix) if entered into by Ascott Reit, when aggregated with other transactions[4] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of Ascott Reit's net asset value	› Management › Audit Committee › Immediate announcement › Stapled Securityholders[3]

1 This table does not include the procedures applicable to Interested Person Transactions falling under the exceptions set out in Rules 915 and 916 of the Listing Manual.
2 Any transaction of less than S$100,000 in value is disregarded.
3 In relation to approval by Stapled Securityholders for transactions that are equal to or exceed 5.0% of ART's net asset value (whether singly or aggregated), any transaction which has been approved by Stapled Securityholders, or is the subject of aggregation with another transaction that has been approved by Stapled Securityholders, need not be included in any subsequent aggregation.
4 In relation to approval by Stapled Securityholders for transactions that are equal to or exceed 5.0% of Ascott Reit's net asset value, any transaction which has been approved by Stapled Securityholders, or is the subject of aggregation with another transaction that has been approved by Stapled Securityholders, need not be included in any subsequent aggregation.

Role of the Audit Committee for Interested Person Transactions

The Managers' internal control procedures are intended to ensure that Interested Person Transactions are conducted at arm's length, on normal commercial terms and are not prejudicial to ART and Stapled Securityholders' interests.

The Managers maintain a register to record all Interested Person Transactions which are entered into by ART (and the basis on which they are entered into, including the quotations obtained to support such basis). All Interested Person Transactions are subject to regular periodic reviews by the AC, which in turn obtains advice from CL IA, to ascertain that the guidelines and procedures established to monitor Interested Person Transactions, including the relevant provisions of the Listing Manual and the Property Funds Appendix, as well as any other guidelines which may from time to time be prescribed by the SGX-ST, MAS or other relevant authorities, have been complied with. The review includes an examination of the nature of the transaction and its supporting documents or such other information deemed necessary by the AC. If a member of the AC has an interest in a transaction, he/she is to abstain from participating in the review and approval process in relation to that transaction.

Details of all Interested Person Transactions (equal to or exceeding S$100,000 each in value) entered into by ART in FY 2020 are disclosed on page 356 of this Annual Report.

Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Managers (including their Directors, key management personnel and employees) may encounter in managing ART:

(a) the Managers are dedicated managers to ART and will not manage any other REIT or BT or be involved in any other real property business;

(b) all resolutions at meetings of the Boards in relation to matters concerning ART must be decided by a majority vote of the Directors, including at least one ID;

(c) in respect of matters in which CL and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CL and/or its subsidiaries to the Boards will abstain from voting. In such matters, the quorum must comprise a majority of IDs and shall exclude such nominee Directors of CL and/or its subsidiaries;

(d) in respect of matters in which a Director or his or her associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);

(e) if the Reit Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Ascott Reit with an affiliate of the Reit Manager, the Reit Manager is obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Ascott Reit, has a prima facie case against the party allegedly in breach under such agreement, the Reit Manager is obliged to pursue the appropriate remedies under such agreement; and

(f) at least one-third of the Boards shall comprise IDs.

Additionally, ART has been granted a right of first refusal by The Ascott Limited (Ascott) which is a wholly owned subsidiary of CL over any proposed sale of (a) any properties that are used, or predominantly used, as serviced residences or rental housing properties in Europe and the Pan-Asia region and (b) any shares or equity interests in single-purpose corporations which hold such properties (each a Relevant Asset), by Ascott or any of its wholly owned subsidiaries (each an Ascott entity), for so long as the Managers remain the managers of ART and Ascott and/or any of its related corporations remain a shareholder of the Managers (TAL ROFR).

Following the completion of the combination of Ascott Reit and Ascendas Hospitality Trust, the agreement in relation to the right of first refusal granted by Ascendas Land International Pte. Ltd. (ALI), as sponsor of Ascendas Hospitality Trust (A-HTRUST), in favour of Perpetual (Asia) Limited, in its capacity as trustee of Ascendas Hospitality Real Estate Investment Trust and Ascendas Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of Ascendas Hospitality Business Trust dated 9 July 2012 (as amended) (A-HTRUST ROFR, and together with TAL ROFR, the ROFRs) pursuant to which ALI had granted a right of first refusal to A-HTRUST in the event ALI wishes to dispose of certain assets which are subject to the A-HTRUST ROFR, had been novated by ALI to Ascott, such that Ascott becomes the obligor under the A-HTRUST ROFR.

Consequently, Ascott is required to ensure that ART has the first right to acquire any asset falling within the scope of either of the above ROFRs.

In respect of voting rights where the Managers would face a conflict between their own interests and that of Stapled Securityholders, the Managers shall cause such voting rights to be exercised according to the discretion of the Trustee.

Dealings in Securities

The Managers have adopted a securities dealing policy for the officers and employees which applies the best practice recommendations in the Listing Manual. Under this policy, Directors and employees of the Managers as well as certain relevant executives of the CL Group (together, the Relevant Persons) are required to refrain from dealing in ART's securities (i) while in possession of material unpublished price-sensitive information, and (ii) during a prescribed period in accordance with the Listing Manual (Black-out Period) immediately preceding, and up to the time of each announcement of ART's financial statements during a financial year. Prior to the commencement of each Black-out Period, an email would be sent to all the Relevant Persons to inform them of the duration of the Black-out Period. The Managers also do not deal in ART's securities during the same Black-out Period. In addition, employees and Capital Markets Services Licence Appointed Representatives (CMSL Representatives) of the Managers are required to give a pre-trading notification to the CEO and the Compliance department before any dealing in ART's securities.

This policy also provides for the Managers to maintain a list of persons who are privy to price-sensitive information relating to the Stapled Group as and when circumstances require such a list to be maintained.

Directors and employees of the Managers are also required to refrain from dealing in ART's securities if they are in possession of unpublished price-sensitive information of ART arising from their appointment as Directors and/or in the course of performing their duties. As and when appropriate, they would be issued an advisory to refrain from dealing in ART's securities.

Under this policy, Directors and employees of the Managers are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

A Director is required to notify the Managers of his or her interest in ART's securities within two business days after (a) the date on which he or she becomes a Director or (b) the date on which he or she acquires an interest in ART's securities. A Director is also required to notify the Managers of any change in his or her interests in ART's securities within two business days after he or she becomes aware of such change.

Dealings by the Directors are disclosed in accordance with the requirements in the SFA and the Listing Manual. In FY 2020, based on the information available to the Managers, save as disclosed in accordance with such requirements and other than the awards of Stapled Securities in part payment of Directors' fees, there were no dealings by the Directors in ART's securities.

Code of Business Conduct

The Managers adhere to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published on CL Group's intranet, which is accessible by all employees of the Managers.

The policies that the Managers have implemented aim to help to detect and prevent occupational fraud in mainly three ways, as set out below.

First, the Managers offer fair compensation packages, based on practices of pay-for-performance and promotion based on merit to their employees. The Managers also provide various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures their employees may face.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Managers seek to build and maintain the right organisational culture through their core values, educating their employees on good business conduct and ethical values.

Fraud, Bribery and Corruption Risk Management Policy

In line with their core values, the Managers are committed to doing business with integrity. This is reflected in their longstanding zero tolerance stance against fraud, bribery and corruption. Consistent with this commitment, various policies and guidelines are in place to guide all employees of the Managers to maintain the highest standards of integrity in their work and business dealings. This includes clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, and an annual pledge by all employees of the Managers to uphold the Managers' core values and to not engage in any corrupt or unethical practices. The Managers' zero tolerance policy on bribery and corruption extends to their business dealings with third parties. Pursuant to this policy, the Managers require that certain agreements incorporate anti-bribery and anti-corruption provisions.

The Managers' employees adhere to CL's Fraud, Bribery and Corruption Risk Management Policy (FBC Risk Management Policy). The FBC Risk Management Policy reiterates the strong stance against fraud, bribery and corruption, and sets the overarching approach and standards in managing fraud, bribery and corruption risks in an integrated, systematic and consistent manner. The Managers' stance against bribery and corruption is also reiterated by Management during their regular staff communication sessions.

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide the Managers' employees and parties who have dealings with the Managers with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The objective of this policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal. The AC reviews all whistle-blowing complaints at its scheduled meetings. Independent, thorough investigation and appropriate follow up actions are taken. The outcome of each investigation is reported to the AC. All employees of the Managers are informed of this policy which is made available on CL Group's intranet.

Business Continuity Management

The Managers have implemented a Business Continuity Management (BCM) programme that puts in place the prevention, detection, response and, business recovery and resumption measures to minimise the impact of adverse business interruptions or unforeseen events on the Stapled Group's operations and also has in place a Business Continuity Plan (BCP). Under the BCP, Management has identified the critical business functions, processes and resources, and is able to tap on a pool of CL Group's employees who are trained under a Business Psychological Resilience Programme to provide peer support to colleagues following the occurrence of adverse events. As part of the BCP, periodic desktop exercises and drills, simulating different scenarios, are carried out to stress-test the effectiveness of processes, procedures and escalation protocols. This holistic approach under the BCP serves to ensure organisational and staff preparedness and readiness to deal with adverse business disruptions such as acts of terrorism, cyber attacks, data breaches and epidemics. This approach aims to minimise financial loss to ART, allow the Managers to continue to function as the managers of ART and mitigate any negative effects that the disruptions could have on the Managers' reputation, operations and ability to remain in compliance with relevant laws and regulations. The Managers have also acquired insurance policies for the Stapled Group on business interruption events.

CORPORATE GOVERNANCE

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a Capital Markets Services Licence issued by MAS, the Reit Manager abides by the MAS' guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Reit Manager are:

(a) evaluation of risk;

(b) customer due diligence;

(c) suspicious transaction reporting;

(d) record keeping;

(e) employee and CMSL Representative screening; and

(f) training.

The Reit Manager has in place a policy on the prevention of money laundering and terrorism financing and remains alert at all times to suspicious transactions. Enhanced due diligence checks are performed on counterparties where there is a suspicion of money laundering or terrorism financing. Suspicious transactions will also be reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, all relevant records or documents relating to business relations with the Stapled Group's customers or transactions entered into must be retained for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective employees, officers and CMSL Representatives of the Reit Manager are also screened against various money laundering and terrorism financing information sources and lists of designated entities and individuals provided by MAS. Periodic training is provided by the Reit Manager to its Directors, employees and CMSL Representatives to ensure that they are updated and aware of applicable anti-money laundering and countering of terrorism financing regulations, the prevailing techniques and trends in money laundering and terrorism financing and the measures adopted by the Reit Manager to combat money laundering and terrorism financing.

Composition of Board Committees in FY 2020

Board Members	Audit Committee	Executive Committee#
Tan Beng Hai, Bob, C	–	–
Beh Siew Kim, CEO	–	M
Zulkifli Bin Baharudin	M	–
Sim Juat Quee Michael Gabriel	C	–
Elaine Carole Young (Resigned on 17 June 2020)	M	–
Chia Kim Huat (Appointed on 15 April 2020)	M	–
Deborah Lee Siew Yin (Appointed on 17 June 2020)	M	–
Lee Chee Koon	–	C
Lim Cho Pin Andrew Geoffrey	–	M
Goh Soon Keat Kevin (Appointed on 15 April 2020)	–	M

Denotes: C – Chairman M - Member CEO – Chief Executive Officer
Note:
Given the nature and scope of the work of the EC, their business was discussed/transacted primarily through conference call, correspondence and informal meetings.

Attendance Record of Meetings of Stapled Securityholders, Board and Board Committees in FY 2020[1]

No. of Meetings Held	Board 5	Audit Committee 5	AGM 1	EGM N.A.
Board Members				
Tan Beng Hai, Bob	100%	–	100%	
Beh Siew Kim	100%	–	100%	
Zulkifli Bin Baharudin	100%	100%	100%	
Sim Juat Quee Michael Gabriel	100%	100%	100%	
Elaine Carole Young (Resigned on 17 June 2020)	100%	100%	100%	
Chia Kim Huat (Appointed on 15 April 2020)	100%	67%	100%	
Deborah Lee Siew Yin (Appointed on 17 June 2020)	100%	100%	–	
Lee Chee Koon	100%	–	100%	
Lim Cho Pin Andrew Geoffrey	100%	–	100%	
Goh Soon Keat Kevin (Appointed on 15 April 2020)	100%	–	100%	

N.A.: Not Applicable.
Note:
1 All Directors are required to attend Board and/or Board Committee meetings called, in person or via audio or video conference, unless required to recuse. Attendance is marked against the Board and Board Committee meetings each Director is required to attend, and the percentage computed accordingly.

KEY MANAGEMENT PERSONNEL'S REMUNERATION

Key Management Personnel's Remuneration Table for FY 2020

Remuneration	Components of remuneration: Salary inclusive of employer's CPF	Components of remuneration: Bonus and other benefits inclusive of employer's CPF[1]	Components of remuneration: Award of Stapled Securities[2]	Total
CEO				
Beh Siew Kim	45%	28%	27%	100%
Remuneration band for CEO : Above S$750,000 to S$1,000,000				
Key Management Personnel (excluding CEO)				
Kang Siew Fong Kang Wei Ling (for the period from 1 January 2020 to 31 July 2020) Denise Wong Xiao Fen Chan Kin Leong Gerry	67%	26%	7%	100%
Aggregate of total remuneration for key management personnel (excluding CEO): S$1,086,944				

Notes:
1 The amounts disclosed include bonuses earned which have been accrued for in FY 2020.
2 The proportion of value of Stapled Security awards is based on the fair value of the Stapled Securities comprised in the contingent awards under the RSSP and PSSP at the time of grant in FY 2020. The final number of Stapled Securities released under the contingent awards of Stapled Securities for RSSP and PSSP will depend on the achievement of pre-determined targets and subject to the respective vesting period under the RSSP and the PSSP.

Non-Executive Directors' Remuneration Table for FY 2020

	Components of Directors' fees[1,2] (S$)		
	Cash component	Stapled Securities component[2]	Total (S$)[3]
Non-Executive Directors			
Tan Beng Hai, Bob	86,640.00	21,660.00	108,300.00[3]
Zulkifli Bin Baharudin	59,280.00	14,820.00	74,100.00[3]
Sim Juat Quee Michael Gabriel	69,920.00	17,480.00	87,400.00[3]
Elaine Carole Young (Resigned on 17 June 2020)	40,795.00	–	40,795.00[3]
Chia Kim Huat (Appointed on 15 April 2020)	40,119.20	10,029.80	50,149.00[3]
Deborah Lee Siew Yin (Appointed on 17 June 2020)	30,749.60	7,687.40	38,437.00[3]
Lee Chee Koon	N.A.[4]	N.A.[4]	N.A.[4]
Lim Cho Pin Andrew Geoffrey	N.A.[4]	N.A.[4]	N.A.[4]
Goh Soon Keat Kevin (Appointed on 15 April 2020)	N.A.[4]	N.A.[4]	N.A.[4]
Aggregate of remuneration for Non-Executive Directors: S$399,181.00			

N.A.: Not applicable

Notes:

1 Inclusive of attendance fees of (a) S$2,000 (local meeting) and S$5,000 (overseas meeting) per meeting attendance in person, (b) S$1,700 per meeting attendance via audio or video conference, (c) S$1,000 per meeting attendance at project and verification meetings, and (d) S$500 per meeting attendance via audio or video conference at project and verification meetings. Attendance fees at project and verification meetings are subject to a maximum of S$10,000 per Director per annum.

2 Each non-executive Director (save for non-executive Directors who are employees of CL Group) shall receive up to 20% of his or her Director's fees in the form of Stapled Securities (subject to truncation adjustments). The remainder of the Director's fees shall be paid in cash. No new Stapled Securities will be issued for this purpose as these Stapled Securities will be paid by the Managers from the Stapled Securities they hold.

3 In solidarity with ART's stakeholders, the Boards agreed to a voluntary 5% reduction in the total FY 2020 fees for each Director.

4 Non-executive Directors who are employees of CL Group do not receive Directors' fees.

STATEMENT OF POLICIES AND PRACTICES OF ASCOTT BT

Apart from the corporate governance practices disclosed above, the Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of Ascott BT (as described in section 87(1) of the Business Trusts Act, Chapter 31A of Singapore) in respect of the financial year ended 31 December 2020 (FY 2020), which is set out on pages 135 to 141 of this Annual Report.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF ASCOTT BUSINESS TRUST (ASCOTT BT)

The Board of Directors of Ascott Business Trust Management Pte. Ltd. (Trustee-Manager Board), as trustee-manager of Ascott BT (Trustee-Manager), is responsible for safeguarding the interests of the unitholders of Ascott BT (Ascott BT Unitholders) as a whole and managing the business of Ascott BT. The Trustee-Manager has general power of management over the business and assets of Ascott BT and its main responsibility is to manage Ascott BT's assets and liabilities for the benefit of the Ascott BT Unitholders as a whole. In the event of a conflict between the interests of the Ascott BT Unitholders as a whole and its own interests, the Trustee-Manager will give priority to the interests of the Ascott BT Unitholders as a whole over its own interests.

The Trustee-Manager Board is also obliged to exercise due care to comply with the relevant provisions of all applicable legislations and regulations, the listing manual of Singapore Exchange Securities Trading Limited (the Listing Manual), the trust deed constituting Ascott BT dated 9 September 2019 (as amended) (Ascott BT Trust Deed), the stapling deed dated 9 September 2019 (Stapling Deed) and all relevant contracts entered into by Ascott BT.

The Trustee-Manager, in exercising its powers and carrying out its duties as trustee-manager of the Ascott BT, is required to, and will:

› treat the Ascott BT Unitholders who hold units of Ascott BT (Ascott BT Units) in the same class fairly and equally and Ascott BT Unitholders who hold Ascott BT Units in different classes (if any) fairly;

› ensure that all payments out of the trust property of Ascott BT (Ascott BT Trust Property) are made in accordance with the Business Trusts Act, Chapter 31A of Singapore (BTA), the Ascott BT Trust Deed and the Stapling Deed;

› report to Monetary Authority of Singapore (MAS) any contravention of the BTA or Business Trusts Regulations 2005 (BTR) by any other person that:

  - relates to Ascott BT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the Ascott BT Unitholders, or any class of Ascott BT Unitholders, as a whole,

  as soon as practicable after the Trustee-Manager becomes aware of the contravention;

› ensure that the Ascott BT Trust Property is properly accounted for; and

› ensure that the Ascott BT Trust Property is kept distinct from the property of the Trustee-Manager held in its own capacity.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF ASCOTT BT

In addition, the Trustee-Manager will:

› at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the Ascott BT in accordance with the BTA, the Ascott BT Trust Deed and the Stapling Deed;

› act in the best interests of all the Ascott BT Unitholders as a whole and give priority to the interests of all Ascott BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all Ascott BT Unitholders as a whole and its own interests;

› not make improper use of any information acquired by virtue of its position as the Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Ascott BT Unitholders;

› hold the Ascott BT Trust Property on trust for all Ascott BT Unitholders as a whole in accordance with the terms of the Ascott BT Trust Deed;

› adhere with the business scope of Ascott BT as set out in the Ascott BT Trust Deed;

› review interested person transactions in relation to Ascott BT;

› review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of Ascott BT out of the Ascott BT Trust Property and ensure that fees and expenses charged to Ascott BT are appropriate and in accordance with the Ascott BT Trust Deed; and

› comply with the BTA and the Listing Manual.

The MAS has also granted the Trustee-Manager an exemption from compliance with Section 10(2)(a) of the BTA and the directors of the Trustee-Manager (the Trustee-Manager Directors) from compliance with Section 11(1)(a) of the BTA subject to the condition that for the duration of the time that the Ascott BT Units are stapled to the units of Ascott Reit, the Trustee-Manager and Trustee-Manager Directors shall act in the best interests of all the holders of the stapled securities of Ascott Residence Trust (ART) (Stapled Securityholders).

The Trustee-Manager Board, in exercising its power and carrying out its duties as trustee-manager of Ascott BT, has put in place measures to ensure that:

› the Ascott BT Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity;

› the business scope of Ascott BT as set out in the Ascott BT Trust Deed has been adhered to;

› potential conflicts between the interests of the Trustee-Manager and the interests of the Ascott BT Unitholders as a whole are appropriately managed;

› interested person transactions are transparent, properly recorded and disclosed;

› expenses and cost allocations payable to the Trustee-Manager out of the Ascott BT Trust Property, and the fees and expenses charged to Ascott BT are appropriate and are made in accordance with the Ascott BT Trust Deed; and

› the BTA and the Listing Manual have been complied with.

The Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 101 to 134 of this Annual Report.

ASCOTT BT TRUST PROPERTY PROPERLY ACCOUNTED FOR

To ensure that the Ascott BT Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity, the accounting records of Ascott BT are kept separate and distinct from the accounting records of the Trustee-Manager. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of Ascott BT and in its own capacity. Regular internal reviews are also carried out to ascertain that all Ascott BT Trust Property has been fully accounted for.

Each of the financial statements of Ascott BT and the Trustee-Manager are approved by the Trustee-Manager Directors on a semi-annual basis and annual basis respectively. Each of the financial statements of Ascott BT and Trustee-Manager are also kept separate and distinct and are duly audited by external auditors on an annual basis to ensure that the Ascott BT Trust Property is properly accounted for and the Ascott BT Trust Property is kept distinct from the property of the Trustee-Manager held in its own capacity.

ADHERENCE TO BUSINESS SCOPE

The Trustee-Manager Board reviews and approves all authorised businesses undertaken by Ascott BT so as to ensure its adherence to the business scope under the Ascott BT Trust Deed. Such authorised businesses include:

(i) the management or operation of hospitality assets;

(ii) the acquisition, disposition and ownership of Authorised Investments (as defined in the Ascott BT Trust Deed) and all activities, concerns, functions and matters reasonably incidental thereto;

(iii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of Authorised Investments and all activities, concerns, functions and matters reasonably incidental thereto; and

(iv) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (ii) and (iii) of this definition, including (without limitation) the management, and/or leasing of the Authorised Investments.

Management provides regular updates to the Trustee-Manager Board and the Audit Committee about potential projects that it is looking into on behalf of Ascott BT and the Trustee-Manager Board, and the Audit Committee ensures that all such projects are within the permitted business scope under the Ascott BT Trust Deed. Prior to the carrying out of any significant business transactions, the Trustee-Manager Board, the Audit Committee and or management will have careful regard to the provisions of the Ascott BT Trust Deed and when in doubt, will seek advice from professional advisers.

POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager is not involved in any other businesses other than managing Ascott BT. All potential conflicts of interest, as and when they arise, will be identified by the Trustee-Manager Board and management, and will be reviewed accordingly.

The Trustee-Manager is a wholly-owned subsidiary of CL. CL is the parent company of The Ascott Limited. The Ascott Limited, in turn, is the sponsor of ART (Sponsor). Therefore, there may be potential conflicts of interest between Ascott BT, the Trustee-Manager and ART.

The Trustee-Manager has instituted, among others, the following procedures to deal with issues of conflicts of interest:

› The Trustee-Manager Board comprises five independent directors who do not have management or business relationships with the Trustee-Manager and are independent from the substantial shareholders of the Trustee-Manager. The independent Trustee-Manager Directors form the majority of the Trustee-Manager Board. This allows the Trustee-Manager Board to examine independently and objectively, any potential issue of conflicts of interest arising between the Trustee-Manager in its own capacity and the Ascott BT Unitholders as a whole.

› In respect of matters in which the Sponsor and/or its subsidiaries has an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum shall comprise a majority of the independent Trustee-Manager Directors and shall exclude nominee directors of the Sponsor and/or its subsidiaries.

› In respect of matters in which a Trustee-Manager Director or his Associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Trustee-Manager Director shall abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested Trustee-Manager Director.

› Where matters concerning Ascott BT relate to transactions to be entered into by the Trustee-Manager for and on behalf of Ascott BT with an interested person of the Trustee-Manager or Ascott BT (which would include relevant associates thereof), the Audit Committee is required to consider the terms of such transactions (except transactions under agreements which are deemed to have been specifically approved by Ascott BT Unitholders upon purchase of Ascott BT Units) to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Ascott BT and the Stapled Securityholders, and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transactions in question. If the Trustee-Manager is to sign any contract with an interested person of the Trustee-Manager or Ascott BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed to apply to business trusts.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

(i) Exempted Agreements

The fees and charges payable by Ascott BT to the Trustee-Manager under the Ascott BT Trust Deed are considered interested person transactions which are deemed to have been specifically approved by the Ascott BT Unitholders upon their purchase of the Ascott BT Units, to the extent that there are no subsequent changes to the rates and/or bases of the fees charged thereunder which will adversely affect Ascott BT.

(ii) Future Interested Person Transactions

Depending on the materiality of the transaction, Ascott BT may make a public announcement of or obtain prior approval of the Ascott BT Unitholders for such a transaction. If necessary, the Trustee-Manager Board may make a written statement in accordance with the resolution of the Trustee-Manager Board and signed by at least two Trustee-Manager Directors on behalf of the Trustee-Manager Board certifying that, inter alia, such interested person transaction is not detrimental to the interests of the Ascott BT Unitholders as a whole, based on the circumstances at the time of the transaction.

The Trustee-Manager may, in future, seek an annual general mandate from the Ascott BT Unitholders for recurrent transactions of revenue or trading nature or those necessary for the day-to-day operations with interested persons, and all transactions would then be conducted under such a general mandate for that relevant financial year. In seeking such an annual general mandate, the Trustee-Manager may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the transaction prices contemplated under the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Ascott BT and the Ascott BT Unitholders.

The Trustee-Manager has in place an internal control system as well as policies and procedures to ensure that all future interested person transactions will be undertaken on an arm's length basis, on normal commercial terms, will not be prejudicial to the interests of Ascott BT and the minority Ascott BT Unitholders, and will be in accordance with all applicable requirements of the BTA, the Listing Manual and all applicable guidelines as may from time to time be prescribed to apply to business trusts relating to the transaction in question.

Management identifies interested person transactions in relation to Ascott BT. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by Ascott BT. The Trustee-Manager incorporates into its plan a review of all interested person transactions entered into by Ascott BT during the financial year. The Audit Committee reviews at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. The review includes the examination of the nature of the transactions and their supporting documents or such other data that the Audit Committee deems necessary. If a member of the Audit Committee has an interest in a transaction, he or she will abstain from participating in the review and approval process in relation to that transaction.

In addition, all such interested person transactions conducted and any contracts entered into by the Trustee-Manager on behalf of Ascott BT with an interested person of the Trustee-Manager or Ascott BT, shall comply with and be in accordance with all applicable requirements of the Listing Manual and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.

In particular, when Ascott BT acquires assets from the Sponsor or parties related to the Sponsor in future, the Trustee-Manager will obtain valuations from independent parties. In any event, interested person transactions entered into by Ascott BT, depending on the materiality of such transactions, may be publicly announced or, as the case may be, approved by Ascott BT Unitholders, and will, in addition, be:

› reviewed and recommended by the Audit Committee of the Trustee-Manager, which comprises only independent Trustee-Manager Directors; and

› decided by the Trustee-Manager Board, of which more than half of the Trustee-Manager Directors are independent directors.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF ASCOTT BT

FEES AND EXPENSES CHARGED TO ASCOTT BT ARE APPROPRIATE AND IN ACCORDANCE WITH THE ASCOTT BT TRUST DEED

The Trustee-Manager is entitled under the Ascott BT Trust Deed to a management fee comprising a base fee of up to a maximum of 0.3% per annum of the property values (being the aggregate value of the real estate held by Ascott BT) and base performance fee of 4.0% per annum of Ascott BT and its subsidiaries (the Ascott BT Group)'s share of gross profit for each financial year. In the event that the Ascott BT Group's share of gross profit increases by more than 6.0% annually, the Trustee-Manager is entitled to an outperformance fee of 1.0% of the difference between the Ascott BT Group's share of that financial year's gross profit and 106.0% of the preceding year's gross profit.

The management fee is payable to the Trustee-Manager in the form of cash and/or stapled securities of ART (Stapled Securities) or (as the case may be) Ascott BT Units as the Trustee-Manager may elect, and in such proportion and for such period as may be determined by the Trustee-Manager.

Under the Ascott BT Trust Deed, the Trustee-Manager is entitled to a trustee fee not exceeding 0.015% per annum of the value of the assets for the time being held or deemed to be held upon trust, subject to a minimum of S$13,500 per month, excluding out-of-pocket expenses and goods and services tax which is borne by Ascott BT. The trustee fee is payable to the Trustee-Manager in arrears on a monthly basis.

The Trustee-Manager is also entitled to receive an acquisition fee at the rate of up to a maximum of 1.0% of the Enterprise Value (as defined in the Ascott BT Trust Deed) of any real estate-related asset acquired directly or indirectly by Ascott BT, prorated if applicable to the proportion of Ascott BT's interest.

The acquisition fee is payable to the Trustee-Manager in the form of cash but in the event that the Trustee-Manager receives any acquisition fee in connection with an acquisition from a related party, such acquisition fee shall be payable in the form of Stapled Securities or (as the case may be) Ascott BT Units.

The Trustee-Manager is also entitled to a divestment fee at the rate of 0.5% of the Enterprise Value of any real estate or real estate-related asset disposed directly or indirectly by Ascott BT, prorated if applicable to the proportion of Ascott BT's interest.

Any increase in the rate or any change in structure of the Trustee-Manager's management fee, trustee fee, the acquisition fee or the divestment fee, must be approved by an extraordinary resolution passed at a meeting of Ascott BT Unitholders duly convened and held in accordance with the provisions of the Ascott BT Trust Deed.

The table below sets out the fees earned by the Trustee-Manager for FY 2020.

Fee	Amount (S$'000)	% in Cash	% in Units
Management Fee	3,853	50	50
Trustee Fee	163	100	–

For FY 2020, the Trustee-Manager will receive 100% of trustee fee in cash while the management fee is in the form of 50% cash and 50% Stapled Securities. No expenses were paid to the Trustee-Manager during FY 2020 and any out-of-pocket expenses incurred were funded by Ascott BT's working capital.

The Trustee-Manager Board will review, semi-annually, the material expenses, cost allocations and fees charged to Ascott BT and to ensure that the fees and expenses payable to the Trustee-Manager out of the Ascott BT Trust Property are appropriate and in accordance with the Ascott BT Trust Deed.

COMPLIANCE WITH THE BUSINESS TRUSTS ACT AND LISTING MANUAL

The Company Secretary and Compliance Officer monitor Ascott BT's compliance with the BTA and the Listing Manual. The Trustee-Manager has an internal compliance manual which serves to summarise all the applicable rules and regulations as well as key internal policies and processes which Ascott BT needs to comply with. The manual will be consistently updated whenever there are changes to the rules and regulations and such policies and processes, and this will help management to ensure that applicable rules and regulations are being complied with.

The Trustee-Manager will also engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

COMPLIANCE OF THE TRUSTEE-MANAGER BOARD

Under regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

› at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;

› at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

› at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of nine directors, five of whom are independent directors for the purposes of the BTR. In accordance with Rule 12(8) of the BTR, the Trustee-Manager Board and the board of Ascott Residence Trust Management Limited (Reit Manager) (Reit Manager Board) has determined that the following directors are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager:

Tan Beng Hai, Bob;
Zulkifli Bin Baharudin;
Sim Juat Quee Michael Gabriel;
Chia Kim Huat; and
Deborah Lee Siew Yin.

Ms Beh Siew Kim, Mr Lee Chee Koon, Mr Lim Cho Pin Andrew Geoffrey and Mr Goh Soon Keat Kevin are considered non-independent directors. Ms Beh Siew Kim is the CEO of the REIT Manager and the Trustee-Manager (Managers). Mr Lee Chee Koon, Mr Lim Cho Pin Andrew Geoffrey and Mr Goh Soon Keat Kevin are employees of CL.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a substantial shareholder. The Trustee-Manager is a related corporation of the Reit Manager as both the Trustee-Manager and the Reit Manager are directly held by CL and as Ascott BT and Ascott Reit are stapled, the directors of the Managers are identical to avoid any differences or deadlock in the operation of the stapled group. As a result, all five independent directors of the Reit Manager, namely Mr Tan Beng Hai, Bob, Mr Zulkifli Bin Baharudin, Mr Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat and Ms Deborah Lee Siew Yin will prima facie be deemed to be connected to a substantial shareholder of the Reit Manager and hence not be independent pursuant to Regulations 12(1)(a) and 12(1)(b) of the BTR.

The MAS has granted an exemption to the Trustee-Manager from compliance with Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that non-compliance with these regulations is due to any Trustee-Manager Director being considered to be not independent from management and business relationships with the Trustee-Manager or from every substantial shareholder of the Trustee-Manager solely by virtue of such Trustee-Manager Director also being a director of the Reit Manager. For the avoidance of doubt, a Trustee-Manager Director shall not be considered independent from a substantial shareholder if he is also a director of a subsidiary or an associated company of the substantial shareholder (where the subsidiary or associated company is not the Trustee-Manager or the Reit Manager).

ASCOTT RESIDENCE TRUST FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE OF ASCOTT REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited (the "Ascott Reit Trustee") is under a duty to take into custody and hold the assets of Ascott Real Estate Investment Trust ("Ascott Reit") held by it or through its subsidiaries (collectively, the "Ascott Reit Group") in trust for the holders of units in Ascott Reit. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Ascott Reit Trustee shall monitor the activities of Ascott Residence Trust Management Limited (the "Ascott Reit Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 January 2006 (as amended) (the "Ascott Reit Trust Deed") between the Ascott Reit Manager and the Ascott Reit Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the Ascott Reit Trustee, the Ascott Reit Manager has, in all material respects, managed the Ascott Reit Group during the year covered by these financial statements, set out on pages 155 to 327 in accordance with the limitations imposed on the investment and borrowing powers set out in the Ascott Reit Trust Deed.

For and on behalf of the Ascott Reit Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
5 March 2021

REPORT OF THE MANAGER OF ASCOTT REAL ESTATE INVESTMENT TRUST

In the opinion of the directors of Ascott Residence Trust Management Limited (the "Ascott Reit Manager"), the Manager of Ascott Real Estate Investment Trust ("Ascott Reit"), the accompanying consolidated financial statements of Ascott Reit and its subsidiaries (the "Ascott Reit Group"), and Ascott Residence Trust (the "Stapled Group", comprising the Ascott Reit Group and Ascott Business Trust and its subsidiaries) set out on pages 155 to 327, comprising the Statements of Financial Position, Statements of Total Return, Statements of Movements in Stapled Securityholders' Funds, Portfolio Statements and Statements of Cash Flows of the Ascott Reit Group and the Stapled Group, and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the Ascott Reit Group and the Stapled Group as at 31 December 2020 and the financial performance, movements in stapled securityholders' funds and cash flows of the Ascott Reit Group and the Stapled Group, and the distributable income of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of Ascott Reit's trust deed between DBS Trustee Limited (the "Ascott Reit Trustee") and the Ascott Reit Manager dated 19 January 2006 (as amended) and the stapling deed of Ascott Residence Trust between the Ascott Reit Trustee, the Ascott Reit Manager and Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust) dated 9 September 2019. At the date of this statement, there are reasonable grounds to believe that the Ascott Reit Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the Ascott Reit Manager,
Ascott Residence Trust Management Limited

Beh Siew Kim
Director

Singapore
5 March 2021

REPORT OF THE TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

The directors of Ascott Business Trust Management Pte. Ltd., the trustee-manager of Ascott Business Trust ("Ascott BT") (the "Trustee-Manager"), are pleased to present their report to the Stapled Securityholders of Ascott Residence Trust ("ART") for the financial year ended 31 December 2020, together with the audited financial statements of Ascott BT and its subsidiaries (the "Ascott BT Group") for the financial year ended 31 December 2020.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are:

Tan Beng Hai, Bob (Chairman)	
Beh Siew Kim (Chief Executive Officer)	
Zulkifli Bin Baharudin	
Sim Juat Quee Michael Gabriel	
Chia Kim Huat	(appointed on 15 April 2020)
Deborah Lee Siew Yin	(appointed on 17 June 2020)
Lee Chee Koon	
Lim Cho Pin Andrew Geoffrey	
Goh Soon Keat Kevin	(appointed on 15 April 2020)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all directors of the Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities, or debentures, of Ascott BT.

DIRECTORS' INTERESTS IN STAPLED SECURITIES OR DEBENTURES OF ASCOTT BT

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), particulars of interests of Directors who held office at the end of the financial period (including those held by their spouses and infant children) in Stapled Securities of ART are as follows:

	Direct and deemed holdings registered in the name of the director, spouse or infant children			
Name of director in which interests are held	Direct At beginning of the year/ date of appointment	Deemed At beginning of the year/ date of appointment	Direct At end of the year	Deemed At end of the year
Tan Beng Hai, Bob	70,938	–	94,839	–
Beh Siew Kim	269,837	–	567,942	–
Zulkifli Bin Baharudin	84,174	–	99,180	–
Sim Juat Quee Michael Gabriel	38,250	–	56,105	–
Chia Kim Huat	91,333	–	91,333	–
Lee Chee Koon	46,440	–	46,440	–
Lim Cho Pin Andrew Geoffrey	25,800	–	25,800	–
Goh Soon Keat Kevin	171,276	–	171,276	–

There were no changes in the abovementioned interests of Ascott BT between 31 December 2020 and 21 January 2021.

REPORT OF THE TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

DIRECTORS' CONTRACTUAL BENEFITS

During the financial year, no director of the Trustee-Manager has received or became entitled to receive a benefit in Ascott BT by reason of a contract made by the Trustee-Manager, on behalf of Ascott BT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except that the directors served as directors or employees of related corporations and received remuneration in that capacity from related corporations.

STAPLED SECURITY OPTIONS

During the financial year, there were:

(i) no options granted by the Trustee-Manager to any person to take up unissued Stapled Securities in ART; and

(ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities of ART.

There were no unissued Stapled Securities in ART under option as at the end of the financial year.

AUDIT COMMITTEE

The members of the audit committee of the Trustee-Manager (the "Audit Committee") during the year and at the date of this statement are:

- Sim Juat Quee Michael Gabriel (Chairman), Independent, Non-Executive Director;
- Zulkifli Bin Baharudin, Independent, Non-Executive Director;
- Chia Kim Huat, Independent, Non-Executive Director; and
- Deborah Lee Siew Yin, Independent, Non-Executive Director.

The Audit Committee performs the functions specified in Section 201B of the Companies Act, Chapter 50 of Singapore, Regulation 13(6) of the Business Trusts Regulations 2005 ("BTR"), the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX Listing Manual") and the Code of Corporate Governance 2018.

The Audit Committee has held four meetings since the last report of the Trustee-Manager. In performing its functions, the Audit Committee met with Ascott BT's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of Ascott BT's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by Ascott BT's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of Ascott BT prior to their submission to the directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

REPORT OF THE TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

AUDIT COMMITTEE (continued)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors of the Trustee-Manager that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of Ascott BT.

In appointing our auditors for the Ascott BT Group, we have complied with Rules 712 and 715 of the SGX Listing Manual.

INDEPENDENT AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In the opinion of the Directors,

(a) the consolidated financial statements of the Ascott BT Group as set out on pages 155 to 327 are drawn up so as to give a true and fair view of the financial position of the Ascott BT Group as at 31 December 2020, and the financial performance, changes in stapled securityholders' funds and cash flows of the Ascott BT Group, for the year ended on that date in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of Ascott BT, the liabilities of Ascott BT as and when they fall due.

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

– the fees or charges paid or payable out of the property of the Ascott BT Group to the Trustee-Manager are in accordance with the Ascott BT trust deed dated 9 September 2019 (as amended);

– interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and

– the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Ascott BT Group or the interests of the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
Ascott Business Trust Management Pte. Ltd.,

Tan Beng Hai, Bob
Director

Beh Siew Kim
Director

Singapore
5 March 2021

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Ascott BT Group or on the interests of all the Stapled Securityholders of Ascott BT as a whole.

Beh Siew Kim
Chief Executive Officer

Singapore
5 March 2021

INDEPENDENT AUDITORS' REPORT

Stapled Securityholders of Ascott Residence Trust
(Constituted under the Stapling Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

(i) the consolidated financial statements of Ascott Real Estate Investment Trust ("Ascott Reit") and its subsidiaries (the "Ascott Reit Group"), which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2020, the Statement of Total Return, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott Reit Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

(ii) the consolidated financial statements of Ascott Business Trust ("Ascott BT") and its subsidiaries (the "Ascott BT Group"), which comprise the Statement of Financial Position as at 31 December 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies; and

(iii) the consolidated financial statements of Ascott Residence Trust, which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 155 to 327. Ascott Residence Trust, which comprises the Ascott Reit Group and the Ascott BT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

(a) the accompanying consolidated financial statements of the Ascott Reit Group and the Stapled Group present fairly, in all material respects, the financial positions and portfolio holdings of the Ascott Reit Group and the Stapled Group as at 31 December 2020, the financial performance, movements in stapled securityholders' funds and cash flows of the Ascott Reit Group and the Stapled Group, and the distributable income of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants ("ISCA");

(b) the accompanying consolidated financial statements of the Ascott BT Group are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of the Ascott BT Group as at 31 December 2020 and the financial performance, movements in stapled securityholders' funds and cash flows of the Ascott BT Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report. We are independent of the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

Stapled Securityholders of Ascott Residence Trust
(Constituted under the Stapling Deed in the Republic of Singapore)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties, freehold land and buildings and investment properties under development
Note 4 – Investment properties
Note 5 – Property, plant and equipment
Note 7 – Investment properties under development

Risk:

The Stapled Group has portfolios of investment properties, freehold land and buildings, and investment properties under development which are stated at their fair values as at 31 December 2020 of $5,687.7 million, $518.7 million and $229.9 million respectively.

The fair values of the investment properties, freehold land and buildings and investment properties under development are appraised by external property valuers. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied, particularly those relating to discount rates, terminal capitalisation rates, revenue per available unit and gross development costs.

The valuation reports obtained from the external property valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the Coronavirus Disease ("COVID-19") pandemic might have on the real estate market, the values might change more rapidly and significantly than during standard market conditions. The external valuers have also recommended to keep the valuation of these properties under frequent review.

Our response:

We assessed the Stapled Group's process relating to the selection of the external property valuers, the determination of the scope of work of the external property valuers, and the review and acceptance of the valuation reports issued by the external property valuers.

We evaluated the qualification and competence of the external property valuers. We also read the terms of engagement of the external property valuers with the Stapled Group to ascertain whether there are matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. We evaluated the key assumptions and inputs used in the valuations, which included discount rates, terminal capitalisation rates, revenue per available unit and gross development costs by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the external property valuers. We also discussed with management and the external property valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations, where appropriate.

We considered the appropriateness of disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

INDEPENDENT AUDITORS' REPORT

Stapled Securityholders of Ascott Residence Trust
(Constituted under the Stapling Deed in the Republic of Singapore)

Our findings:

The Stapled Group has a structured process in appointing and instructing external property valuers, and in reviewing and accepting their valuations. The external property valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work. The valuation methodologies used by the external property valuers were in line with generally accepted market practices. The key assumptions and inputs used in the valuations, including the projected cash flows, discount rates, terminal capitalisation rates, revenue per available unit and gross development costs were supported by the evidence available and are within the range of industry data. Where the assumptions were outside the expected range, the additional factors considered by the external property valuers were consistent with other corroborative evidence.

We also found the related disclosures in the financial statements to be appropriate.

Other information

Ascott Residence Trust Management Limited, the Manager of Ascott Reit (the "Ascott Reit Manager") and Ascott Business Trust Management Pte. Ltd., the Trustee-Manager of Ascott BT (the "Ascott BT Trustee-Manager") (collectively, the "Managers"), are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Ascott Reit Manager for the financial statements

The Ascott Reit Manager is responsible for the preparation and fair presentation of the financial statements of the Ascott Reit Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the Ascott Reit Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Ascott Reit Manager is responsible for assessing the ability of the Ascott Reit Group and the Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Ascott Reit Manager either intends to terminate the Ascott Reit Group and the Stapled Group or to cease operations of the Ascott Reit Group and the Stapled Group, or has no realistic alternative but to do so.

The Ascott Reit Manager's responsibilities include overseeing the financial reporting process of the Ascott Reit Group and the Stapled Group.

Responsibilities of the Ascott BT Trustee-Manager for the financial statements

The Ascott BT Trustee-Manager is responsible for the preparation of financial statements of the Ascott BT Group that gives a true and fair view in accordance with the provisions of the BTA and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Ascott BT Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

INDEPENDENT AUDITORS' REPORT

Stapled Securityholders of Ascott Residence Trust
(Constituted under the Stapling Deed in the Republic of Singapore)

In preparing the financial statements, the Ascott BT Trustee-Manager is responsible for assessing the ability of the Ascott BT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Ascott BT Trustee-Manager either intends to terminate the Ascott BT Group or to cease the operations of the Ascott BT Group, or has no realistic alternative but to do so.

The Ascott BT Trustee-Manager's responsibilities include overseeing the Ascott BT Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Ascott Reit Group, the Ascott BT Group and the Stapled Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managers.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Managers and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Ascott Reit Group, the Ascott BT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Ascott Reit Group, the Ascott BT Group and the Stapled Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Ascott Reit Group, the Ascott BT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Managers regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Managers with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

Stapled Securityholders of Ascott Residence Trust
(Constituted under the Stapling Deed in the Republic of Singapore)

From the matters communicated with the Managers, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

In our opinion, the accounting and other records required by the BTA to be kept by the Ascott BT Trustee-Manager on behalf of Ascott BT have been properly kept in accordance with the provisions of the BTA.

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Non-current assets							
Investment properties	4	**5,253,374**	5,659,587	**548,447**	552,265	**5,687,743**	6,096,138
Property, plant and equipment	5	**35,471**	44,258	**573,808**	584,583	**609,279**	628,841
Investment properties under development	7	**229,900**	74,860	**–**	–	**229,900**	74,860
Investment securities	8	**2,072**	2,534	**–**	–	**–**	–
Associate	11	**3,026**	3,006	**–**	–	**3,026**	3,006
Financial derivative assets	12	**298**	11,010	**4,935**	6,524	**5,233**	17,534
Deferred tax assets	13	**3,027**	3,212	**3,435**	4,335	**6,462**	7,547
		5,527,168	5,798,467	**1,130,625**	1,147,707	**6,541,643**	6,827,926
Current assets							
Inventories		**124**	372	**214**	297	**338**	669
Trade and other receivables	14	**168,739**	90,231	**8,056**	12,504	**103,238**	62,459
Assets held for sale	15	**31,904**	253,292	**–**	–	**31,904**	253,292
Cash and cash equivalents	16	**454,083**	245,884	**32,620**	29,619	**486,703**	275,503
Financial derivative assets	12	**–**	1,378	**–**	1,559	**–**	2,937
		654,850	591,157	**40,890**	43,979	**622,183**	594,860
Total assets		**6,182,018**	6,389,624	**1,171,515**	1,191,686	**7,163,826**	7,422,786
Non-current liabilities							
Financial liabilities	17	**1,781,277**	1,683,053	**348,137**	328,806	**2,129,414**	2,011,859
Financial derivative liabilities	12	**24,075**	4,181	**4,840**	1,833	**28,915**	6,014
Trade and other payables	18	**6,475**	8,820	**10,214**	9,735	**16,689**	18,555
Deferred income	19	**216**	605	**2,169**	3,781	**2,385**	4,386
Deferred tax liabilities	13	**98,146**	153,154	**33,611**	46,998	**131,757**	200,152
Lease liabilities	20	**275,056**	274,098	**108,570**	110,802	**275,056**	274,098
		2,185,245	2,123,911	**507,541**	501,955	**2,584,216**	2,515,064
Current liabilities							
Financial liabilities	17	**333,081**	311,656	**–**	25,498	**333,081**	337,154
Financial derivative liabilities	12	**645**	1,765	**–**	416	**645**	2,181
Liabilities held for sale	15	**–**	13,445	**–**	–	**–**	13,445
Trade and other payables	18	**161,394**	139,524	**97,618**	73,959	**185,455**	173,207
Deferred income	19	**145**	159	**1,790**	1,697	**1,935**	1,856
Current tax liabilities		**7,125**	18,549	**1,043**	1,093	**8,168**	19,642
Lease liabilities	20	**8,256**	17,928	**5,508**	4,912	**8,256**	17,928
		510,646	503,026	**105,959**	107,575	**537,540**	565,413
Total liabilities		**2,695,891**	2,626,937	**613,500**	609,530	**3,121,756**	3,080,477
Net assets		**3,486,127**	3,762,687	**558,015**	582,156	**4,042,070**	4,342,309

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Ascott Reit Group		Ascott BT Group		Stapled Group	
		2020	2019	2020	2019	2020	2019
		$'000	$'000	$'000	$'000	$'000	$'000
Represented by:							
Stapled Securityholders' funds	21	**3,013,168**	3,282,909	**554,083**	577,644	**3,567,251**	3,860,553
Perpetual securities holders	22	**396,298**	396,299	**–**	–	**396,298**	396,299
Non-controlling interests	10	**76,661**	83,479	**3,932**	4,512	**78,521**	85,457
		3,486,127	3,762,687	**558,015**	582,156	**4,042,070**	4,342,309
Stapled Securities in issue ('000)	22	**3,108,048**	3,083,089	**3,108,048**	3,083,089	**3,108,048**	3,083,089
Net asset value per Stapled Security ($)		**0.97**	1.06	**0.18**	0.19	**1.15**	1.25

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2020

	Note	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Gross revenue	23	**296,805**	514,956	**88,100**	–	**369,872**	514,956
Direct expenses	24	**(166,689)**	(262,345)	**(53,555)**	–	**(220,270)**	(262,345)
Gross profit		**130,116**	252,611	**34,545**	–	**149,602**	252,611
Depreciation of buildings, plant and machinery		**–**	–	**(18,930)**	–	**(18,930)**	–
Finance income	25	**1,766**	2,080	**240**	–	**1,990**	2,080
Other income		**572**	626	**–**	–	**555**	626
Finance costs	25	**(52,792)**	(51,817)	**(17,285)**	–	**(60,057)**	(51,817)
Managers' management fees	26	**(21,275)**	(23,416)	**(3,853)**	(8)	**(25,128)**	(23,424)
Trustee's fee		**(754)**	(582)	**(163)**	–	**(917)**	(582)
Professional fees	27	**(2,785)**	(2,591)	**(548)**	–	**(3,333)**	(2,591)
Audit fees		**(2,290)**	(2,194)	**(468)**	(40)	**(2,758)**	(2,234)
Foreign exchange gain		**12,845**	1,871	**9,077**	–	**21,922**	1,871
Other operating expenses		**(3,330)**	(1,993)	**(929)**	–	**(4,258)**	(1,993)
Net income/(loss) before share of results of associate		**62,073**	174,595	**1,686**	(48)	**58,688**	174,547
Share of results of associate (net of tax)	11	**56**	(7)	**–**	–	**56**	(7)
Net income/(loss)	28	**62,129**	174,588	**1,686**	(48)	**58,744**	174,540
Net change in fair value of investment properties, investment properties under development and assets held for sale		**(362,480)**	250,221	**(21,667)**	–	**(379,092)**	250,221
Net change in fair value of financial derivatives		**(115)**	(926)	**(174)**	–	**(289)**	(926)
Revaluation deficit on freehold land and buildings		**–**	–	**(26,594)**	–	**(26,594)**	–
Net change in fair value of investment securities		**(462)**	–	**–**	–	**–**	–
Profit from divestments	29	**78,428**	1,019	**–**	–	**78,428**	1,019
Assets written off	4	**(215)**	(4,040)	**–**	–	**(215)**	(4,040)
Transaction costs relating to the combination		**531**	(7,081)	**523**	(12,620)	**1,054**	(19,701)
Impairment of goodwill	6	**–**	(60,866)	**–**	(79,233)	**–**	(140,099)
Total (loss)/return for the year/period before income tax		**(222,184)**	352,915	**(46,226)**	(91,901)	**(267,964)**	261,014
Income tax credit/(expense)	30	**29,917**	(44,692)	**12,751**	–	**42,668**	(44,692)
Total (loss)/return for the year/period		**(192,267)**	308,223	**(33,475)**	(91,901)	**(225,296)**	216,322

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2020

		Ascott Reit Group		Ascott BT Group	Period from 9 September 2019 (date of constitution) to 31 December	Stapled Group	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Total (loss)/return attributable to:							
Stapled Securityholders and perpetual securities holders		**(189,669)**	308,163	**(32,735)**	(91,901)	**(222,549)**	216,262
Non-controlling interests	10	**(2,598)**	60	**(740)**	–	**(2,747)**	60
		(192,267)	308,223	**(33,475)**	(91,901)	**(225,296)**	216,322
Earnings per Stapled Security (cents)	31						
Basic						**(7.69)**	9.04
Diluted						**(7.69)**	8.99

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME OF THE ASCOTT BT GROUP

Year ended 31 December 2020

	2020 $'000	Period from 9 September 2019 (date of constitution) to 31 December 2019 $'000
Loss for the year/period	**(33,475)**	(91,901)
Items that may be reclassified subsequently to profit or loss:		
Effective portion of change in fair values of cash flow hedges	**(909)**	–
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	**491**	–
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	**19,076**	–
Total other comprehensive income for the year/period, net of tax	**18,658**	–
Total comprehensive income for the year/period	**(14,817)**	(91,901)

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2020

	Note	Stapled Group 2020 $'000	Ascott Reit Group[1] 2019 $'000
Amount available for distribution to Stapled Securityholders at beginning of the year		**90,986**	85,893
Total (loss)/return attributable to Stapled Securityholders and perpetual securities holders		**(222,549)**	308,163
Less: Total return attributable to perpetual securities holders		**(15,528)**	(19,741)
Distribution adjustments	A	**332,303**	(122,865)
Income available for distribution to Stapled Securityholders	B	**94,226**	165,557
Amount available for distribution to Stapled Securityholders		**185,212**	251,450
Distributions to Stapled Securityholders during the year			
– Distribution of 3.97 cents per Ascott Reit Unit for the period from 1 July 2018 to 31 December 2018		**–**	(85,848)
– Distribution of 3.43 cents per Ascott Reit Unit for the period from 1 January 2019 to 30 June 2019		**–**	(74,616)
– Distribution of 4.18 cents per Stapled Security for the period from 1 July 2019 to 31 December 2019		**(91,074)**	–
– Distribution of 1.05 cents per Stapled Security for the period from 1 January 2020 to 30 June 2020		**(32,468)**	–
		(123,542)	(160,464)
Amount available for distribution to Stapled Securityholders at end of the year		**61,670**	90,986

(1) The distribution for the period from 1 July 2019 to 31 December 2019 pertained to the permitted distribution prior to the completion of the combination of Ascott Reit and Ascendas Hospitality Trust on 31 December 2019 (the "Combination"). The consideration units issued pursuant to the Combination are not entitled to the permitted distribution. Hence, the distribution statement of the Stapled Group for the year ended 31 December 2019 is not presented.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2020

	Stapled Group 2020 $'000	Ascott Reit Group[1] 2019 $'000
Note A – Distribution adjustments		
Distribution adjustment items:		
– Net change in fair value of investment properties, investment properties under development and assets held for sale	**379,092**	(250,221)
– Revaluation deficit on freehold land and buildings	**26,594**	–
– Net change in fair value of financial derivatives	**289**	926
– Profit from divestments	**(78,428)**	(1,019)
– Assets written off	**215**	4,040
– Depreciation expense	**34,215**	12,498
– Managers' management fees paid/payable in Stapled Securities	**16,908**	17,060
– Ascott Reit Trustee's fee	**155**	87
– Foreign exchange (gain)/loss – unrealised	**(20,887)**	4,182
– Interest expense on lease liabilities	**11,090**	11,202
– Lease payments for right-of-use assets	**(17,833)**	(17,795)
– Deferred tax (credit)/expense	**(73,959)**	8,761
– Tax (credit)/expense relating to the divestment of assets held for sale	**(9,125)**	9,125
– Tax expense relating to the divestment	**26,696**	–
– Non-controlling interests' share of adjustments	**(7,204)**	(6,763)
– Partial distribution of divestment gain	**45,000**	17,500
– Other adjustments	**539**	(395)
– Transaction costs relating to the Combination	**(1,054)**	7,081
– Impairment of goodwill	**–**	60,866
Net effect of distribution adjustments	**332,303**	(122,865)
Note B – Income available for distribution to Stapled Securityholders		
Comprises:		
– from operations[a]	**29,695**	63,533
– from Stapled Securityholders' contributions[b]	**64,531**	102,024
Income available for distribution to Stapled Securityholders	**94,226**	165,557

(1) The distribution for the period from 1 July 2019 to 31 December 2019 pertained to the permitted distribution prior to the completion of the combination of Ascott Reit and Ascendas Hospitality Trust on 31 December 2019 (the "Combination"). The consideration units issued pursuant to the Combination are not entitled to the permitted distribution. Hence, the distribution statement of the Stapled Group for the year ended 31 December 2019 is not presented.

(a) Distributable income from operations comprise income received by Ascott Reit, including taxable profits from operations arising from the Singapore properties (net of attributable expenses) and tax-exempt dividend income recognised at Ascott Reit.

(b) Distributable income from Stapled Securityholders' contributions comprise (i) profit from operations arising from overseas properties that cannot be declared as dividend income to the property holding companies; (ii) adjustment for depreciation expense of the overseas properties; and (iii) adjustment for trust expense relating to overseas properties that are paid in Stapled Securities.

Profits from operations arising from overseas properties may not be declared and paid as dividends to Ascott Reit in the current period because the overseas property companies (i) may need to obtain tax clearance before they can declare and pay dividends; (ii) may not be able to pay all its cash generated from operations as dividends as a result of local accounting rules that require the depreciation of real estate properties, thus reducing accounting profits available for payment of dividends; and (iii) may use the cash generated from its operations to repay third party borrowings.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders								
Ascott Reit Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'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 year	–	308,163	–	–	–	308,163	–	60	308,223
Total return attributable to perpetual securities holders	–	(19,741)	–	–	–	(19,741)	19,741	–	–
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(5,653)	(5,653)	–	–	(5,653)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	–	(1,096)	(1,096)	–	–	(1,096)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	(26,548)	–	–	(26,548)	–	(329)	(26,877)
Total other comprehensive income	–	–	(26,548)	–	(6,749)	(33,297)	–	(329)	(33,626)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Stapled Securities	17,020	–	–	–	–	17,020	–	–	17,020
Issue of Stapled Securities for the Combination	510,899	–	–	–	–	510,899	–	–	510,899
Acquisition fees payable in Stapled Securities	3,822	–	–	–	–	3,822	–	–	3,822
Issuance of perpetual securities	–	–	–	–	–	–	150,000	–	150,000
Issue expenses relating to issuance of perpetual securities	–	–	–	–	–	–	(1,369)	–	(1,369)
Redemption of perpetual securities	–	–	–	–	–	–	(150,000)	–	(150,000)
Distribution to Stapled Securityholders	(88,817)	(71,647)	–	–	–	(160,464)	–	–	(160,464)
Distribution to perpetual securities holders	–	–	–	–	–	–	(19,200)	–	(19,200)
Distribution to non-controlling interests	–	–	–	–	–	–	–	(3,085)	(3,085)
Total contributions by and distributions to owners	442,924	(71,647)	–	–	–	371,277	(20,569)	(3,085)	347,623

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

Ascott Reit Group	Attributable to Stapled Securityholders: Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
Changes in ownership interests in subsidiaries									
Change in ownership interests in subsidiaries with a change in control	–	–	3,009	–	–	3,009	–	(3,253)	(244)
Change in ownership interests in subsidiaries with no change in control	–	(355)	–	–	–	(355)	–	355	–
Total changes in ownership interests in subsidiaries	–	(355)	3,009	–	–	2,654	–	(2,898)	(244)
Transfer between reserves	–	(439)	–	439	–	–	–	–	–
At 31 December 2019	2,187,662	1,330,517	(235,539)	4,015	(3,746)	3,282,909	396,299	83,479	3,762,687

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

Ascott Reit Group	Attributable to Stapled Securityholders: Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'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 loss for the year	–	(189,669)	–	–	–	(189,669)	–	(2,598)	(192,267)
Total return attributable to perpetual securities holders	–	(15,528)	–	–	–	(15,528)	15,528	–	–
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(8,487)	(8,487)	–	–	(8,487)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	–	2,877	2,877	–	–	2,877
Realisation of reserves upon divestment	–	819	(3,737)	(819)	–	(3,737)	–	–	(3,737)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	53,175	–	–	53,175	–	(835)	52,340
Total other comprehensive income	–	819	49,438	(819)	(5,610)	43,828	–	(835)	42,993
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Stapled Securities	14,949	–	–	–	–	14,949	–	–	14,949
Acquisition fees payable in Stapled Securities	(12)	–	–	–	–	(12)	–	–	(12)
Issue expenses relating to issuance of perpetual securities	–	–	–	–	–	–	21	–	21
Distribution to Stapled Securityholders	(46,515)	(79,486)	–	–	–	(126,001)	–	–	(126,001)
Distribution to perpetual securities holders	–	–	–	–	–	–	(15,550)	–	(15,550)
Distribution to non-controlling interests	–	–	–	–	–	–	–	(3,700)	(3,700)
Total contributions by and distributions to owners	(31,578)	(79,486)	–	–	–	(111,064)	(15,529)	(3,700)	(130,293)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders								
Ascott Reit Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
Changes in ownership interests in subsidiaries									
Change in ownership interests in subsidiaries with a change in control	–	–	3,007	–	–	3,007	–	–	3,007
Change in ownership interests in subsidiaries with no change in control	–	(315)	–	–	–	(315)	–	315	–
Total changes in ownership interests in subsidiaries	–	(315)	3,007	–	–	2,692	–	315	3,007
Transfer between reserves	–	(152)	–	152	–	–	–	–	–
At 31 December 2020	2,156,084	1,046,186	(183,094)	3,348	(9,356)	3,013,168	396,298	76,661	3,486,127

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders						
Ascott BT Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 9 September 2019 (date of constitution)	–	–	–	–	–	–	–
Total comprehensive income for the period							
Loss for the period	–	(91,901)	–	–	(91,901)	–	(91,901)
Total comprehensive income	–	(91,901)	–	–	(91,901)	–	(91,901)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Ascott BT Trustee-Manager's management fee payable in Stapled Securities	4	–	–	–	4	–	4
Issue of Stapled Securities for the Combination	664,662	–	–	–	664,662	–	664,662
Acquisition fees payable in Stapled Securities	4,879	–	–	–	4,879	–	4,879
Total contributions by and distributions to owners	669,545	–	–	–	669,545	–	669,545
Changes in ownership interests in subsidiaries							
Acquisition through business combination	–	–	–	–	–	4,512	4,512
Total changes in ownership interests in subsidiaries	–	–	–	–	–	4,512	4,512
At 31 December 2019	669,545	(91,901)	–	–	577,644	4,512	582,156

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders						
Ascott BT Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2020	669,545	(91,901)	–	–	577,644	4,512	582,156
Total comprehensive income for the year							
Loss for the year	–	(32,735)	–	–	(32,735)	(740)	(33,475)
Effective portion of change in fair values of cash flow hedges	–	–	–	(906)	(906)	(3)	(909)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	491	491	–	491
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	18,860	–	18,860	216	19,076
Total comprehensive income	–	(32,735)	18,860	(415)	(14,290)	(527)	(14,817)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Ascott-BT Trustee-Manager's management fee payable in Stapled Securities	1,926	–	–	–	1,926	–	1,926
Acquisition fees payable in Stapled Securities	8	–	–	–	8	–	8
Distribution to Stapled Securityholders	(3,677)	(7,528)	–	–	(11,205)	–	(11,205)
Distribution to non-controlling interests	–	–	–	–	–	(53)	(53)
Total contributions by and distributions to owners	(1,743)	(7,528)	–	–	(9,271)	(53)	(9,324)
At 31 December 2020	667,802	(132,164)	18,860	(415)	554,083	3,932	558,015

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders								
Stapled Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'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 year	–	216,262	–	–	–	216,262	–	60	216,322
Total return attributable to perpetual securities holders	–	(19,741)	–	–	–	(19,741)	19,741	–	–
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(5,653)	(5,653)	–	–	(5,653)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	–	(1,096)	(1,096)	–	–	(1,096)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	(26,548)	–	–	(26,548)	–	(329)	(26,877)
Total other comprehensive income	–	–	(26,548)	–	(6,749)	(33,297)	–	(329)	(33,626)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Stapled Securities	17,020	–	–	–	–	17,020	–	–	17,020
Ascott-BT Trustee-Manager's management fee payable in Stapled Securities	4	–	–	–	–	4	–	–	4
Issue of Stapled Securities for the Combination	1,175,561	–	–	–	–	1,175,561	–	–	1,175,561
Acquisition fees payable in Stapled Securities	8,701	–	–	–	–	8,701	–	–	8,701
Issuance of perpetual securities	–	–	–	–	–	–	150,000	–	150,000
Issue expenses relating to issuance of perpetual securities	–	–	–	–	–	–	(1,369)	–	(1,369)
Redemption of perpetual securities	–	–	–	–	–	–	(150,000)	–	(150,000)
Distribution to Stapled Securityholders	(88,817)	(71,647)	–	–	–	(160,464)	–	–	(160,464)
Distribution to perpetual securities holders	–	–	–	–	–	–	(19,200)	–	(19,200)
Distribution to non-controlling interests	–	–	–	–	–	–	–	(3,085)	(3,085)
Total contributions by and distributions to owners	1,112,469	(71,647)	–	–	–	1,040,822	(20,569)	(3,085)	1,017,168

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders								
Stapled Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
Changes in ownership interests in subsidiaries									
Acquisition through business combination	–	–	–	–	–	–	–	1,978	1,978
Change in ownership interests in subsidiaries with a change in control	–	–	3,009	–	–	3,009	–	(3,253)	(244)
Change in ownership interests in subsidiaries with no change in control	–	(355)	–	–	–	(355)	–	355	–
Total changes in ownership interests in subsidiaries	–	(355)	3,009	–	–	2,654	–	(920)	1,734
Transfer between reserves	–	(439)	–	439	–	–	–	–	–
At 31 December 2019	2,857,207	1,238,616	(235,539)	4,015	(3,746)	3,860,553	396,299	85,457	4,342,309

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

	Attributable to Stapled Securityholders								
Stapled Group	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
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 loss for the year	–	(222,549)	–	–	–	(222,549)	–	(2,747)	(225,296)
Total return attributable to perpetual securities holders	–	(15,528)	–	–	–	(15,528)	15,528	–	–
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(9,396)	(9,396)	–	–	(9,396)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	–	3,368	3,368	–	–	3,368
Realisation of reserves upon divestment	–	819	(3,737)	(819)	–	(3,737)	–	–	(3,737)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	72,183	–	–	72,183	–	(768)	71,415
Total other comprehensive income	–	819	68,446	(819)	(6,028)	62,418	–	(768)	61,650
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Stapled Securities	14,949	–	–	–	–	14,949	–	–	14,949
Ascott-BT Trustee-Manager's management fee payable in Stapled Securities	1,926	–	–	–	–	1,926	–	–	1,926
Acquisition fees payable in Stapled Securities	(4)	–	–	–	–	(4)	–	–	(4)
Issue expenses relating to issuance of perpetual securities	–	–	–	–	–	–	21	–	21
Distribution to Stapled Securityholders	(50,192)	(87,014)	–	–	–	(137,206)	–	–	(137,206)
Distribution to perpetual Securityholders	–	–	–	–	–	–	(15,550)	–	(15,550)
Distribution to non-controlling interests	–	–	–	–	–	–	–	(3,736)	(3,736)
Total contributions by and distributions to owners	(33,321)	(87,014)	–	–	–	(120,335)	(15,529)	(3,736)	(139,600)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2020

Stapled Group	Attributable to Stapled Securityholders						Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Total $'000			
Changes in ownership interests in subsidiaries									
Change in ownership interests in subsidiaries with a change in control	–	–	3,007	–	–	3,007	–	–	3,007
Change in ownership interests in subsidiaries with no change in control	–	(315)	–	–	–	(315)	–	315	–
Total changes in ownership interests in subsidiaries	–	(315)	3,007	–	–	2,692	–	315	3,007
Transfer between reserves	–	(152)	–	152	–	–	–	–	–
At 31 December 2020	2,823,886	913,877	(164,086)	3,348	(9,774)	3,567,251	396,298	78,521	4,042,070

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
As at 31 December 2020

By Geography

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Investment Properties and Investment properties under development													
Australia													
Citadines on Bourke Melbourne	131-135 Bourke Street, Melbourne, Victoria 3000	Freehold	Not applicable	**Not applicable**	Not applicable	**153,993**	157,300	**153,993**	157,300	**4.3**	4.1	**5.1**	4.8
Citadines Connect Sydney Airport	113-121 Baxter Road, Mascot, New South Wales, NSW 2020	Freehold	Not applicable	**Not applicable**	Not applicable	**64,535**	61,123	**64,535**	61,123	**1.8**	1.6	**2.1**	1.9
Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth WA 6000	Freehold	Not applicable	**Not applicable**	Not applicable	**18,074**	18,111	**18,074**	18,111	**0.5**	0.5	**0.6**	0.6
Quest Campbelltown	1 Rennie Road, Woodbine, NSW 2560	Freehold	Not applicable	**Not applicable**	Not applicable	**22,220**	20,943	**22,220**	20,943	**0.6**	0.5	**0.7**	0.6
Quest Mascot	108-114 Robey Road, Mascot, NSW 2020	Freehold	Not applicable	**Not applicable**	Not applicable	**25,947**	24,526	**25,947**	24,526	**0.7**	0.6	**0.9**	0.7
Quest Macquarie Park[1]	71 Epping Road, Macquarie Park, NSW 2113	Freehold	Not applicable	**Not applicable**	Not applicable	**48,511**	–	**48,511**	–	**1.5**	–	**1.6**	–
Quest Sydney Olympic Park	6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127	Leasehold	99 years	**91 years**	92 years	**40,828**	44,499	**40,828**	44,499	**1.1**	1.2	**1.4**	1.4
Balance carried forward						**374,108**	326,502	**374,108**	326,502	**10.5**	8.5	**12.4**	10.0

(1) On 12 February 2020, the Ascott Reit Group acquired Quest Macquarie Park from Tuggeranong Valley Rugby Union & Sports Club Limited, an unrelated third party. The valuation was based on the discounted cash flow approach.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**374,108**	326,502	**374,108**	326,502	**10.5**	8.5	**12.4**	10.0
Belgium													
Citadines Sainte-Catherine Brussels	51 quai au Bois à Brûler, 1000 Brussels	Freehold	Not applicable	**Not applicable**	Not applicable	**34,002**	35,754	**34,002**	35,754	**1.0**	0.9	**1.1**	1.1
Citadines Toison d'Or Brussels	61-63 Avenue de la Toison d'Or, 1060 Brussels	Freehold	Not applicable	**Not applicable**	Not applicable	**29,352**	30,601	**29,352**	30,601	**0.8**	0.8	**1.0**	0.9
China													
Ascott Guangzhou(2)	73 Tianhedong Road, Tianhe District, Guangzhou 510630	Leasehold	70 years	**54 years**	55 years	**–**	98,415	**–**	98,415	**–**	2.5	**–**	3.0
Citadines Xinghai Suzhou(3)	Block 27, Jiacheng Gardens, 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021	Leasehold	70 years	**46 years**	47 years	**27,450**	–	**27,450**	–	**0.8**	–	**0.9**	–
Citadines Zhuankou Wuhan(3)	159 Dongfeng Avenue (Xianglong Business Centre Zone C), Wuhan Economic and Technological Development Zone, Wuhan 430056	Leasehold	40 years	**23 years**	24 years	**38,941**	–	**38,941**	–	**1.1**	–	**1.3**	–
Balance carried forward						**503,853**	491,272	**503,853**	491,272	**14.2**	12.7	**16.7**	15.0

(2) Ascott Guangzhou was divested on 9 December 2020 to Guangzhou Hengyi Investment Co., Ltd, an unrelated third party, through the divestment of the Ascott Reit Group's interest in Guangzhou Hai Yi Real Estate Development Co, Ltd. The sale price was agreed on a willing buyer willing seller basis taking into account the agreed property value of the property of RMB780 million, being 52% above the property's book value.

(3) As at 31 December 2020, Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were reclassified from assets and liabilities held for sale to their respective financial statement captions due to the planned termination of the sale.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**503,853**	491,272	**503,853**	491,272	**14.2**	12.7	**16.7**	15.0
China (continued)													
Somerset Grand Central Dalian	No. 128-2 Jinma Road, Dalian Development Area, Dalian 116600	Leasehold	50 years	**36 years**	37 years	**88,745**	89,136	**88,745**	89,136	**2.5**	2.3	**2.9**	2.7
Somerset Heping Shenyang	80 Taiyuan North Street, Heping District, Shenyang 110000	Leasehold	40 years	**26 years**	27 years	**67,770**	69,628	**67,770**	69,628	**1.9**	1.8	**2.2**	2.1
Somerset Olympic Tower Property Tianjin	126 Chengdu Road, Heping District, Tianjin 300051	Leasehold	70 years	**42 years**	43 years	**65,469**	63,375	**65,469**	63,375	**1.8**	1.6	**2.2**	1.9
Somerset Xu Hui Shanghai	888 Shaanxi Nan Road, Xu Hui District, Shanghai 200031	Leasehold	70 years	**45 years**	46 years	**78,745**	76,770	**78,745**	76,770	**2.2**	2.0	**2.6**	2.3
Balance carried forward						**804,582**	790,181	**804,582**	790,181	**22.6**	20.4	**26.6**	24.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**804,582**	790,181	**804,582**	790,181	**22.6**	20.4	**26.6**	24.0
France													
Citadines Antigone Montpellier[4]	588 boulevard d'Antigone, 34000 Montpellier	Freehold	Not applicable	**Not applicable**	Not applicable	**14,676**	16,088	**14,676**	16,088	**0.4**	0.4	**0.5**	0.5
Citadines Austerlitz Paris[4]	27 rue Esquirol, 75013 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**11,964**	10,976	**11,964**	10,976	**0.3**	0.3	**0.4**	0.3
Citadines Castellane Marseille[4]	60 rue du Rouet, 13006 Marseille	Freehold	Not applicable	**Not applicable**	Not applicable	**9,890**	12,479	**9,890**	12,479	**0.3**	0.3	**0.3**	0.4
Citadines City Centre Grenoble[4][5]	9-11 rue de Strasbourg, 38000 Grenoble	Freehold	Not applicable	**Not applicable**	Not applicable	**–**	9,021	**–**	9,021	**–**	0.2	**–**	0.3
Citadines City Centre Lille[4]	Avenue Willy Brandt – Euralille, 59777 Lille	Freehold	Not applicable	**Not applicable**	Not applicable	**13,240**	15,035	**13,240**	15,035	**0.4**	0.4	**0.4**	0.5
Citadines Croisette Cannes[4]	1 rue le Poussin, 06400 Cannes	Freehold	Not applicable	**Not applicable**	Not applicable	**7,817**	7,818	**7,817**	7,818	**0.2**	0.2	**0.3**	0.2
Balance carried forward						**862,169**	861,598	**862,169**	861,598	**24.2**	22.2	**28.5**	26.2

(4) As at 31 December 2020, these 22 (2019: 22) investment properties are leased to related corporations under master lease arrangements.

(5) On 17 July 2020 and 8 September 2020, the Ascott Reit Group entered into two conditional sales and purchase agreements with Extendam, an unrelated third party, to divest its interests in Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble for purchase considerations of EUR 23.6 million and EUR 8.1 million respectively. The combined consideration of EUR 31.7 million is approximately 58.5% above the valuation of the properties as at 31 December 2020 which was appraised based on the discounted cash flow approach. The properties have been reclassified to assets held for sale (Note 15).

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**862,169**	861,598	**862,169**	861,598	**24.2**	22.2	**28.5**	26.2
France (continued)													
Citadines Didot Montparnasse Paris[(4)(5)]	94 rue Didot, 75014 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**–**	21,049	**–**	21,049	**–**	0.5	**–**	0.6
Citadines Les Halles Paris[(4)]	4 rue des Innocents, 75001 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**92,012**	84,648	**92,012**	84,648	**2.6**	2.2	**3.1**	2.6
Citadines Maine Montparnasse Paris[(4)]	67 avenue du Maine, 75014 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**17,707**	24,808	**17,707**	24,808	**0.5**	0.6	**0.6**	0.8
Citadines Montmartre Paris[(4)]	16 avenue Rachel, 75018 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**37,009**	36,536	**37,009**	36,536	**1.0**	0.9	**1.2**	1.1
Citadines Place d'Italie Paris[(4)]	18 place d'Italie, 75013 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**52,961**	52,022	**52,961**	52,022	**1.5**	1.3	**1.8**	1.6
Citadines Prado Chanot Marseille[(4)]	9-11 boulevard de Louvain, 13008 Marseille	Freehold	Not applicable	**Not applicable**	Not applicable	**8,487**	9,472	**8,487**	9,472	**0.2**	0.2	**0.3**	0.3
Balance carried forward						**1,070,345**	1,090,133	**1,070,345**	1,090,133	**30.0**	27.9	**35.5**	33.2

(4) As at 31 December 2020, these 22 (2019: 22) investment properties are leased to related corporations under master lease arrangements.

(5) On 17 July 2020 and 8 September 2020, the Ascott Reit Group entered into two conditional sales and purchase agreements with an unrelated third party, to divest its interests in Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble for purchase considerations of EUR 23.6 million and EUR 8.1 million respectively. The combined consideration of EUR 31.7 million is approximately 58.5% above the properties' carrying value as at 31 December 2020 which was appraised based on the discounted cash flow The properties have been reclassified to assets held for sale (Note 15).

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**1,070,345**	1,090,133	**1,070,345**	1,090,133	**30.0**	27.9	**35.5**	33.2
France (continued)													
Citadines Presqu'île Lyon[4]	2 rue Thomassin, 69002 Lyon	Freehold	Not applicable	**Not applicable**	Not applicable	**21,217**	22,102	**21,217**	22,102	**0.6**	0.6	**0.7**	0.7
Citadines République Paris[4]	75 bis, avenue Parmentier, 75011 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**22,652**	22,703	**22,652**	22,703	**0.6**	0.6	**0.8**	0.7
Citadines Tour Eiffel Paris[4]	132 boulevard de Grenelle, 75015 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**71,992**	69,598	**71,992**	69,598	**2.0**	1.8	**2.4**	2.1
Citadines Trocadéro Paris[4]	29 bis, rue Saint-Didier, 75116 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**49,867**	42,505	**49,867**	42,505	**1.4**	1.1	**1.7**	1.3
La Clef Louvre Paris[4]	8 rue de Richelieu, 75001 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**46,277**	48,428	**46,277**	48,428	**1.3**	1.3	**1.5**	1.5
Balance carried forward						**1,282,350**	1,295,469	**1,282,350**	1,295,469	**35.9**	33.3	**42.6**	39.5

(4) As at 31 December 2020, these 22 (2019: 22) investment properties are leased to related corporations under master lease arrangements.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**1,282,350**	1,295,469	**1,282,350**	1,295,469	**35.9**	33.3	**42.6**	39.5
Germany													
Citadines Arnulfpark Munich[4]	Arnulfstrasse 51, 80636 München	Freehold	Not applicable	**Not applicable**	Not applicable	**38,620**	37,453	**38,620**	37,453	**1.2**	1.0	**1.3**	1.1
Citadines City Centre Frankfurt[4]	Europa-Allee 23, 60327 Frankfurt am Main	Freehold	Not applicable	**Not applicable**	Not applicable	**64,766**	62,396	**64,766**	62,396	**1.8**	1.6	**2.1**	1.9
Citadines Kurfürstendamm Berlin[4]	Olivaer Platz 1, 10707 Berlin-Wilmersdorf	Freehold	Not applicable	**Not applicable**	Not applicable	**22,652**	22,493	**22,652**	22,493	**0.6**	0.6	**0.8**	0.7
Citadines Michel Hamburg[4]	Ludwig-Erhard-Straße 7, 20459 Hamburg	Leasehold	99 years	**90 years**	91 years	**49,930**	48,113	**49,930**	48,113	**1.4**	1.2	**1.7**	1.5
The Madison Hamburg	Schaarsteinweg 4, 20459 Hamburg	Freehold	Not applicable	**Not applicable**	Not applicable	**79,184**	78,167	**79,184**	78,167	**2.2**	2.0	**2.6**	2.4
Indonesia													
Ascott Jakarta	Jalan Kebon Kacang Raya No. 2, Jakarta 10230	Leasehold	26 years	**3 year**	4 years	**57,718**	62,112	**57,718**	62,112	**1.6**	1.6	**1.9**	1.9
Somerset Grand Citra Jakarta	Jalan Prof Dr Satrio Kav. 1, Jakarta 12940	Leasehold	30 years	**4 years**	5 years	**36,202**	37,553	**36,202**	37,553	**1.0**	1.0	**1.2**	1.1
Balance carried forward						**1,631,422**	1,643,756	**1,631,422**	1,643,756	**45.7**	42.3	**54.2**	50.1

(4) As at 31 December 2020, these 22 (2019: 22) investment properties are leased to related corporations under master lease arrangements.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**1,631,422**	1,643,756	**1,631,422**	1,643,756	**45.7**	42.3	**54.2**	50.1
Japan													
Citadines Central Shinjuku	1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo 1600021	Freehold	Not applicable	**Not applicable**	Not applicable	**140,255**	142,545	**140,255**	142,545	**4.0**	3.7	**4.7**	4.3
Citadines Karasuma-Gojo Kyoto	432 Matsuya-cho, Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105	Freehold	Not applicable	**Not applicable**	Not applicable	**58,158**	58,262	**58,158**	58,262	**1.6**	1.5	**1.9**	1.8
Citadines Shinjuku Tokyo	1-28-13 Shinjuku, Shinjuku-ku, Tokyo 1600022	Freehold	Not applicable	**Not applicable**	Not applicable	**113,866**	115,020	**113,866**	115,020	**3.2**	3.0	**3.8**	3.5
Somerset Azabu East Tokyo[(6)]	1-9-11 Higashi Azabu, Minato-ku, Tokyo 106-0044	Freehold	Not applicable	**Not applicable**	Not applicable	**–**	45,140	**–**	45,140	**–**	1.2	**–**	1.4
Actus Hakata V-Tower	3-15-10 Hakata Ekimae, Hakata-ku, Fukuoka	Freehold	Not applicable	**Not applicable**	Not applicable	**48,539**	46,907	**48,539**	46,907	**1.4**	1.2	**1.6**	1.4
Big Palace Kita 14jo	4-1-6 Kita14jo Nishi, Kita-ku, Sapporo	Freehold	Not applicable	**Not applicable**	Not applicable	**19,281**	18,965	**19,281**	18,965	**0.5**	0.5	**0.6**	0.6
Gravis Court Kakomachi	13-10, Kakomachi, Naka-ku, Hiroshima	Freehold	Not applicable	**Not applicable**	Not applicable	**7,638**	7,493	**7,638**	7,493	**0.2**	0.2	**0.3**	0.2
Balance carried forward						**2,019,159**	2,078,088	**2,019,159**	2,078,088	**56.6**	53.6	**67.1**	63.3

(6) Somerset Azabu East was divested on 23 December 2020 to Daiwa House Industry Co., Ltd. and AD War Co., Ltd., unrelated third parties, through the divestment of the Ascott Reit Group's interest in Somerset Azabu East. The sale price was agreed on a willing buyer willing seller basis taking into account the agreed property value of the property of JPY5,900 million, being 63% above the property's book value.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**2,019,159**	2,078,088	**2,019,159**	2,078,088	**56.6**	53.6	**67.1**	63.3
Japan (continued)													
Gravis Court Kokutaiji	2-1-9, Kokutaijimachi, Naka-ku, Hiroshima	Freehold	Not applicable	**Not applicable**	Not applicable	**5,912**	5,755	**5,912**	5,755	**0.2**	0.1	**0.2**	0.2
Gravis Court Nishiharaekimae	8-38-10, Nishihara, Asaminami-ku, Hiroshima	Freehold	Not applicable	**Not applicable**	Not applicable	**4,843**	4,766	**4,843**	4,766	**0.1**	0.1	**0.2**	0.1
Infini Garden	3-2-2,3,4,5 KashiiTeriha, Higashi-ku, Fukuoka	Freehold	Not applicable	**Not applicable**	Not applicable	**88,138**	85,664	**88,138**	85,664	**2.5**	2.2	**2.9**	2.6
Roppongi Residences Tokyo	3-4-31 Roppongi, Minato-ku, Tokyo 106-0032	Freehold	Not applicable	**Not applicable**	Not applicable	**41,259**	39,575	**41,259**	39,575	**1.2**	1.0	**1.4**	1.2
S-Residence Fukushima Luxe	7-22-9, Fukushima, Fukushima-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**40,003**	38,495	**40,003**	38,495	**1.1**	1.0	**1.3**	1.2
S-Residence Hommachi Marks	2-3-6, Tokuicho, Chuo-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**20,685**	20,078	**20,685**	20,078	**0.6**	0.5	**0.7**	0.6
S-Residence Midoribashi Serio	3-17-6, Nakamoto, Higashinari-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**18,315**	17,777	**18,315**	17,777	**0.5**	0.5	**0.6**	0.5
S-Residence Tanimachi 9 chome	4-29, Ikutamamaemachi, Tennoji-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**22,231**	21,580	**22,231**	21,580	**0.6**	0.6	**0.7**	0.7
Hotel WBF Honmachi	4-4-10, Kitakyuhojimachi, Chuo-ku, Osaka 541-0057	Freehold	Not applicable	**Not applicable**	Not applicable	**44,050**	44,786	**44,050**	44,786	**1.2**	1.2	**1.5**	1.4
Hotel WBF Kitasemba East	2-6-8, Awajicho, Chuo-ku, Osaka 541-0047	Freehold	Not applicable	**Not applicable**	Not applicable	**42,762**	44,410	**42,762**	44,410	**1.2**	1.2	**1.4**	1.4
Balance carried forward						**2,347,357**	2,400,974	**2,347,357**	2,400,974	**65.8**	62.0	**78.0**	73.2

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**2,347,357**	2,400,974	**2,347,357**	2,400,974	**65.8**	62.0	**78.0**	73.2
Japan (continued)													
Hotel WBF Kitasemba West	3-2-7, Awajicho, Chuo-ku, Osaka 541-0047	Freehold	Not applicable	**Not applicable**	Not applicable	**43,091**	44,661	**43,091**	44,661	**1.2**	1.2	**1.4**	1.4
Sotetsu Grand Fresa Tokyo-Bay Ariake	3-6-6 Ariake Koto-ku, Tokyo 135-0063	Freehold	Not applicable	**Not applicable**	Not applicable	**342,608**	335,268	**342,608**	335,268	**9.6**	8.7	**11.3**	10.1
Malaysia													
Somerset Kuala Lumpur	187, Jalan Ampang, 50450, Kuala Lumpur	Freehold	Not applicable	**Not applicable**	Not applicable	**43,626**	47,913	**43,626**	47,913	**1.2**	1.2	**1.4**	1.5
Philippines													
Ascott Makati	Glorietta 4, Ayala Center, Makati City 1224	Leasehold	48 years	**24 years**	25 years	**114,769**	114,934	**114,769**	114,934	**3.2**	3.0	**3.8**	3.5
Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229	Freehold	Not applicable	**Not applicable**	Not applicable	**15,937**	15,373	**15,937**	15,373	**0.5**	0.4	**0.5**	0.5
Singapore													
Ascott Orchard Singapore [4]	11 Cairnhill Road, Singapore 229724	Leasehold	99 years	**92 years**	93 years	**396,904**	406,172	**396,904**	406,172	**11.2**	10.6	**13.2**	12.3
Somerset Liang Court Property Singapore (under development)	177B River Valley Road, Singapore 179032	Leasehold	97 years	**56 years**	57 years	**143,100**	140,300	**143,100**	140,300	**4.0**	3.6	**4.7**	4.3
Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	Leasehold	96 years	**84 years**	85 years	**122,108**	131,235	**122,108**	131,235	**3.4**	3.4	**4.1**	4.0
Balance carried forward						**3,569,500**	3,636,830	**3,569,500**	3,636,830	**100.1**	94.1	**118.4**	110.8

(4) As at 31 December 2020, these 22 (2019: 22) investment properties are leased to related corporations under master lease arrangements.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**3,569,500**	3,636,830	**3,569,500**	3,636,830	**100.1**	94.1	**118.4**	110.8
Singapore (continued)													
lyf one-north Singapore (under development)	Lot 5360P MK3 at Nepal Hill, one-north, Portsdown Road	Leasehold	60 years	**58 years**	59 years	**86,800**	74,860	**86,800**	74,860	**2.4**	1.9	**2.9**	2.3
Park Hotel Clarke Quay	1 Unity Street, Singapore 237983	Leasehold	99 years	**84 years**	85 years	**322,000**	325,000	**322,000**	325,000	**9.0**	8.4	**10.7**	9.8
Spain													
Citadines Ramblas Barcelona	Ramblas 122, 08002 Barcelona	Freehold	Not applicable	**Not applicable**	Not applicable	**64,897**	67,776	**64,897**	67,776	**1.8**	1.8	**2.2**	2.1
The United Kingdom													
Citadines Barbican London	7-21 Goswell Road, London EC1M 7AH	Freehold	Not applicable	**Not applicable**	Not applicable	**72,000**	77,512	**72,000**	77,512	**2.0**	2.0	**2.4**	2.4
Citadines Trafalgar Square London	18/21 Northumberland Avenue, London WC2N 5EA	Freehold	Not applicable	**Not applicable**	Not applicable	**156,065**	174,367	**156,065**	174,367	**4.4**	4.5	**5.2**	5.3
Citadines South Kensington London	35A Gloucester Road, London SW7 4PL	Freehold	Not applicable	**Not applicable**	Not applicable	**69,517**	76,732	**69,517**	76,732	**1.9**	2.0	**2.3**	2.3
Citadines Holborn-Covent Garden London	94-99 High Holborn, London WC1V 6LF	Freehold	Not applicable	**Not applicable**	Not applicable	**144,636**	160,389	**144,636**	160,389	**4.1**	4.2	**4.8**	4.9
Balance carried forward						**4,485,415**	4,593,466	**4,485,415**	4,593,466	**125.7**	118.9	**148.9**	139.9

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**4,485,415**	4,593,466	**4,485,415**	4,593,466	**125.7**	118.9	**148.9**	139.9
The United States of America													
Hotel Central Times Square (formerly known as DoubleTree by Hilton Hotel New York – Times Square South)	341 West 36th Street, New York, New York, 10018	Freehold	Not applicable	**Not applicable**	Not applicable	**136,911**	149,682	**136,911**	149,682	**3.9**	3.9	**4.5**	4.6
Element New York Times Square West	311 West 39th Street, New York, New York, 10018	Leasehold	99 years	**92 years**	93 years	**177,556**	224,791	**177,556**	224,791	**5.0**	5.8	**5.9**	6.8
Sheraton Tribeca New York Hotel	370 Canal Street, New York, New York, 10013	Leasehold	99 years	**92 years**	93 years	**179,820**	228,759	**179,820**	228,759	**5.0**	5.9	**6.0**	7.0
Vietnam													
Somerset Chancellor Court Ho Chi Minh City	21-23 Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City	Leasehold	48 years	**21 years**	22 years	**47,714**	53,409	**47,714**	53,409	**1.4**	1.4	**1.6**	1.6
Somerset Grand Hanoi	49 Hai Ba Trung Street, Hanoi	Leasehold	45 years	**17 years**	18 years	**96,533**	107,787	**96,533**	107,787	**2.7**	2.8	**3.2**	3.3
Somerset Ho Chi Minh City	8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City	Leasehold	45 years	**19 years**	20 years	**40,459**	44,854	**40,459**	44,854	**1.1**	1.2	**1.3**	1.4
Somerset Hoa Binh Hanoi	106 Hoang Quoc Viet Street, Cau Giay, Hanoi	Leasehold	36 years	**21 years**	22 years	**35,554**	39,673	**35,554**	39,673	**1.0**	1.0	**1.2**	1.2
Portfolio of investment properties and investment properties under development						**5,199,962**	5,442,421	**5,199,962**	5,442,421	**145.8**	140.9	**172.6**	165.8
Right-of-use assets						**283,312**	292,026	**283,312**	292,026	**7.9**	7.6	**9.4**	8.9
Investment properties and investment properties under development in the Statement of Financial Position of the Ascott Reit Group						**5,483,274**	5,734,447	**5,483,274**	5,734,447	**153.7**	148.5	**182.0**	174.7
Balance carried forward						**5,483,274**	5,734,447	**5,483,274**	5,734,447	**153.7**	148.5	**182.0**	174.7

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2020	2019	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 %	2019 %	2020 %	2019 %
Balance brought forward						**5,483,274**	5,734,447	**5,483,274**	5,734,447	**153.7**	148.5	**182.0**	174.7
Investment properties of the Ascott BT Group													
Japan													
Sotetsu Grand Fresa Osaka-Namba	1-1-13, Nipponbashi, Chuo-ku, Osaka 542-0073	Freehold	Not applicable	**Not applicable**	Not applicable	**252,448**	246,447	**–**	–	**7.1**	6.4	**–**	–
South Korea													
Sotetsu Hotels The Splaisir Seoul Dongdaemun	226 Jangchoongdan-ro, Gwanghui-dong, Jung-gu, Seoul	Freehold	Not applicable	**Not applicable**	Not applicable	**88,961**	94,410	**–**	–	**2.5**	2.4	**–**	–
ibis Ambassador Seoul Insadong	31 Samil-daero 30-gil, Ikseon-dong, Jongno-gu, Seoul	Freehold	Not applicable	**Not applicable**	Not applicable	**92,960**	95,694	**–**	–	**2.6**	2.5	**–**	–
Investment properties and investment properties under development in the Statement of Financial Position of the Stapled Group						**5,917,643**	6,170,998	**5,483,274**	5,734,447	**165.9**	159.8	**182.0**	174.7
Balance carried forward						**5,917,643**	6,170,998	**5,483,274**	5,734,447	**165.9**	159.8	**182.0**	174.7

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2020	Remaining Term of Lease 2019	At Valuation Stapled Group 2020 $'000	At Valuation Stapled Group 2019 $'000	At Valuation Ascott Reit Group 2020 $'000	At Valuation Ascott Reit Group 2019 $'000	Percentage of Securityholders' funds Stapled Group 2020 %	Percentage of Securityholders' funds Stapled Group 2019 %	Percentage of Securityholders' funds Ascott Reit Group 2020 %	Percentage of Securityholders' funds Ascott Reit Group 2019 %
Balance brought forward						**5,917,643**	6,170,998	**5,483,274**	5,734,447	**165.9**	159.8	**182.0**	174.7
Freehold land and buildings of the Ascott BT Group													
Australia													
Courtyard by Marriott Sydney-North Ryde	7-11 Talavera Road, North Ryde, NSW 2113	Freehold	Not applicable	**Not applicable**	Not applicable	**46,254**	46,875	**–**	–	**1.3**	1.2	**–**	–
Novotel Sydney Central	169-179 Thomas Street, Sydney, NSW 2000	Freehold	Not applicable	**Not applicable**	Not applicable	**144,071**	145,100	**–**	–	**4.0**	3.7	**–**	–
Novotel Sydney Parramatta	350 Church Street, Parramatta, NSW 2150	Freehold	Not applicable	**Not applicable**	Not applicable	**34,941**	31,354	**–**	–	**1.0**	0.8	**–**	–
Pullman and Mercure Brisbane King George Square	Corner Ann and Roma Street, Brisbane, QLD 4000	Freehold	Not applicable	**Not applicable**	Not applicable	**66,667**	69,084	**–**	–	**1.9**	1.8	**–**	–
Pullman and Mercure Melbourne Albert Park	65 Queens Road, Melbourne, VIC 3004	Freehold	Not applicable	**Not applicable**	Not applicable	**87,309**	91,008	**–**	–	**2.4**	2.4	**–**	–
Pullman Sydney Hyde Park	36 College Street, Sydney, NSW 2000	Freehold	Not applicable	**Not applicable**	Not applicable	**139,420**	141,479	**–**	–	**3.9**	3.7	**–**	–
Portfolio of freehold land and buildings of the Ascott BT Group						**518,662**	524,900	**–**	–	**14.5**	13.6	**–**	–
Total investment properties, investment properties under development and freehold land and buildings						**6,436,305**	6,695,898	**5,483,274**	5,734,447	**180.4**	173.4	**182.0**	174.7
Other assets and liabilities (net)						**(2,394,235)**	(2,353,589)	**(1,997,147)**	(1,971,760)	**(67.1)**	(60.9)	**(66.3)**	(60.1)
Net assets						**4,042,070**	4,342,309	**3,486,127**	3,762,687	**113.3**	112.5	**115.7**	114.6
Perpetual securities holders						**(396,298)**	(396,299)	**(396,298)**	(396,299)	**(11.1)**	(10.3)	**(13.2)**	(12.1)
Non-controlling interests						**(78,521)**	(85,457)	**(76,661)**	(83,479)	**(2.2)**	(2.2)	**(2.5)**	(2.5)
Stapled Securityholders' funds						**3,567,251**	3,860,553	**3,013,168**	3,282,909	**100.0**	100.0	**100.0**	100.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

On 31 December 2020, Citadines Zhuankou Wuhan, Somerset Grand Central Dalian, Somerset Heping Shenyang, Somerset Olympic Tower Property Tianjin, Citadines Central Shinjuku, Citadines Karasuma-Gojo Kyoto, Citadines Shinjuku Tokyo, Actus Hakata V-Tower, Big Palace Kita 14jo, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Infini Garden, Roppongi Residences Tokyo, S-Residence Fukushima Luxe, S-Residence Hommachi Marks, S-Residence Midoribashi Serio, S-Residence Tanimachi 9 chome, Citadines Mount Sophia Property Singapore, Hotel Central Times Square (formerly known as DoubleTree by Hilton Hotel New York – Times Square South), Element New York Times Square West, Sheraton Tribeca New York Hotel, Somerset Chancellor Court Ho Chi Minh City, Somerset Grand Hanoi and Somerset Ho Chi Minh City were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 17).

On 31 December 2019, Somerset Grand Central Dalian, Somerset Heping Shenyang, Somerset Olympic Tower Property Tianjin, Citadines Central Shinjuku, Citadines Karasuma-Gojo Kyoto, Citadines Shinjuku Tokyo, Somerset Azabu East Tokyo, Actus Hakata V-Tower, Big Palace Kita 14jo, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Infini Garden, Roppongi Residences Tokyo, S-Residence Fukushima Luxe, S-Residence Hommachi Marks, S-Residence Midoribashi Serio, S-Residence Tanimachi 9 chome, Citadines Mount Sophia Property Singapore, DoubleTree by Hilton Hotel New York – Times Square South, Element New York Times Square West, Sheraton Tribeca New York Hotel, Somerset Chancellor Court Ho Chi Minh City, Somerset Grand Hanoi and Somerset Ho Chi Minh City were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 17).

As at 31 December 2020, the carrying amounts of all the investment properties and investment properties under development were based on independent valuations carried out by HVS except for six Australia properties (which were conducted by CBRE Valuations Pty Limited) and two South Korea properties and three United States properties (which were conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd).

As at 31 December 2019, the carrying amounts of all the investment properties and investment properties under development were based on independent valuations carried out by HVS (except for 14 properties acquired from Ascendas Hospitality Trust in relation with the Combination). The valuation as at 31 December 2019 for properties acquired in relation to the Combination in Australia, Japan, South Korea and Singapore were conducted by Cushman & Wakefield (Valuations) Pty Ltd, JLL Morii Valuation & Advisory K.K., CBRE Korea Co., Ltd. and Cushman & Wakefield VHS Pte Ltd respectively.

The Managers believe that the external property valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The Stapled Group's valuations include plant and equipment located in the investment properties. The valuations adopted in the portfolio table above were adjusted for values ascribed to plant and equipment.

The fair values were derived based on the discounted cash flow and residual land value methods (2019: discounted cash flow, capitalisation and residual land value methods). The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate, revenue per available unit and gross development costs.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2020

		Ascott Reit Group		Ascott BT Group		Stapled Group	
	Note	2020 $'000	2019 $'000	2020 $'000	Period from 9 September 2019 (date of constitution) to 31 December 2019 $'000	2020 $'000	2019 $'000
Cash flows from operating activities							
Total (loss)/return for the year/period before income tax		**(222,184)**	352,915	**(46,226)**	(91,901)	**(267,964)**	261,014
Adjustments for:							
Depreciation of property, plant and equipment		**12,190**	12,498	**22,025**	–	**34,215**	12,498
Amortisation of deferred income		**–**	–	**(1,571)**	–	**(1,571)**	–
Finance costs		**52,792**	51,817	**17,285**	–	**60,057**	51,817
Finance income		**(1,766)**	(2,080)	**(240)**	–	**(1,990)**	(2,080)
Foreign exchange (gain)/loss – unrealised		**(12,038)**	4,182	**(8,849)**	–	**(20,887)**	4,182
Loss on disposal of property, plant and equipment		**8**	18	**–**	–	**8**	18
Managers' management fees paid/payable in Stapled Securities		**14,981**	17,060	**1,927**	4	**16,908**	17,064
Revaluation deficit on freehold land and building		**–**	–	**26,594**	–	**26,594**	–
Net change in fair value of investment properties, investment properties under development and assets held for sale		**362,480**	(250,221)	**21,667**	–	**379,092**	(250,221)
Net change in fair value of financial derivatives		**115**	926	**174**	–	**289**	926
Net change in fair value of investment securities		**462**	–	**–**	–	**–**	–
Profit from divestments		**(78,428)**	(1,019)	**–**	–	**(78,428)**	(1,019)
Assets written off		**215**	4,040	**–**	–	**215**	4,040
Transaction costs relating to the Combination		**(531)**	7,081	**(523)**	12,620	**(1,054)**	19,701
Impairment of goodwill		**–**	60,866	**–**	79,233	**–**	140,099
Impairment loss/write-off of trade and other receivables		**1,721**	159	**365**	–	**2,086**	159
Share of results of associate (net of tax)		**(56)**	7	**–**	–	**(56)**	7
Operating income before working capital changes		**129,961**	258,249	**32,628**	(44)	**147,514**	258,205
Changes in working capital:							
– Inventories		**248**	(44)	**83**	–	**331**	(44)
– Trade and other receivables		**(42,456)**	684	**1,853**	–	**(40,202)**	26,614
– Trade and other payables		**(9,838)**	(6,683)	**(1,071)**	44	**(11,321)**	(32,569)
Cash generated from operations		**77,915**	252,206	**33,493**	–	**96,322**	252,206
Income tax paid		**(22,014)**	(23,211)	**(213)**	–	**(22,227)**	(23,211)
Net cash generated from operating activities		**55,901**	228,995	**33,280**	–	**74,095**	228,995
Balance carried forward		**55,901**	228,995	**33,280**	–	**74,095**	228,995

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2020

	Note	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Balance brought forward		**55,901**	228,995	**33,280**	–	**74,095**	228,995
Cash flows from investing activities							
Acquisition of investment properties		**(42,761)**	(58,106)	**–**	–	**(42,761)**	(58,106)
Acquisition of subsidiaries, net of cash acquired	39	**–**	(6,668)	**–**	(8,839)	**–**	(15,507)
Advance (to)/from related corporations		**(33,299)**	(34,957)	**33,299**	34,957	**–**	–
Capital expenditure on investment properties and assets held for sale		**(8,295)**	(13,585)	**(389)**	–	**(8,684)**	(13,585)
Capital expenditure on investment properties under development		**(11,628)**	(8,286)	**–**	–	**(11,628)**	(8,286)
Deposits received from divestment of subsidiaries		**21,168**	3,878	**–**	–	**21,168**	3,878
Disposal of subsidiaries, net of cash disposed of	33	**130,070**	13,649	**–**	–	**130,070**	13,649
Proceeds from disposal of assets held for sale		**163,333**	348,333	**–**	–	**163,333**	348,333
Proceeds from disposal of investment properties		**75,384**	–	**–**	–	**75,384**	–
Payment of transaction costs for disposal of assets held for sale		**(7,722)**	(2,756)	**–**	–	**(7,722)**	(2,756)
Payment of transaction costs relating to the Combination		**(2,597)**	(1,292)	**(8,608)**	–	**(11,205)**	(1,292)
Interest received		**1,339**	2,080	**78**	–	**1,417**	2,080
Proceeds from sale of property, plant and equipment		**15**	41	**–**	–	**15**	41
Purchase of property, plant and equipment		**(4,247)**	(9,786)	**(6,777)**	–	**(11,024)**	(9,786)
Settlement of hedging instruments		**(3,329)**	–	**1,063**	–	**(2,266)**	–
Net cash from investing activities		**277,431**	232,545	**18,666**	26,118	**296,097**	258,663
Balance carried forward		**333,332**	461,540	**51,946**	26,118	**370,192**	487,658

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2020

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	Period from 9 September 2019 (date of constitution) to 31 December 2019 $'000	2020 $'000	2019 $'000
Balance brought forward	**333,332**	461,540	**51,946**	26,118	**370,192**	487,658
Cash flows from financing activities						
Distributions to Stapled Securityholders	**(126,001)**	(160,464)	**(11,205)**	–	**(137,206)**	(160,464)
Distributions to perpetual securities holders	**(15,550)**	(19,200)	**–**	–	**(15,550)**	(19,200)
Dividends paid to non-controlling interests	**(3,700)**	(3,085)	**(53)**	–	**(3,736)**	(3,085)
Proceeds from borrowings and issue of medium term notes	**695,303**	547,444	**8,330**	–	**703,633**	547,444
Repayment of borrowings and medium term notes	**(626,507)**	(745,138)	**(25,500)**	–	**(652,007)**	(745,138)
Payment of transaction costs on borrowings	**(2,114)**	(2,056)	**–**	–	**(2,114)**	(2,056)
Proceeds from issuance of perpetual securities	**–**	150,000	**–**	–	**–**	150,000
Payment of lease liabilities	**(7,450)**	(7,518)	**(5,065)**	–	**(7,450)**	(7,518)
Interest paid	**(48,219)**	(48,928)	**(16,355)**	–	**(54,570)**	(48,928)
Redemption of perpetual securities	**–**	(150,000)	**–**	–	**–**	(150,000)
Payment of transaction costs on issuance of perpetual securities	**(179)**	(1,169)	**–**	–	**(179)**	(1,169)
Change in restricted cash deposits	**1,637**	337	**1,077**	–	**2,714**	337
Net cash used in financing activities	**(132,780)**	(439,777)	**(48,771)**	–	**(166,465)**	(439,777)
Net increase in cash and cash equivalents	**200,552**	21,763	**3,175**	26,118	**203,727**	47,881
Cash and cash equivalents at 1 January/9 September 2019 (date of constitution)	**243,890**	225,516	**26,118**	–	**270,008**	225,516
Effect of exchange rate changes on balances held in foreign currency	**6,611**	(716)	**903**	–	**7,514**	(716)
Cash and cash equivalents reclassified from/(to) assets held for sale	**2,673**	(2,673)	**–**	–	**2,673**	(2,673)
Cash and cash equivalents at 31 December	**453,726**	243,890	**30,196**	26,118	**483,922**	270,008

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2020

SIGNIFICANT NON-CASH TRANSACTIONS

Ascott Reit Group and the Stapled Group

During the year, the Ascott Reit Group and the Stapled Group have the following significant non-cash transactions:

- A total of 15,566,928 (2019: 13,133,752) Stapled Securities were issued or will be issued as payment of the Ascott Reit Manager's management fees amounting to $14,981,000 (2019: $17,060,000) in respect of the year ended 31 December 2020.
- The Ascott Reit Group incurred capital expenditure on investment properties and assets held for sale of $8,490,000 (2019: $13,585,000), of which $195,000 (2019: $Nil) was included in trade and other payables. The Stapled Group incurred capital expenditure on investment properties and assets held for sale of $8,879,000 (2019: $13,585,000), of which $195,000 (2019: $Nil) was included in trade and other payables.
- The Ascott Reit Group and the Stapled Group incurred capital expenditure on investment properties under development of $14,993,000 (2019: $9,293,000), of which $4,862,000 (2019: $1,497,000) was included in trade and other payables.
- The Ascott Reit Group acquired property, plant and equipment with an aggregate cost of $4,203,000 (2019: $9,510,000), of which $3,000 (2019: $47,000) was included in trade and other payables. The Stapled Group acquired property, plant and equipment with an aggregate cost of $10,980,000 (2019: $9,510,000), of which $3,000 (2019: $47,000) was included in trade and other payables.

Ascott BT Group

A total of 2,130,999 (2019: 3,156) Stapled Securities were issued or will be issued as payment of the Ascott BT Trustee-Manager's management fees amounting to $1,927,000 (2019: $4,000) in respect of the year ended 31 December 2020.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Ascott Reit Manager, the Ascott BT Trustee-Manager and the Ascott Reit Trustee on 5 March 2021.

1. GENERAL

Ascott Residence Trust is a stapled group comprising Ascott Real Estate Investment Trust ("Ascott Reit") and its subsidiaries (the "Ascott Reit Group") and Ascott Business Trust ("Ascott BT") and its subsidiaries (the "Ascott BT Group") (collectively, the "Stapled Group").

Ascott Reit is a Singapore-domiciled unit trust constituted pursuant to the Ascott Reit trust deed dated 19 January 2006 (as amended) (the "Ascott Reit Trust Deed") between Ascott Residence Trust Management Limited (the "Ascott Reit Manager") and DBS Trustee Limited (the "Ascott Reit Trustee"). The Ascott Reit Trust Deed is governed by the laws of the Republic of Singapore. The Ascott Reit Trustee is under a duty to take into custody and hold the assets of Ascott Reit held by it or through its subsidiaries in trust for the holders of units in Ascott Reit.

Ascott BT is a business trust constituted by a trust deed dated 9 September 2019 (as amended) (the "Ascott BT Trust Deed") and is managed by Ascott Business Trust Management Pte. Ltd. (the "Ascott BT Trustee-Manager").

A stapling deed dated 9 September 2019 was entered into between the Ascott Reit Manager, the Ascott Reit Trustee and the Ascott BT Trustee-Manager (the "Stapling Deed").

On 21 October 2019, the unitholders of Ascott Reit approved the trust scheme of arrangement in relation to the stapling of Ascott Reit to Ascott BT (the "Ascott Reit Scheme"). The Stapling Deed took effect on and from 31 December 2019, the date on which the Ascott Reit Scheme is implemented. On 31 December 2019, the units in each of Ascott Reit and Ascott BT are stapled together and cannot be traded separately. Each stapled security in Ascott Residence Trust (the "Stapled Security") comprises a unit in Ascott Reit (the "Ascott Reit Unit") and a unit in Ascott BT (the "Ascott BT Unit").

The principal activities of the significant subsidiaries of the Stapled Group are those relating to investment in real estate and real estate related assets which are income-producing, and which are used or predominantly used, as serviced residences, hotels, rental housing properties and other hospitality assets in any country in the world.

For financial reporting purposes, the intermediate and ultimate holding companies of the Stapled Group are CapitaLand Limited and Temasek Holdings (Private) Limited. The intermediate and ultimate holding companies are incorporated in the Republic of Singapore.

The consolidated financial statements of the Ascott Reit Group relate to Ascott Reit, its subsidiaries and its interest in its associates. The consolidated financial statements of the Ascott BT Group relate to Ascott BT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the Ascott Reit Group and the Ascott BT Group.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.1 The Combination of Ascott Reit and Ascendas Hospitality Trust

On 3 July 2019, the Ascott Reit Manager, Ascendas Hospitality Fund Management Pte. Ltd., as manager of Ascendas Hospitality Real Estate Investment Trust ("A-HREIT"), and Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust ("A-HBT"), jointly announced the proposed combination of Ascott Reit and Ascendas Hospitality Trust ("A-HTRUST") by way of a trust scheme of arrangement (the "Combination"). A-HTRUST comprised A-HREIT and A-HBT.

On 31 December 2019, the Combination was effected through the acquisition of all the issued and paid-up stapled units in A-HTRUST (the "A-HTRUST Stapled Securities") by way of a trust scheme of arrangement for a consideration of $1.0868 for each A-HTRUST Stapled Security (the "A-HTRUST Scheme Consideration").

The A-HTRUST Scheme Consideration of $1.0868 for each A-HTRUST Stapled Security comprises $0.0543 in cash and 0.7942 units in a stapled Ascott Reit and Ascott BT issued at a price of $1.30 each.

Following the completion of the Combination:

- the Ascott Reit previously known as Ascott Residence Trust is renamed as Ascott Real Estate Investment Trust.
- Ascott Reit acquired A-HREIT and Ascott BT acquired A-HBT so as to retain business trust structure following the combination.
- A-HTRUST was delisted from the official List of SGX-ST on 3 January 2020.
- A-HREIT ceased to exist as a real estate investment trust under the Securities and Futures Act, Chapter 289 of Singapore, and an authorised collective investment scheme.
- A-HBT ceased to be a registered business trust under the Business Trusts Act.

Ascott BT's first set of financial statements cover the period from 9 September 2019 (date of constitution) to 31 December 2019.

1.2 Service agreements

Several service agreements are in place in relation to the management of Ascott Reit and Ascott BT and their property operations. The fee structures of these services are as follows:

(i) Ascott Reit Trustee's fees

Pursuant to Clause 16.2 of the Ascott Reit Trust Deed, the Ascott Reit Trustee's fee shall not exceed 0.1% per annum of the value of the assets of the Ascott Reit Group (the "Ascott Reit Deposited Property"), subject to a minimum of $10,000 per month, excluding out-of-pocket expenses and goods and services tax which is borne by Ascott Reit. The Ascott Reit Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Ascott Reit Trust Deed. The Ascott Reit Trustee's fees are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements (continued)

(ii) Ascott Reit Manager's fees

Management fees

The Ascott Reit Manager is entitled under Clauses 15.1.1 and 15.1.2 of the Ascott Reit Trust Deed to the following management fees:

(a) a base fee of 0.3% per annum of the property values; and

(b) an annual performance fee of:

- performance fee of 4.0% per annum of the Ascott Reit Group's share of gross profit for each financial year; and
- in the event that the Ascott Reit Group's share of gross profit increases by more than 6.0% annually, an outperformance fee of 1.0% of the difference between the Ascott Reit Group's share of that financial year's gross profit and 106% of the Ascott Reit Group's share of the preceding year's gross profit.

The base management fees payable in cash and in the form of Stapled Securities shall be payable quarterly in arrears. Performance fees shall be payable once a year, after the end of the financial year.

When management fees are payable in Stapled Securities, the Ascott Reit Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the management fees at the market price (as defined in the Ascott Reit Trust Deed).

Acquisition fee

Pursuant to Clause 15.2.1 of the Ascott Reit Trust Deed, the Ascott Reit Manager is entitled to receive the following acquisition fees:

(a) an acquisition fee of 1.0% of the enterprise value ("Enterprise Value") of any real estate or real estate related asset acquired directly or indirectly by Ascott Reit, prorated if applicable to the proportion of Ascott Reit's interest; and

(b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Ascott Reit Deposited Property, provided that the Ascott Reit Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

Where assets acquired by Ascott Reit are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by Ascott Reit and where the asset acquired by the Ascott Reit is a property, Enterprise Value shall mean the value of the property.

The Ascott Reit Manager may opt to receive such acquisition fee in the form of cash or Stapled Securities or a combination of cash and Stapled Securities as it may determine.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements (continued)

(ii) Ascott Reit Manager's fees (continued)

In the event that the Ascott Reit Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities to be issued by Ascott Reit at the market price.

Divestment fee

The Ascott Reit Manager is entitled under Clause 15.2.1 of the Ascott Reit Trust Deed to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by Ascott Reit, prorated if applicable to the proportion of Ascott Reit's interest.

The divestment fee is payable to the Ascott Reit Manager in the form of cash. In the event that the Ascott Reit Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Stapled Securities to be issued by Ascott Reit at the market price.

(iii) Ascott BT Trustee-Manager's fees

Trustee fee

Pursuant to Clause 14.4.2 of the Ascott BT Trust Deed, the Ascott BT Trustee-Manager's fee shall not exceed 0.015% per annum of the value of the assets of the Ascott BT Group (the "Ascott BT Deposited Property"), subject to a minimum of $13,500 per month, excluding out-of-pocket expenses and goods and services tax which is borne by Ascott BT. The Ascott BT Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the Ascott BT Trust Deed. The Ascott BT Trustee-Manager's fees are payable monthly in arrears.

Management fees

The Ascott BT Trustee-Manager is entitled under Clauses 14.1.1 and 14.1.2 of the Ascott BT Trust Deed to the following management fees:

(a) a base fee of 0.3% per annum of the property values; and

(b) an annual performance fee of:

- performance fee of 4.0% per annum of the Ascott BT Group's share of gross profit for each financial year; and

- in the event that the Ascott BT Group's share of gross profit increases by more than 6.0% annually, an outperformance fee of 1.0% of the difference between the Ascott BT Group's share of that financial year's gross profit and 106% of the Ascott BT Group's share of the preceding year's gross profit.

The base management fees and performance fees payable in cash and in the form of Stapled Securities shall be payable quarterly in arrears.

When management fees are payable in Stapled Securities, the Ascott BT Trustee-Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the management fees at the market price (as defined in the Ascott BT Trust Deed).

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements (continued)

(iii) Ascott BT Trustee-Manager's fees (continued)

Acquisition fee

Pursuant to Clause 14.2.1 of the Ascott BT Trust Deed, the Ascott BT Trustee-Manager is entitled to receive the following acquisition fees:

(a) an acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by Ascott BT, prorated if applicable to the proportion of Ascott BT's interest; and

(b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Ascott BT Deposited Property, provided that the Ascott BT Trustee-Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

Where assets acquired by Ascott BT are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by Ascott BT and where the asset acquired by Ascott BT is a property, Enterprise Value shall mean the value of the property.

The Ascott BT Trustee-Manager may opt to receive such acquisition fee in the form of cash or Stapled Securities or a combination of cash and Stapled Securities as it may determine.

In the event that the Ascott BT Trustee-Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities to be issued by Ascott BT at the market price.

Divestment fee

The Ascott BT Trustee-Manager is entitled under Clause 14.2.1 of the Ascott BT Trust Deed to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by Ascott BT, prorated if applicable to the proportion of the Ascott BT's interest.

The divestment fee is payable to the Ascott BT Trustee-Manager in the form of cash. In the event that the Ascott BT Trustee-Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Stapled Securities to be issued by Ascott BT at the market price.

(iv) Fees under serviced residence management agreements

The serviced residence management fee for each property is agreed between the Stapled Group and the relevant serviced residence management company as follows:

(a) for management contracts, each property is charged:

- basic management fees of between 1.5% and 3.0% per annum of the total revenue of each property; and

- incentive management fees of up to 11.0% per annum of gross operating profit of each property; and

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements (continued)

(iv) Fees under serviced residence management agreements (continued)

(b) for management contracts with minimum guaranteed income, each property is charged:

- basic management fees of 3.0% per annum of the total revenue and up to 13.0% per annum of net operating profit ("NOP") of each property; and
- incentive management fees of 50% of any excess NOP achieved above the NOP hurdle of certain properties.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Ascott Reit Group and the Stapled Group have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Ascott Reit Trust Deed and the Stapling Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRSs").

The financial statements of the Ascott BT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), the applicable requirements of the Business Trusts Act, Chapter 31A of Singapore, and the provisions of the Ascott BT Trust Deed. The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore Dollars, which is the functional currency of Ascott Reit and Ascott BT. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3.3 and 4 – classification of investment properties

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4, 5 and 7 – determination of fair value of investment properties, freehold land and buildings, and investment properties under development
- Note 3.1, 6 and 39 – acquisition of subsidiaries and non-controlling interests (determination of fair value of assets acquired and liabilities assumed and impairment of goodwill in business combinations)

Measurement of fair values

A number of the Stapled Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have an established control framework with respect to the measurement of fair values. Significant fair value measurements, including Level 3 fair values, will be reported directly to the Chief Executive Officer ("CEO") of the Managers.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as valuation of investment property by external property valuers, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRSs/SFRS(I)s, including the level in the fair value hierarchy in which such valuations should be classified.

The valuation of significant assets and their financial impact are discussed by the Audit Committee and Board of Directors of the Managers.

When measuring the fair value of an asset or a liability, the Ascott Reit Group, the Ascott BT Group and the Stapled Group use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Ascott Reit Group, the Ascott BT Group and the Stapled Group recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 34 – financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have applied the following FRSs or SFRS(I)s, amendments to and interpretations of FRSs/SFRS(I)s for the first time for the annual period beginning on 1 January 2020:

Applicable to 2020 financial statements
- *Amendments to References to Conceptual Framework in FRS/SFRS(I) Standards*
- *Definition of a Business* (Amendments to FRS 103/SFRS(I) 3)
- *Definition of Material* (Amendments to FRS 1/SFRS(I) 1-1 and FRS 8/SFRS(I) 1-8)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in Note 3.1(ii) and 3.1(iii).

COVID-19-Related Rent Concessions – Amendments to FRS 116/SFRS(I) 16

The Ascott Reit Group, the Ascott BT Group and the Stapled Group has early adopted COVID-19-Related Rent Concessions – Amendments to FRS 116/SFRS(I) 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Ascott Reit Group, the Ascott BT Group and the Stapled Group is a lessee – i.e. for leases to which the Ascott Reit Group, the Ascott BT Group and the Stapled Group applied the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Ascott Reit Group, the Ascott BT Group and the Stapled Group has applied the amendment retrospectively. The amendment has no impact on the retained earnings at 1 January 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Ascott Reit Group, the Ascott BT Group and the Stapled Group consistently to all periods presented in these financial statements, except as explained in Note 2.5 which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(ii) Business combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Stapled Group (see Note 3.1(iv)). In determining whether a particular set of activities and assets is a business, the Stapled Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(ii) Business combinations (continued)

The Stapled Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Stapled Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in Statement of Total Return. NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS/SFRS(I). If the business combination is achieved in stages, the Stapled Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Stapled Group incurs in connection with a business combination are expensed as incurred.

(iii) Property acquisition and business combination

Where a property is acquired, via corporate acquisitions or otherwise, the Managers consider whether the acquisition represents an acquisition of a business or an acquisition of an asset. The Stapled Group accounts for an acquisition as business combination when an integrated set of activities is acquired, in addition to the property.

In determining whether an integrated set of activities is acquired, the Managers consider whether significant processes are acquired (e.g. strategic management and serviced residence operations, etc.). Where significant processes are acquired, the acquisition is considered an acquisition of business.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(iv) Subsidiaries

Subsidiaries are entities controlled by the Ascott Reit Group or the Ascott BT Group. The Ascott Reit Group and the Ascott BT Group control an entity when they are exposed to, or have rights to, variable returns from their involvement with the entity and have the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(iv) Subsidiaries (continued)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Ascott Reit Group, the Ascott BT Group and the Stapled Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the interests of the Ascott Reit Group or the Ascott BT Group in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the Statement of Total Return. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control of a subsidiary, the Ascott Reit Group and the Ascott BT Group derecognise the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the Statement of Total Return. If the Ascott Reit Group and the Ascott BT Group retain any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Associates

Associates are those entities in which the Ascott Reit Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Ascott Reit Group holds 20% or more of the voting power of another entity.

Associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Ascott Reit Group's share of the income, expenses and equity movements of the associates, after adjustments to align the accounting policies of the associates with those of the Ascott Reit Group, from the date that significant influence commences until the date that significant influence ceases.

When the Ascott Reit Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Ascott Reit Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7. An impairment loss is recognised in the Statement of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the Ascott Reit Group, the Ascott BT Group and the Stapled Group. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Ascott Reit Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Ascott Reit Group, the Ascott BT Group, and the Stapled Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognised in the Statement of Total Return, except for differences arising from the translation of monetary items that in substance form part of the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's net investment in a foreign operation, financial liabilities designated as hedges of net investment in a foreign operation (see Note 3.6(vi)) or qualifying cash flow hedges, to the extent such hedges are effective, which are recognised in Stapled Securityholders' funds.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments, arising on acquisitions are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income ("OCI") or Stapled Securityholders' funds, and presented in the foreign currency translation reserve. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to total return as part of the profit or loss on disposal. When the disposal is only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Ascott Reit Group, the Ascott BT Group and the Stapled Group dispose of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to Statement of Total Return.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in Stapled Securityholders' funds and are presented in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investment properties and investment properties under development

Investment properties comprise serviced residences, hotels, rental housing properties and other hospitality assets which are held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Stapled Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the total return. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Fair value is determined in accordance with the Ascott Reit Trust Deed and the Ascott BT Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- at least once in each period of 12 months following the acquisition of each parcel of real estate property; and
- for acquisition and disposal of real estate property as required by the CIS Code issued by MAS.

Any increase or decrease on revaluation is credited or charged to the Statement of Total Return as a net change in fair value of the investment properties.

When an investment property or investment properties under development is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between the net disposal proceed and the carrying amount of the property.

Properties are classified either as investment properties or property, plant and equipment in the Statement of Financial Position. In assessing whether a property is classified as an investment property or property, plant and equipment, the Stapled Group takes into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

3.4 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the Stapled Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Subsequent to recognition, freehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Any surplus arising on the revaluation is recognised in other comprehensive income ("OCI") or stapled securityholders' funds (as the case may be), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Total Return, in which case the credit to that extent is recognised in the Statement of Total Return. Any deficit on revaluation is recognised in the Statement of Total Return except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI or Stapled Securityholders' funds (as the case may be).

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Total Return.

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Stapled Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in the Statement of Total Return on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Buildings	–	26 to 31 years
Plant and machinery	–	2 to 15 years
Renovation	–	8 to 12 years
Motor vehicles	–	5 to 8 years
Office equipment, computers and furniture	–	2 to 10 years

Freehold land and assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready to use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

3.5 Intangible assets

Goodwill

For business combinations, the Stapled Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the total return. Goodwill is subsequently measured at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible assets (continued)

Goodwill (continued)

Goodwill arising from the acquisition of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment as described in Note 3.7.

3.6 Financial instruments

(i) **Non-derivative financial assets**

Classification and measurement

The Stapled Group classifies their financial assets as financial assets at amortised cost and fair value through profit or loss ("FVTPL").

The classification depends on the Stapled Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Stapled Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

A financial asset is recognised if the Stapled Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Stapled Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Total Return.

At subsequent measurement

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets at FVTPL

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost are classified as FVTPL. Movement in fair values and interest income is recognised in the Statement of Total Return in the period in which it arises and presented in "other income".

(ii) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the Statement of Cash Flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Stapled Group's cash management are included as a component of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(iii) Non-derivative financial liabilities

The Stapled Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date, which is the date that the Stapled Group becomes a party to the contractual provisions of the instrument.

A financial liability is classified as FVTPL if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Stapled Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprised loans and borrowings, and trade and other payables (excluding advance rental and liability for employee benefits).

(iv) Derecognition

Financial assets are derecognised if the Stapled Group's contractual rights to the cash flows from the financial assets expire or if the Stapled Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Stapled Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Stapled Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Derivative financial instruments and hedge accounting

The Stapled Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through total return. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Stapled Group designates each hedge as either: (a) cash flow hedge; or (b) net investment hedge.

On initial designation of the derivative as the hedging instrument, the Stapled Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Stapled Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported total return.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) **Derivative financial instruments and hedge accounting** (continued)

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedges directly affected by interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ("IBORs") with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates ("SIBORs") and Singapore swap offer rates ("SORs"), and the transition from SOR to the Singapore Overnight Rate Average ("SORA"), is also ongoing.

The Stapled Group early adopted the principles of the amendments to FRS 109/SFRS(I) 9, FRS 39/SFRS(1) 1- 39 and FRS107/SFRS(I) 7 issued in December 2019 in relation to the project on interest rate benchmark reform (“the amendments”).

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Stapled Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Stapled Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

Cash flow hedges

The Stapled Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Stapled Securityholders’ funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised in the hedging reserve is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Stapled Securityholders’ funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to Statement of Total Return in the same period or periods as the hedged expected future cash flows affect total return.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Fair value hedges

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Stapled Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Stapled Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Stapled Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other operating income or expenses".

Net investment hedge

The Stapled Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in the foreign currency translation reserve in Stapled Securityholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the Statement of Total Return. The amount recognised in the foreign currency translation reserve is reclassified to the Statement of Total Return on disposal of the foreign operation.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the Statement of Total Return.

(vii) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Stapled Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the Statement of Total Return.

(viii) Stapled Securityholders' funds

Stapled Securityholders' funds represent the Stapled Securityholders' residual interest in the net assets of the Ascott Reit Group, the Ascott BT Group and the Stapled Group upon termination and is classified as equity. Incremental costs directly attributable to the issue of Stapled Securities are recognised as a deduction from Stapled Securityholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(ix) Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of Ascott Reit. As Ascott Reit does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as Stapled Securityholders' funds.

Any distributions made are directly debited from Stapled Securityholders' funds. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.7 Impairment

(i) Financial assets

The Stapled Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost and financial guarantee contracts. For trade receivables, the Stapled Group applies the simplified approach permitted by FRS 109/SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Stapled Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Stapled Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Stapled Group on terms that the Stapled Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, investment properties under development, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(ii) **Non-financial assets** (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the Statement of Total Return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Inventories

Inventories comprise principally food and beverage and other serviced residence, hotels and rental property related consumable stocks. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

3.9 Assets and liabilities held for sale

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with applicable FRSs/SFRS(I)s. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell except for investment properties and freehold land and buildings which are remeasured with reference to fair value or agreed sale proceeds.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Employee benefits

(i) **Defined contribution plans**

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the Statement of Total Return in the period during which the related services are rendered by employees.

(ii) **Short-term employee benefits**

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans if the Stapled Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Stapled Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.12 Leases

(i) **As a lessee**

At commencement or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Stapled Group recognises a right-of-use assets and a lease liability at the lease commitment date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Stapled Group by the end if the lease term or the cost of the right-of-use assets reflects that the Stapled Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 3.3.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

(i) **As a lessee (continued)**

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Stapled Group's estimate of the amount expected to be payable under a residual value guarantee, if the Stapled Group changes its assessment of whether it will exercise a purchase, extenuation or termination option or if there is a revised in-substance fixed lease payment.

Short-term leases and leases of low-value assets

The Stapled Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Stapled Group has applied *COVID-19-Related Rent Concessions – Amendments to FRS 116/ SFRS(I) 16*. The Stapled Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Stapled Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Stapled Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Stapled Group assesses whether there is a lease modification.

(ii) **As a lessor**

To classify each lease, the Stapled Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Stapled Group leases out its investment property, including own property and right-of-use assets. The Stapled Group has classified these leases as operating leases.

The Stapled Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of 'gross revenue'.

3.13 Revenue

(i) **Rental income from operating leases**

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) **Hospitality income**

Hospitality income from serviced residence operations is recognised on an accrual basis, upon rendering of the relevant services. Hospitality income includes fees from usage of the business centres and laundry facilities, recoveries from guests for utilities and telephone charges, income earned from the sales of food and beverages, recoveries of shortfall of net operating profit or earnings before net interest expenses, tax, depreciation and amortisation, service and maintenance fees, recoveries of property taxes and maintenance costs from tenants and fees for managing public areas as well as other miscellaneous income.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Revenue (continued)

(iii) **Car park income**

For car parks which are leased to an external operator, car park income is recognised on a straight-line basis over the term of the lease. For other car parks, car park income is recognised on an accrual basis.

3.14 Expenses

(i) **Direct expenses**

Direct expenses consist of serviced residence management fees, property taxes, staff costs and other property outgoings where such expenses are the responsibility of the Stapled Group.

(ii) **Trustee's fees**

The Ascott Reit Trustee's fee and Ascott BT Trustee-Manager's trustee fee are recognised on an accrual basis using the applicable formula as stipulated in Note 1.2(i) and Note 1.2(iii) respectively.

(iii) **Ascott Reit Manager's management fees**

Ascott Reit Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2(ii).

(iv) **Ascott BT Trustee-Manager's management fees**

Ascott BT Trustee-Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2(iii).

(v) **Serviced residence management fees**

The serviced residence management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2(iv).

3.15 Government grants

Other government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Stapled Group will comply with the conditions associated with the grant. Grants that compensate the Stapled Group for expenses incurred are recognised in in the Statement of Total Return, net of its related expense, on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable

3.16 Finance income and finance costs

Finance income comprises interest income and is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, and amortisation of loans and borrowings related costs. Finance costs are recognised in the Statement of Total Return using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Total Return except to the extent that it relates to a business combination, or items recognised directly in Stapled Securityholders' funds.

The Stapled Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37/ SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Stapled Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of Ascott Reit. Subject to compliance with the terms and conditions of the tax ruling, Ascott Reit is not subject to tax on the taxable income of Ascott Reit. Instead, the distributions made by Ascott Reit out of such taxable income are distributed free of tax deducted at source to individual Stapled Securityholders and qualifying Stapled Securityholders. Qualifying Stapled Securityholders are companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from Ascott Reit, and bodies of persons registered or constituted in Singapore. This treatment is known as the tax transparency treatment.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Income tax (continued)

The Ascott Reit Trustee will deduct tax at the reduced rate of 10% from distributions made out of Ascott Reit's taxable income that is not taxed at Ascott Reit's level to beneficial Stapled Securityholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and does not have a permanent establishment in Singapore. Where the non-individual investor carries on any operation in Singapore through a permanent establishment in Singapore, the funds used by that person to acquire the Units cannot be obtained from that operation to qualify for the reduced tax rate.

For other types of Stapled Securityholders, the Ascott Reit Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by Ascott Reit. Such Stapled Securityholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Ascott Reit Trustee.

Ascott Reit will distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains, and net overseas income.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation, derived by Ascott Reit from its properties located outside Singapore.

Distributions for the Stapled Group are made 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. In accordance with the provisions of the Ascott Reit Trust Deed and the Ascott BT Trust Deed, the Ascott Reit Manager and the Ascott BT Trustee-Manager are required to pay distributions declared within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore Dollars.

3.18 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted average number of Stapled Securities outstanding, adjusted for the effects of all dilutive potential Stapled Securities.

3.19 Segment reporting

An operating segment is a component of the Ascott Reit Group, the Ascott BT Group and the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Stapled Group's other components. All operating segments' operating results are reviewed regularly by the Ascott Reit Manager's and the Ascott BT Trustee-Manager's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance costs, trust expenses and income tax expense.

Segment capital expenditure is the total costs incurred on investment properties, investment properties under development and property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Ascott Reit Group, the Ascott BT Group and the Stapled Group have not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs/SFRS(I)s, interpretations and amendments to FRSs/SFRS(I)s are not expected to have a significant impact on the Ascott Reit Group, the Ascott BT Group and the Stapled Group's consolidated financial statements:

- FRS 117/SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1/SFRS(I) 1-1)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110/SFRS(I) 10 and FRS 28/SFRS(I) 1-28)

4. INVESTMENT PROPERTIES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	**5,659,587**	4,679,295	**552,265**	–	**6,096,138**	4,679,295
Recognition of right-of-use asset on adoption of FRS 116	**–**	301,083	**–**	–	**–**	301,083
Adjusted balance at 1 January	**5,659,587**	4,980,378	**552,265**	–	**6,096,138**	4,980,378
Acquisition of investment properties	**42,761**	58,106	**–**	–	**42,761**	58,106
Acquisition through business combination (Note 39)	**–**	794,125	**–**	552,265	**–**	1,230,676
Capital expenditure	**8,490**	13,526	**389**	–	**8,879**	13,526
Disposal of subsidiaries (Note 33)	**(103,422)**	(13,618)	**–**	–	**(103,422)**	(13,618)
Net change in fair value of investment properties	**(362,310)**	52,584	**(21,667)**	–	**(378,922)**	52,584
Disposal of investment properties	**(46,612)**	–	**–**	–	**(46,612)**	–
Assets written off	**(215)**	(4,040)	**–**	–	**(215)**	(4,040)
Transfer from/(to) assets and liabilities held for sale (Note 15)	**66,599**	(185,245)	**–**	–	**66,599**	(185,245)
Transfer from/(to) property, plant and equipment (Note 5)	**783**	(768)	**–**	–	**783**	(768)
Transfer to investment properties under development (Note 7)	**(140,300)**	–	**–**	–	**(140,300)**	–
Translation difference	**128,013**	(35,461)	**17,460**	–	**142,054**	(35,461)
At 31 December	**5,253,374**	5,659,587	**548,447**	552,265	**5,687,743**	6,096,138

Certain investment properties of the Stapled Group with an aggregate carrying value of $1,691,149,000 (2019: $1,830,678,000) are pledged as securities to banks for banking facilities granted to certain subsidiaries (see Note 17).

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (continued)

The Stapled Group assessed the classification of its investment properties as investment properties or property, plant and equipment based on its business model, taking into consideration the quantum of other income derived from ancillary services rendered relative to total revenue and employment of external property managers to operate the investment properties, amongst other factors.

During the year, the Ascott Reit Group carried out asset enhancement initiatives on certain investment properties. As a result of such asset enhancement initiatives, assets no longer in use amounting to $215,000 (2019: $4,040,000) were written off.

The investment properties of 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/SFRS(I) 16. Ascendas Ariake Godo Kaisha ("AAGK"), a subsidiary of Ascott BT, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kaisha, a subsidiary of Ascott Reit. FRS 116/SFRS(I) 16 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Stapled Group as the intra-group transaction will be eliminated upon consolidation.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties is determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair value measurement for the investment properties have been categorised as level 3 fair values based on inputs to the valuation techniques used. The following table reconciles the net carrying value of the investment properties to the market value.

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Market value of investment properties	**4,970,062**	5,367,561	**434,369**	436,551	**5,404,431**	5,804,112
Add: Carrying amount of lease liabilities	**283,312**	292,026	**114,078**	115,714	**283,312**	292,026
Carrying value of investment properties	**5,253,374**	5,659,587	**548,447**	552,265	**5,687,743**	6,096,138

Level 3 fair values

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

Valuation technique

The Stapled Group's investment property portfolio is valued by external property valuers annually. External valuations are also carried out on occurrence of acquisitions. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (continued)

The valuers have considered the discounted cash flow (2019: discounted cash flow and capitalisation methods) in arriving at the fair value as at the reporting date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated discount rate, terminal capitalisation rate and revenue per available unit. The external property valuers have considered available information as at 31 December 2020 relating to COVID-19 and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external property valuers have also recommended to keep the valuation of these properties under frequent review.

The 31 December 2020 valuation contains a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2021.

The valuation of the Stapled Group's investment property portfolio is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

Significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms.	**Stapled Group** • Discount rate: South East Asia and Australia: 4.23% – 10.67% (2019: 4.18% – 10.73%) North Asia: 3.90% – 8.08% (2019: 3.80% – 8.33%) Europe, United Kingdom and United States of America: 4.15% – 9.01% (2019: 5.59% – 8.48%)	The estimated fair value would increase (decrease) if: • the discount rate were lower (higher); or • the terminal capitalisation rate were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
	• Terminal capitalisation rate: South East Asia and Australia: 3.50% - 7.75% (2019: 3.50% - 7.75%) North Asia: 4.20% - 6.00% (2019: 4.00% - 6.00%) Europe, United Kingdom and United States of America: 4.75% - 7.75% (2019: 4.75% - 7.50%)	
Capitalisation method: The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate.	**Stapled Group** • Capitalisation rate: Singapore: Not applicable (2019: 4.10%) North Asia: Not applicable (2019: 4.00% - 4.50%)	The estimated fair value would increase (decrease) if the capitalisation rate were lower (higher).

Sensitivity analysis for key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the Stapled Group's investment properties are discount rate and terminal capitalisation rate. Significant decreases in the discount rate and terminal capitalisation rate in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

Ascott Reit Group	Renovation $'000	Motor vehicles $'000	Office equipment, computers and furniture $'000	Assets under construction $'000	Total $'000
Cost					
At 1 January 2019	12,625	483	101,283	436	114,827
Additions	789	–	8,478	243	9,510
Disposals/written off	–	(2)	(1,746)	–	(1,748)
Disposal of subsidiaries (Note 33)	(130)	(59)	(683)	–	(872)
Transfer from investment properties (Note 4)	–	–	768	–	768
Transfer to assets held for sale (Note 15)	–	(31)	(13,643)	–	(13,674)
Translation difference	182	(3)	189	(7)	361
At 31 December 2019	13,466	388	94,646	672	109,172
At 1 January 2020	13,466	388	94,646	672	109,172
Additions	672	79	3,065	387	4,203
Disposals/written off	(4)	–	(954)	–	(958)
Disposal of subsidiaries (Note 33)	–	–	(3,829)	–	(3,829)
Disposal of investment properties	(1,568)	–	(518)	–	(2,086)
Transfer to investment properties (Note 4)	–	–	(783)	–	(783)
Transfer from assets held for sale (Note 15)	–	33	4,018	–	4,051
Translation difference	165	10	1,557	34	1,766
At 31 December 2020	12,731	510	97,202	1,093	111,536
Accumulated depreciation					
At 1 January 2019	8,087	376	57,800	–	66,263
Charge for the year	797	78	11,623	–	12,498
Disposals/written off	–	(71)	(1,618)	–	(1,689)
Disposal of subsidiaries (Note 33)	(110)	(59)	(532)	–	(701)
Transfer to assets held for sale (Note 15)	–	(31)	(11,771)	–	(11,802)
Translation difference	148	(2)	199	–	345
At 31 December 2019	8,922	291	55,701	–	64,914
At 1 January 2020	8,922	291	55,701	–	64,914
Charge for the year	710	82	11,398	–	12,190
Disposals/written off	(4)	–	(931)	–	(935)
Disposal of subsidiaries (Note 33)	–	–	(2,758)	–	(2,758)
Disposal of investment properties	(1,548)	–	(423)	–	(1,971)
Transfer from assets held for sale (Note 15)	–	33	3,368	–	3,401
Translation difference	146	10	1,068	–	1,224
At 31 December 2020	8,226	416	67,423	–	76,065
Carrying amounts					
At 1 January 2019	4,538	107	43,483	436	48,564
At 31 December 2019	4,544	97	38,945	672	44,258
At 31 December 2020	4,505	94	29,779	1,093	35,471

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Ascott BT Group	At Valuation Freehold land $'000	At Valuation Buildings $'000	At Cost Plant and machinery $'000	At Cost Office equipment, computers and furniture $'000	At Cost Assets under construction $'000	Total $'000
At valuation/cost						
At 9 September 2019 (date of constitution)	–	–	–	–	–	–
Acquisition through business combination (Note 39)	189,553	335,347	34,859	15,006	9,818	584,583
At 31 December 2019	189,553	335,347	34,859	15,006	9,818	584,583
Additions	–	741	1,438	2,596	2,002	6,777
Disposals/written off	–	–	–	(501)	–	(501)
Revaluation surplus/(deficit)	18,071	(44,665)	–	–	–	(26,594)
Reclassifications	–	5,638	2,874	(50)	(8,462)	–
Translation difference	11,305	17,211	1,958	825	550	31,849
Elimination of accumulated depreciation on revaluation	–	(14,538)	–	–	–	(14,538)
At 31 December 2020	218,929	299,734	41,129	17,876	3,908	581,576
Accumulated depreciation						
At 9 September 2019 (date of constitution)/ 31 December 2019	–	–	–	–	–	–
Charge for the year	–	14,028	4,902	3,095	–	22,025
Disposals/written off	–	–	–	(501)	–	(501)
Translation difference	–	510	177	95	–	782
Elimination of accumulated depreciation on revaluation	–	(14,538)	–	–	–	(14,538)
At 31 December 2020	–	–	5,079	2,689	–	7,768
Carrying amounts						
At 9 September 2019 (date of constitution)	–	–	–	–	–	–
At 31 December 2019	189,553	335,347	34,859	15,006	9,818	584,583
At 31 December 2020	218,929	299,734	36,050	15,187	3,908	573,808

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Stapled Group	At Valuation		At Cost					
	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Renovation $'000	Motor vehicles $'000	Office equipment, computers and furniture $'000	Assets under construction $'000	Total $'000
At valuation/cost								
At 1 January 2019	–	–	–	12,625	483	101,283	436	114,827
Acquisition through business combination (Note 39)	189,553	335,347	34,859	–	–	15,006	9,818	584,583
Additions	–	–	–	789	–	8,478	243	9,510
Disposals/written off	–	–	–	–	(2)	(1,746)	–	(1,748)
Disposal of subsidiaries (Note 33)	–	–	–	(130)	(59)	(683)	–	(872)
Transfer from investment properties (Note 4)	–	–	–	–	–	768	–	768
Transfer to assets held for sale (Note 15)	–	–	–	–	(31)	(13,643)	–	(13,674)
Translation difference	–	–	–	182	(3)	189	(7)	361
At 31 December 2019	189,553	335,347	34,859	13,466	388	109,652	10,490	693,755
Additions	–	741	1,438	672	79	5,661	2,389	10,980
Disposals/written off	–	–	–	(4)	–	(1,455)	–	(1,459)
Revaluation surplus/(deficit)	18,071	(44,665)	–	–	–	–	–	(26,594)
Reclassifications	–	5,638	2,874	–	–	(50)	(8,462)	–
Disposal of subsidiaries (Note 33)	–	–	–	–	–	(3,829)	–	(3,829)
Disposal of investment properties	–	–	–	(1,568)	–	(518)	–	(2,086)
Transfer to investment properties (Note 4)	–	–	–	–	–	(783)	–	(783)
Transfer from assets held for sale (Note 15)	–	–	–	–	33	4,018	–	4,051
Translation difference	11,305	17,211	1,958	165	10	2,382	584	33,615
Elimination of accumulated depreciation on revaluation	–	(14,538)	–	–	–	–	–	(14,538)
At 31 December 2020	218,929	299,734	41,129	12,731	510	115,078	5,001	693,112

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	At Valuation		At Cost					
Stapled Group	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Renovation $'000	Motor vehicles $'000	Office equipment, computers and furniture $'000	Assets under construction $'000	Total $'000
Accumulated depreciation								
At 1 January 2019	–	–	–	8,087	376	57,800	–	66,263
Charge for the year	–	–	–	797	78	11,623	–	12,498
Disposals/written off	–	–	–	–	(71)	(1,618)	–	(1,689)
Disposal of subsidiaries (Note 33)	–	–	–	(110)	(59)	(532)	–	(701)
Transfer to assets held for sale (Note 15)	–	–	–	–	(31)	(11,771)	–	(11,802)
Translation difference	–	–	–	148	(2)	199	–	345
At 31 December 2019	–	–	–	8,922	291	55,701	–	64,914
Charge for the year	–	14,028	4,902	710	82	14,493	–	34,215
Disposals/written off	–	–	–	(4)	–	(1,432)	–	(1,436)
Disposal of subsidiaries (Note 33)	–	–	–	–	–	(2,758)	–	(2,758)
Disposal of investment properties	–	–	–	(1,548)	–	(423)	–	(1,971)
Transfer from assets held for sale (Note 15)	–	–	–	–	33	3,368	–	3,401
Translation difference	–	510	177	146	10	1,163	–	2,006
Elimination of accumulated depreciation on revaluation	–	(14,538)	–	–	–	–	–	(14,538)
At 31 December 2020	–	–	5,079	8,226	416	70,112	–	83,833
Carrying amounts								
At 1 January 2019	–	–	–	4,538	107	43,483	436	48,564
At 31 December 2019	189,553	335,347	34,859	4,544	97	53,951	10,490	628,841
At 31 December 2020	218,929	299,734	36,050	4,505	94	44,966	5,001	609,279

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (continued)

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	Ascott BT Group and Stapled Group	
	2020 $'000	2019 $'000
Freehold land		
Cost and carrying amount	**200,201**	189,553
Buildings		
Cost and carrying amount	**344,992**	335,347

As at 31 December 2020, freehold land and buildings are revalued to their fair values. The fair value of the freehold land and buildings is determined by external property valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Fair value hierarchy

The fair value measurement for the freehold land and buildings have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Valuation technique and significant unobservable inputs

Freehold land and buildings are stated at fair value based on valuation performed by external property valuers. The fair values were derived based on the discounted cash flow method (2019: discounted cash flow and capitalisation methods). In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of freehold land and buildings include market-corroborated discount rate, terminal capitalisation rate and revenue per available unit. The external property valuers have considered available information as at 31 December 2020 relating to COVID-19 and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external property valuers have also recommended to keep the valuation of these properties under frequent review.

The 31 December 2020 valuation contains a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2021.

The valuation of the Stapled Group's freehold land and buildings is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The following table shows the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow	**Stapled Group** • Discount rate: Australia: 6.00% - 7.75% (2019: 7.75% - 8.50%) • Terminal capitalisation rate: Australia: 5.00% - 6.25% (2019: 6.00% - 6.75%)	The estimated fair value would increase (decrease) if: • the discount rate were lower (higher); or • the terminal capitalisation rate were lower (higher).
Capitalisation method	**Stapled Group** • Capitalisation rate: Australia: Not applicable (2019: 6.00% - 6.75%)	The estimated fair value would increase (decrease) if the capitalisation rate were lower (higher).

Sensitivity analysis for key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the Stapled Group's freehold land and buildings are discount rate and terminal capitalisation rate. Significant decreases in the discount rate and terminal capitalisation rate in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill arising from business combination (Note 39)	**60,866**	60,866	**79,233**	79,233	**140,099**	140,099
Less: Impairment loss	**(60,866)**	(60,866)	**(79,233)**	(79,233)	**(140,099)**	(140,099)
	–	–	**–**	–	**–**	–

Following the completion of the Combination on 31 December 2019, the Ascott Reit Group, the Ascott BT Group and the Stapled Group recognised goodwill of $60,866,000, $79,233,000 and $140,099,000 respectively. For the purposes of impairment testing, goodwill has been allocated to the CGUs as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
A-HREIT Group	**60,866**	60,866	**–**	–	**60,866**	60,866
A-HBT Group	**–**	–	**79,233**	79,233	**79,233**	79,233
	60,866	60,866	**79,233**	79,233	**140,099**	140,099

In 2019, the Ascott Reit Group, the Ascott BT Group and the Stapled Group assessed the carrying amount of the CGUs (inclusive of goodwill allocated) for indicators of impairment. The recoverable amount of each CGU is determined based on their respective fair value less costs to sell, which is estimated to approximate the fair value of net assets of A-HREIT and its subsidiaries (the "A-HREIT Group") and A-HBT and its subsidiaries (the "A-HBT Group") acquired on 31 December 2019 (Note 39). Based on the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's assessment, the carrying amounts of the CGUs (inclusive of goodwill allocated) were determined to be higher than its recoverable amount, and impairment loss of $60,866,000, $79,233,000 and $140,099,000 were recognised respectively.

Fair value hierarchy

The fair value measurement for the CGUs have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Measurement of fair values

The valuation techniques used for measuring the fair value less costs to sell of the CGUs are disclosed in Note 39 which include the valuation techniques of the material assets acquired and liabilities assumed for the acquisition of the A-HREIT Group and the A-HBT Group as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Ascott Reit Group and Stapled Group	
	2020 $'000	2019 $'000
At 1 January	**74,860**	–
Land and land related costs	**–**	64,913
Development costs and interest capitalised [1]	**14,993**	9,915
Transfer from investment properties (Note 4)	**140,300**	–
Net change in fair value of investment properties under development	**(253)**	32
At 31 December	**229,900**	74,860

[1] Capitalised costs included $395,000 (2019: $Nil) paid/payable to related corporations.

Fair value hierarchy

The fair value of investment properties under development is determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The fair value measurement for the investment properties under development have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Level 3 fair values

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

Valuation technique and significant unobservable inputs

Investment properties under development is stated at fair value based on valuation performed by external property valuers. In determining the fair value, the valuers have adopted the residual land value method. The key assumptions used to determine the fair value of investment properties under development include market-corroborated discount rate, terminal capitalisation rate and gross development costs. The external property valuers have considered available information as at 31 December 2020 relating to COVID-19 and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external property valuers have also recommended to keep the valuation of these properties under frequent review.

The 31 December 2020 valuation contains a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2021.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT PROPERTIES UNDER DEVELOPMENT (continued)

Valuation technique and significant unobservable inputs (continued)

The valuation of the Stapled Group's investment property under development portfolio is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

The following table shows the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Under the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of the valuation.	• Discount rates: 4.32% - 5.69% (2019: 5.71%) • Terminal capitalisation rates: 3.50% - 4.75% (2019: 4.75%) • Gross development costs: $55,140,000 - $131,066,000 (2019: $48,893,000)	The estimated fair value would increase (decrease) if: • the discount rates were lower (higher); • the terminal capitalisation rates were lower (higher); or • the gross development costs decrease (increase).

Sensitivity analysis for key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the Stapled Group's investment properties under development are discount rate, terminal capitalisation rate and gross development costs. Significant decreases in the discount rate, terminal capitalisation rate and gross development costs in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

8. INVESTMENT SECURITIES

Ascott Reit Group holds 1% interest in Ascendas Hospitality Australia Investment Fund No. 1 ("AHAIF1"). The Ascott Reit Group's ownership in AHAIF1 enables AHAIF1 to meet the Australian corporate law requirement for a Managed Investment Scheme and certain requirements to qualify as a Managed Investment Trust under the Australian tax law. AHAIF1 owns 100% equity interest in Ascendas Australia Hotel Trust, which owns the hotel properties in Australia. Investments in unquoted investment securities are measured at fair value with change in fair value recognised in the Statement of Total Return.

As at 31 December 2020, the fair value of the Ascott Reit Group's 1% interest in AHAIF1 is $2,072,000 (2019: $2,534,000). The effective interest held by the Stapled Group is 100%. Upon consolidation, the investment securities will be adjusted against the non-controlling interests of the Ascott BT Group.

NOTES TO THE FINANCIAL STATEMENTS

9. SUBSIDIARIES

The Ascott Reit Group and the Ascott BT Group have equity investments in subsidiaries.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity interest held by the Stapled Group 2020 %	2019 %
Held by Ascott Reit			
Ascott REIT MTN Pte. Ltd.	Singapore	**100**	100
Ascott REIT MTN (Euro) Pte. Ltd.	Singapore	**100**	100
Ascendas Hospitality Real Estate Investment Trust	Singapore	**100**	100
Held through Ascott Reit subsidiaries			
Ascendas Hospitality MTN Pte. Ltd.	Singapore	**100**	100
Ascott REIT Seven Campbelltown Trust[(a)]	Australia	**100**	100
Ascott REIT Eight Mascot Trust[(a)]	Australia	**100**	100
Ascott REIT Nine SOP Trust[(a)]	Australia	**100**	100
Ascott REIT Fourteen MP Unit Trust[(a)(c)]	Australia	**100**	–
Citadines Melbourne on Bourke Unit Trust[(a)]	Australia	**100**	100
Citadines St Georges Terrace (Perth) Unit Trust[(a)]	Australia	**100**	100
Citadines Connect Sydney Airport Unit Trust [(a)]	Australia	**100**	100
Guangzhou Hai Yi Real Estate Development Co, Ltd.[(d)]	China	**–**	100
Shanghai Xinwei Real Estate Development Co. Ltd[(a)]	China	**100**	100
Somerset Heping (Shenyang) Property Co., Ltd.[(a)]	China	**100**	100
Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd.[(a)]	China	**100**	100
Tianjin Consco Property Development Co., Ltd.[(a)]	China	**100**	100
Wangze (Dalian) Enterprise Co., Limited[(a)]	China	**100**	100
Wuhan Citadines Property Development Co., Ltd.[(a)]	China	**100**	100
Oriville SAS [(a)]	France	**100**	100
Citadines Munich Arnulfpark GmbH & Co. KG[(a)]	Germany	**100**	100
Citadines Europaviertel (Frankfurt) GmbH & Co., KG[(a)]	Germany	**93**	93
Citadines Hamburg Michel GmbH & Co., KG[(a)]	Germany	**93**	93
PT Bumi Perkasa Andhika[(a)]	Indonesia	**100**	100
PT Ciputra Liang Court[(a)]	Indonesia	**57**	57
ARC-CapitaLand Three TMK[(a)]	Japan	**100**	100
ARC-CapitaLand Four TMK[(a)]	Japan	**100**	100
Ascendas Hospitality Honmachi Tokutei Mokuteki Kaisha[(a)]	Japan	**100**	100
Ascendas Hospitality Tokutei Mokuteki Kaisha[(a)]	Japan	**100**	100
Ascott REIT Six TMK[(a)]	Japan	**100**	100
Citadines Kyoto Gojo TMK[(a)]	Japan	**100**	100
Citadines Shinjuku TMK[(a)]	Japan	**100**	100
Infini Garden TMK[(a)]	Japan	**100**	100
Somerset Azabu East TMK[(a)]	Japan	**100**	100
Somerset Roppongi TMK[(a)]	Japan	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

9. SUBSIDIARIES (continued)

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity interest held by the Stapled Group 2020 %	2019 %
Held through Ascott Reit subsidiaries (continued)			
Zenith Residences Tokyo Tokutei Mokuteki Kaisha[(a)]	Japan	**100**	100
Ascott REIT (Jersey) Limited[(b)]	United Kingdom/ Jersey	**100**	100
Somerset Ampang (Malaysia) Sdn. Bhd.[(a)]	Malaysia	**100**	100
Ascott Baumwall (Hamburg) BV[(a)]	Netherlands	**100**	100
Ascott Hospitality Holdings Philippines, Inc[(a)]	Philippines	**100**	100
Ascott Makati, Inc[(a)]	Philippines	**100**	100
SQ Resources, Inc[(a)]	Philippines	**63**	63
SN Resources, Inc[(a)]	Philippines	**97**	97
Barrydale SM LLC[(a)]	United States of America	**100**	100
SM Ascott LLC[(a)]	United States of America	**100**	100
Tribeca Ascott LLC[(a)]	United States of America	**100**	100
Hanoi Tower Center Company Limited[(a)]	Vietnam	**76**	76
Mekong-Hacota Joint Venture Company Limited[(a)]	Vietnam	**61**	62
Saigon Office and Serviced Apartment Company Limited[(a)]	Vietnam	**67**	67
Somerset Hoa Binh Joint Venture Company Limited[(a)]	Vietnam	**90**	90
Held through Ascott BT			
Ascendas Hospitality Business Trust	Singapore	**100**	100
Held through Ascott BT subsidiaries			
Ascendas Australia Hotel Trust[(a)]	Australia	**100**	100
Ascendas Hospitality Australia Investment Fund No.1[(a)]	Australia	**100**	100
Ascendas Hospitality Australia Investment Fund No.2[(a)]	Australia	**100**	100
Ascendas Hospitality Operations Pty Ltd[(a)]	Australia	**100**	100
Ascendas Hotel Investment Company Pty Limited[(a)]	Australia	**100**	100
Ascendas Ariake Godo Kaisha[(a)]	Japan	**100**	100
Ascendas Japan Namba Tokutei Mokuteki Kaisha[(a)]	Japan	**100**	100
Ascendas Namba Godo Kaisha [(a)]	Japan	**100**	100
Ascendas Korea Hospitality No 1 Professional Investors Private Real Estate Investment, LLC[(a)]	South Korea	**99**	99
Ascendas Korea Hospitality Qualified Investors Private Real Estate Investment Trust No.2[(a)]	South Korea	**99**	99

All significant subsidiaries are audited by KPMG LLP Singapore except for the following:

(a) Audited by other member firms of KPMG International.
(b) Not required to be audited by laws of country of incorporation.
(c) This subsidiary was incorporated during the year.
(d) This subsidiary was divested during the year. See Note 33.

NOTES TO THE FINANCIAL STATEMENTS

10. NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI") and operate investment properties.

Name	Principal place of business/ Country of incorporation	Ownership interests held by NCI 2020 %	2019 %
Held by Ascott Reit			
PT Ciputra Liang Court	Indonesia	**42.6**	42.6
Hanoi Tower Center Company Limited	Vietnam	**24.0**	24.0
Mekong-Hacota Joint Venture Company Limited	Vietnam	**38.7**	37.9
Saigon Office and Serviced Apartment Company Limited	Vietnam	**33.0**	33.0
Somerset Hoa Binh Joint Venture Company Limited	Vietnam	**10.0**	10.0

The Ascott Reit Group's interests in its subsidiaries in Vietnam are held under the terms of joint venture arrangements with unrelated third parties. Under the terms of these joint venture arrangements, the net profits of each of the subsidiaries in Vietnam, upon fulfilment of certain statutory financial obligations and the payment of other amounts due, are to be distributed to the shareholders of these subsidiaries in certain proportions during different periods in accordance with the terms of the relevant joint venture arrangements and/or the applicable investment license under which these subsidiaries operate.

Under the investment license of Hanoi Tower Center Company Limited, Burton Engineering Pte Ltd is entitled to 76%, 70% and 50% of the distributed profits for each year during the first 25 years, the following ten years and the subsequent ten years, respectively, from the commencement of operations of Hanoi Tower Center Company Limited. From 9 February 2018, profits attributable to NCI of Hanoi Tower Center Company Limited increased from 24% to 30%.

10. NON-CONTROLLING INTERESTS (continued)

The following summarises the financial information of each of the Ascott Reit Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRSs/SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

Ascott Reit Group	PT Ciputra Liang Court $'000	Hanoi Tower Center Company Limited $'000	Mekong-Hacota Joint Venture Company Limited $'000	Saigon Office and Serviced Apartment Company Limited $'000	Somerset Hoa Binh Joint Venture Company Limited $'000	Other individually immaterial subsidiaries $'000	Total $'000
2020							
Revenue	4,658	10,353	4,679	6,651	3,677		
Loss	(713)	(3,165)	(2,033)	(1,577)	(2,640)		
Attributable to NCI:							
– (Loss)/Profit	(304)	(950)	(770)	(520)	(264)	210	(2,598)
Non-current assets	42,313	100,302	40,826	51,271	35,365		
Current assets	2,174	3,122	943	8,777	691		
Non-current liabilities	(938)	(4,821)	–	(7,818)	–		
Current liabilities	(5,290)	(10,568)	(5,097)	(1,550)	(9,441)		
Net assets	38,259	88,035	36,672	50,680	26,615		
Net assets attributable to NCI	16,287	21,129	14,207	16,724	2,662	5,652	76,661
Cash flows from operating activities	199	5,730	1,571	2,490	935		
Cash flows (used in)/from investing activities	(328)	(611)	(149)	523	17		
Cash flows used in financing activities	–	(5,651)	(2,141)	(4,514)	(1,719)		
Net decrease in cash and cash equivalents	(129)	(532)	(719)	(1,501)	(767)		
Dividends paid to NCI	–	(1,629)	(768)	(1,046)	(151)		

NOTES TO THE FINANCIAL STATEMENTS

10. NON-CONTROLLING INTERESTS (continued)

Ascott Reit Group	PT Ciputra Liang Court $'000	Hanoi Tower Center Company Limited $'000	Mekong-Hacota Joint Venture Company Limited $'000	Saigon Office and Serviced Apartment Company Limited $'000	Somerset Hoa Binh Joint Venture Company Limited $'000	West Lake Development Company Limited [1] $'000	Other individually immaterial subsidiaries $'000	Total $'000
2019								
Revenue	6,828	15,977	8,378	8,798	6,749	2,030		
(Loss)/Profit	(2,865)	(2,675)	1,650	2,695	(194)	281		
Attributable to NCI:								
– (Loss)/Profit	(1,220)	(803)	611	889	(19)	84	518	60
Non-current assets	44,085	112,100	45,266	57,163	39,649	–		
Current assets	1,990	3,783	1,739	10,091	1,488	–		
Non-current liabilities	(986)	(14,655)	(4,542)	(8,779)	(9,071)	–		
Current liabilities	(5,392)	(2,888)	(1,167)	(2,296)	(907)	–		
Net assets	39,697	98,340	41,296	56,179	31,159	–		
Net assets attributable to NCI	16,898	24,039	15,643	18,539	3,116	–	5,244	83,479
Cash flows from operating activities	3,988	8,511	3,704	4,467	2,809	–		
Cash flows (used in)/from investing activities	(4,636)	(634)	(248)	156	(235)	–		
Cash flows used in financing activities	–	(6,706)	(3,983)	(3,911)	(2,401)	–		
Net (decrease)/increase in cash and cash equivalents	(648)	1,171	(527)	712	173	–		
Dividends paid to NCI	–	(1,310)	(703)	(790)	(64)	(54)		

(1) West Lake Development Company Limited was divested on 31 October 2019.

10. NON-CONTROLLING INTERESTS (continued)

The NCI of the Ascott BT Group is immaterial as at 31 December 2020 and 2019, and therefore, the financial information is not presented.

The following summarises the financial information of each of the Stapled Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRSs/SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

Stapled Group	PT Ciputra Liang Court $'000	Hanoi Tower Center Company Limited $'000	Mekong-Hacota Joint Venture Company Limited $'000	Saigon Office and Serviced Apartment Company Limited $'000	Somerset Hoa Binh Joint Venture Company Limited $'000	Other individually immaterial subsidiaries $'000	Total $'000
2020							
Revenue	4,658	10,353	4,679	6,651	3,677		
Loss	(713)	(3,165)	(2,033)	(1,577)	(2,640)		
Attributable to NCI:							
– (Loss)/Profit	(304)	(950)	(770)	(520)	(264)	61	(2,747)
Non-current assets	42,313	100,302	40,826	51,271	35,365		
Current assets	2,174	3,122	943	8,777	691		
Non-current liabilities	(938)	(4,821)	–	(7,818)	–		
Current liabilities	(5,290)	(10,568)	(5,097)	(1,550)	(9,441)		
Net assets	38,259	88,035	36,672	50,680	26,615		
Net assets attributable to NCI	16,287	21,129	14,207	16,724	2,662	7,512	78,521
Cash flows from operating activities	199	5,730	1,571	2,490	935		
Cash flows (used in)/from investing activities	(328)	(611)	(149)	523	17		
Cash flows used in financing activities	–	(5,651)	(2,141)	(4,514)	(1,719)		
Net decrease in cash and cash equivalents	(129)	(532)	(719)	(1,501)	(767)		
Dividends paid to NCI	–	(1,629)	(768)	(1,046)	(151)		

NOTES TO THE FINANCIAL STATEMENTS

10. NON-CONTROLLING INTERESTS (continued)

Stapled Group	PT Ciputra Liang Court $'000	Hanoi Tower Center Company Limited $'000	Mekong-Hacota Joint Venture Company Limited $'000	Saigon Office and Serviced Apartment Company Limited $'000	Somerset Hoa Binh Joint Venture Company Limited $'000	West Lake Development Company Limited[1] $'000	Other individually immaterial subsidiaries $'000	Total $'000
2019								
Revenue	6,828	15,977	8,378	8,798	6,749	2,030		
(Loss)/Profit	(2,865)	(2,675)	1,650	2,695	(194)	281		
Attributable to NCI:								
– (Loss)/Profit	(1,220)	(803)	611	889	(19)	84	518	60
Non-current assets	44,085	112,100	45,266	57,163	39,649	–		
Current assets	1,990	3,783	1,739	10,091	1,488	–		
Non-current liabilities	(986)	(14,655)	(4,542)	(8,779)	(9,071)	–		
Current liabilities	(5,392)	(2,888)	(1,167)	(2,296)	(907)	–		
Net assets	39,697	98,340	41,296	56,179	31,159	–		
Net assets attributable to NCI	16,898	24,039	15,643	18,539	3,116	–	7,222	85,457
Cash flows from operating activities	3,988	8,511	3,704	4,467	2,809	–		
Cash flows (used in)/from investing activities	(4,636)	(634)	(248)	156	(235)	–		
Cash flows used in financing activities	–	(6,706)	(3,983)	(3,911)	(2,401)	–		
Net (decrease)/increase in cash and cash equivalents	(648)	1,171	(527)	712	173	–		
Dividends paid to NCI	–	(1,310)	(703)	(790)	(64)	(54)		

(1) West Lake Development Company Limited was divested on 31 October 2019.

NOTES TO THE FINANCIAL STATEMENTS

11. ASSOCIATE

	Ascott Reit Group and Stapled Group 2020 $'000	2019 $'000
Unquoted equity shares, at cost	**–***	–*
Less: Share of associate post acquisition revenue reserve	**(495)**	(551)
	(495)	(551)
Loan receivable	**3,774**	3,810
Less: Allowance for impairment loss	**(253)**	(253)
	3,026	3,006

* Less than $1,000

The loan to associate is unsecured, interest-free and repayable on demand with a notice period of twelve months. The loan to associate is not expected to be recalled in the next twelve months.

Movement in allowance for impairment loss is as follows:

	Ascott Reit Group and Stapled Group 2020 $'000	2019 $'000
At 1 January and 31 December	**253**	253

During the year, there was no additional allowance for impairment loss arising from the loan receivable as the ECL is not material. The recoverable amount for the loan to associate was estimated based on the higher of the value in use calculation using cash flow projection or the fair value of the net assets of associate at the reporting date. The fair value measurement was estimated based on net assets of the associate with maturity of less than one year.

Details of the associate are as follows:

Company name	East Australia Trading Company Limited
Nature of relationship with the Ascott Reit Group	Investment holding company held by the Ascott Reit Group
Country of incorporation	Hong Kong
Ownership interest/Voting rights held	40% (2019: 40%)

The associate is immaterial to the Ascott Reit Group and the Stapled Group. A member firm of KPMG International is the auditor of the associate. In 2020 and 2019, the Ascott Reit Group did not receive any dividends from the associate.

The following table summarises the financial information for the Ascott Reit Group's interest in the associate, based on the amounts reported in the Ascott Reit Group's and the Stapled Group's Statement of Total Return:

	2020 $'000	2019 $'000
Profit/(loss) after taxation	**56**	(7)

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL DERIVATIVES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Financial derivative assets						
Non-current						
Interest rate swaps	**–**	753	**–**	–	**–**	753
Cross currency interest rate swaps	**298**	10,257	**4,935**	6,524	**5,233**	16,781
	298	11,010	**4,935**	6,524	**5,233**	17,534
Current						
Cross currency interest rate swaps	**–**	1,253	**–**	1,378	**–**	2,631
Currency forwards	**–**	125	**–**	181	**–**	306
	–	1,378	**–**	1,559	**–**	2,937
Financial derivative liabilities						
Non-current						
Interest rate swaps	**(4,745)**	(3,398)	**(704)**	–	**(5,449)**	(3,398)
Cross currency interest rate swaps	**(19,330)**	(783)	**(4,136)**	(1,833)	**(23,466)**	(2,616)
	(24,075)	(4,181)	**(4,840)**	(1,833)	**(28,915)**	(6,014)
Current						
Interest rate swaps	**(645)**	(69)	**–**	(288)	**(645)**	(357)
Cross currency interest rate swaps	**–**	(1,686)	**–**	(121)	**–**	(1,807)
Currency forwards	**–**	(10)	**–**	(7)	**–**	(17)
	(645)	(1,765)	**–**	(416)	**(645)**	(2,181)

At the reporting date, the notional principal amounts of the financial instruments were as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Interest rate swaps	**515,262**	629,563	**142,104**	64,954	**657,366**	694,517
Cross currency interest rate swaps	**578,878**	538,723	**117,523**	143,480	**696,401**	682,203
Currency forwards	**–**	5,212	**–**	8,246	**–**	13,458
	1,094,140	1,173,498	**259,627**	216,680	**1,353,767**	1,390,178

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX

Movements in deferred tax assets and liabilities (prior to offsetting of balances) are as follows:

Ascott Reit Group	At 1 January 2019 $'000	Acquisition through business combination (Note 39) $'000	Credited/ (Charged) to Statement of Total Return (Note 30) $'000	Translation differences $'000	At 31 December 2019 $'000	(Charged)/ Credited to Statement of Total Return (Note 30) $'000	Translation differences $'000	At 31 December 2020 $'000
Deferred tax assets								
Unutilised capital allowances	15	–	29	–	44	(28)	–	**16**
Unutilised tax losses	1,845	–	(274)	2	1,573	1,034	83	**2,690**
Provisions and accruals	208	–	(8)	5	205	(13)	5	**197**
Unrealised foreign exchange loss – trade	2,241	–	(891)	40	1,390	(1,311)	45	**124**
	4,309	–	(1,144)	47	3,212	(318)	133	**3,027**
Deferred tax liabilities								
Investment properties	(112,215)	(31,972)	(7,978)	1,948	(150,217)	60,253	(5,309)	**(95,273)**
Property, plant and equipment	(5,650)	–	4,055	77	(1,518)	(52)	(15)	**(1,585)**
Revaluation gain from business combinations	–	(1,288)	–	–	(1,288)	–	–	**(1,288)**
Unremitted earnings	–	(131)	–	–	(131)	131	–	**–**
	(117,865)	(33,391)	(3,923)	2,025	(153,154)	60,332	(5,324)	**(98,146)**
Net deferred tax (liabilities)/assets	(113,556)	(33,391)	(5,067)	2,072	(149,942)	60,014	(5,191)	**(95,119)**

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX (continued)

Ascott BT Group	At 9 September 2019 (date of constitution) $'000	Acquisition through business combination (Note 39) $'000	At 31 December 2019 $'000	(Charged)/ Credited to Statement of Total Return (Note 30) $'000	Translation differences $'000	At 31 December 2020 $'000
Deferred tax assets						
Deferred income	–	1,152	1,152	(471)	47	**728**
Unutilised capital allowances	–	–	–	127	(2)	**125**
Provisions and accruals	–	3,183	3,183	(759)	158	**2,582**
	–	4,335	4,335	(1,103)	203	**3,435**
Deferred tax liabilities						
Investment properties	–	(26,694)	(26,694)	20,084	(755)	**(7,365)**
Property, plant and equipment	–	(17,221)	(17,221)	(4,899)	(906)	**(23,026)**
Revaluation gain from business combinations	–	(2,780)	(2,780)	–	–	**(2,780)**
Unremitted earnings	–	(303)	(303)	(137)	–	**(440)**
	–	(46,998)	(46,998)	15,048	(1,661)	**(33,611)**
Net deferred tax (liabilities)/assets	–	(42,663)	(42,663)	13,945	(1,458)	**(30,176)**

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX (continued)

Stapled Group	At 1 January 2019 $'000	Acquisition through business combination (Note 39) $'000	Credited/ (Charged) to Statement of Total Return (Note 30) $'000	Translation differences $'000	At 31 December 2019 $'000	(Charged)/ Credited to Statement of Total Return (Note 30) $'000	Translation differences $'000	At 31 December 2020 $'000
Deferred tax assets								
Deferred income	–	1,152	–	–	1,152	(471)	47	**728**
Unutilised capital allowances	15	–	29	–	44	99	(2)	**141**
Unutilised tax losses	1,845	–	(274)	2	1,573	1,034	83	**2,690**
Provisions and accruals	208	3,183	(8)	5	3,388	(772)	163	**2,779**
Unrealised foreign exchange loss – trade	2,241	–	(891)	40	1,390	(1,311)	45	**124**
	4,309	4,335	(1,144)	47	7,547	(1,421)	336	**6,462**
Deferred tax liabilities								
Investment properties	(112,215)	(58,666)	(7,978)	1,948	(176,911)	80,337	(6,064)	**(102,638)**
Property, plant and equipment	(5,650)	(17,221)	4,055	77	(18,739)	(4,951)	(921)	**(24,611)**
Revaluation gain from business combinations	–	(4,068)	–	–	(4,068)	–	–	**(4,068)**
Unremitted earnings	–	(434)	–	–	(434)	(6)	–	**(440)**
	(117,865)	(80,389)	(3,923)	2,025	(200,152)	75,380	(6,985)	**(131,757)**
Net deferred tax (liabilities)/assets	(113,556)	(76,054)	(5,067)	2,072	(192,605)	73,959	(6,649)	**(125,295)**

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the Statements of Financial Position as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax assets	**3,027**	3,212	**3,435**	4,335	**6,462**	7,547
Deferred tax liabilities	**(98,146)**	(153,154)	**(33,611)**	(46,998)	**(131,757)**	(200,152)

As at 31 December 2020, deferred tax liabilities amounting to $1,594,000 (2019: $1,220,000) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Ascott Reit Group, the Ascott BT Group and the Stapled Group can utilise the benefits therefrom:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Tax losses	**110,369**	56,050	**15,101**	–	**125,470**	56,050
Deductible temporary differences	**2,523**	3,590	**–**	–	**2,523**	3,590
	112,892	59,640	**15,101**	–	**127,993**	59,640

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The deductible temporary differences do not expire under the current tax legislation.

Unrecognised tax losses brought forward of the Stapled Group amounting to $3,729,000 (2019: $6,604,000) expired during the year. In addition, $5,614,000 (2019: $5,251,000) of the losses brought forward were utilised to set off against current year's taxable profit and $2,306,000 was divested during the year. The remaining balance of $44,401,000 (2019: $43,501,000) and unrecognised tax losses arising during the year of $81,069,000 (2019: $12,549,000) have been carried forward. Tax losses that have been carried forward and are subject to expiration as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Expiry dates						
– Within 1 to 5 years	**30,865**	34,997	**–**	–	**30,865**	34,997
– After 5 years	**79,504**	21,053	**15,101**	–	**94,605**	21,053
	110,369	56,050	**15,101**	–	**125,470**	56,050

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES

	Note	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Trade receivables		**26,728**	20,893	**3,339**	6,152	**30,067**	27,045
Impairment loss	34	**(1,433)**	(89)	**(205)**	(3)	**(1,638)**	(92)
		25,295	20,804	**3,134**	6,149	**28,429**	26,953
Amounts due from related parties:							
– trade		**27,927**	5,184	**–**	–	**27,927**	5,184
– non-trade		**4,275**	1,925	**1,324**	3,558	**298**	164
– loan (interest-bearing)		**2,450**	–	**–**	–	**–**	–
Amounts due from the Ascott BT Trustee-Manager		**–**	–	**519**	–	**519**	–
Loans due from the Ascott BT Group		**65,806**	34,957	**–**	–	**–**	–
Deposits		**1,108**	1,143	**4**	6	**1,112**	1,149
Other receivables		**31,280**	15,740	**2,465**	1,510	**33,745**	17,250
Impairment loss	34	**(34)**	(5)	**–**	–	**(34)**	(5)
		31,246	15,735	**2,465**	1,510	**33,711**	17,245
		158,107	79,748	**7,446**	11,223	**91,996**	50,695
Prepayments		**10,632**	10,483	**610**	1,281	**11,242**	11,764
		168,739	90,231	**8,056**	12,504	**103,238**	62,459

The non-trade amounts due from related parties mainly pertain to payments made on behalf of these entities. The non-trade amounts and loans due from related parties are unsecured, interest-free and repayable on demand except for an interest-bearing loan due from a related party at 1.90% (2019: Nil%) per annum.

15. ASSETS AND LIABILITIES HELD FOR SALE

	Note	Ascott Reit Group and Stapled Group 2020 $'000	Ascott Reit Group and Stapled Group 2019 $'000
Somerset Liang Court Property Singapore	(a)		
– Investment property		**–**	153,681
– Property, plant and equipment		**–**	1,253
		–	154,934
Citadines Xinghai Suzhou, China	(b)		
– Investment property		**–**	46,796
– Property, plant and equipment		**–**	399
– Trade and other receivables		**–**	613
– Cash and cash equivalents		**–**	1,023
		–	48,831

NOTES TO THE FINANCIAL STATEMENTS

15. ASSETS AND LIABILITIES HELD FOR SALE (continued)

	Note	Ascott Reit Group and Stapled Group 2020 $'000	2019 $'000
Citadines Zhuankou Wuhan, China	(b)		
– Investment property		–	46,937
– Property, plant and equipment		–	220
– Trade and other receivables		–	720
– Cash and cash equivalents		–	1,650
		–	49,527
Citadines Didot Montparnasse Paris, France	(c)		
– Investment property		22,333	–
Citadines City Centre Grenoble, France	(c)		
– Investment property		9,571	–
Assets held for sale		31,904	253,292
Citadines Xinghai Suzhou, China	(b)		
– Trade and other payables		–	1,036
– Current tax liabilities		–	119
		–	1,155
Citadines Zhuankou Wuhan, China	(b)		
– Trade and other payables		–	1,904
– Financial liabilities		–	10,386
		–	12,290
Liabilities held for sale		–	13,445

(a) On 21 November 2019, the Ascott Reit Group entered into a put and call option agreement with DBS Trustee Limited (as trustee of Gemini One Trust), an unrelated third party, for the sale of the Ascott Reit Group's partial gross floor area ("GFA") of Somerset Liang Court Property Singapore. The retained GFA will be redeveloped into a new serviced residence property. The GFA which will be divested was reclassified to assets held for sale as at 31 December 2019. The purchase consideration for the sale is approximately $163.3 million (before deducting estimated costs to sell of $8.4 million) and negotiated on a willing buyer willing seller basis, taking into account the independent valuation undertaken by Knight Frank Pte Ltd which was determined based on the residual land value method.

(b) On 18 December 2019, the Ascott Reit Group entered into two sale and purchase agreements to divest its wholly-owned subsidiaries, Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd and Wuhan Citadines Property Development Co., Ltd. The divestments were anticipated to be completed within 12 months and accordingly, all the assets and liabilities held by Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd and Wuhan Citadines Property Development Co., Ltd were reclassified to assets held for sale and liabilities held for sale respectively. As at 31 December 2019, Citadines Zhuankou Wuhan was pledged as security for banking facilities granted to Wuhan Citadines Property Development Co., Ltd.

During the year, Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were reclassified from assets and liabilities held for sale to their respective financial statement captions due to the planned termination of the sale.

NOTES TO THE FINANCIAL STATEMENTS

15. ASSETS AND LIABILITIES HELD FOR SALE (continued)

(c) On 17 July 2020 and 8 September 2020, the Ascott Reit Group entered into two conditional sales and purchase agreements with an unrelated third party, to divest its interests in Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble for purchase considerations of EUR 23.6 million and EUR 8.1 million respectively. The combined consideration of EUR 31.7 million is approximately 58.5% above the properties' carrying value as at 31 December 2020 which was appraised based on the discounted cash flow method.

Fair value hierarchy

On 31 December 2020, the Stapled Group's investment properties held for sale are valued based on independent valuation conducted by HVS using the discounted cash flow method.

On 31 December 2019, the Stapled Group's assets and liabilities held for sale are valued as such:

- Investment properties: The valuation of Somerset Liang Court Property Singapore was based on the independent valuation conducted by Knight Frank Pte Ltd using the residual land value method. Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were valued at their respective contracted sales price less estimated costs to sell.
- Non-derivative financial liabilities: present value of future principal and interest cash flows.
- Other assets and liabilities: held at carrying amount as they are assumed to approximate their fair value less estimated costs to sell because of their short period to maturity.

The fair value measurement for assets held for sale for the Stapled Group have been categorised as level 3 fair values.

Reconciliation of Level 3 fair value

The following table presents the reconciliation of the assets held for sale from the beginning balances to the ending balances for Level 3 fair values.

	Note	Ascott Reit Group and Stapled Group 2020 $'000	2019 $'000
Balance at 1 January		**253,292**	215,000
Capital expenditure		**–**	59
Transfer (to)/from property, plant and equipment	5	**(650)**	1,872
Disposal of assets held for sale		**(155,016)**	(350,066)
Transfer from investment properties	4	**31,904**	185,245
Transfer to investment properties	4	**(98,503)**	–
Reclassifications (from)/to assets held for sale		**(4,210)**	4,006
Net change in fair value recognised in Statement of Total Return		**83**	197,605
Translation difference		**5,004**	(429)
Balance at 31 December		**31,904**	253,292

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

	Note	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Cash at bank and in hand		**233,993**	196,450	**28,984**	19,598	**262,977**	216,048
Fixed deposits with financial institutions		**220,090**	49,434	**3,636**	10,021	**223,726**	59,455
Cash and cash equivalents		**454,083**	245,884	**32,620**	29,619	**486,703**	275,503
Restricted cash deposits	(a)	**(357)**	(1,994)	**(2,424)**	(3,501)	**(2,781)**	(5,495)
Cash and cash equivalents in the Statements of Cash Flows		**453,726**	243,890	**30,196**	26,118	**483,922**	270,008

As at 31 December 2020, the interest rates per annum for cash and cash equivalent of the Ascott Reit Group, the Ascott BT Group and the Stapled Group ranged from 0% to 7.7% (2019: 0% to 7.2%), 0% to 0.6% (2019: 0% to 1.9%) and 0% to 7.7% (2019: 0% to 7.2%) respectively.

(a) The restricted cash deposits comprises of:
- bank balances of certain subsidiaries pledged as collateral for certain borrowings of $357,000 (2019: $1,994,000); and
- security deposit of $2,424,000 (2019: $3,501,000) from a tenant which can only be drawn down as rental payment upon tenant's default or refunded to tenant upon lease expiry.

17. FINANCIAL LIABILITIES

	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Non-current liabilities						
Secured bank loans	**464,906**	557,738	**–**	–	**464,906**	557,738
Unsecured bank loans	**610,761**	431,840	**278,457**	259,150	**889,218**	690,990
Medium term notes	**705,610**	693,475	**69,680**	69,656	**775,290**	763,131
	1,781,277	1,683,053	**348,137**	328,806	**2,129,414**	2,011,859
Current liabilities						
Secured bank loans	**275,846**	174,122	**–**	–	**275,846**	174,122
Unsecured bank loans	**57,235**	469(1)	**–**	–	**57,235**	469(1)
Medium term notes	**–**	137,065	**–**	25,498	**–**	162,563
	333,081	311,656	**–**	25,498	**333,081**	337,154
	2,114,358	1,994,709	**348,137**	354,304	**2,462,495**	2,349,013

(1) Relate to scheduled repayments.

The weighted average effective interest rates per annum relating to bank loans and medium term notes at the reporting date for the Ascott Reit Group, the Ascott BT Group and the Stapled Group are 1.89% (2019: 2.41%), 2.21% (2019: 2.90%) and 1.94% (2019: 2.49%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL LIABILITIES (continued)

Included in the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's bank loans and medium term notes is an amount of $6,961,000 (2019: $8,736,000), $794,000 (2019: $1,082,000) and $7,755,000 (2019: $9,818,000) respectively, relating to unamortised transaction costs.

Secured bank loans

The Ascott Reit Group's secured bank loans are secured on certain investment properties (Note 4), pledge of shares of certain subsidiaries, pledge over certain bank deposits (Note 16), assignment of rental proceeds from the properties, assignment of insurance policies on the properties and corporate guarantee from Ascott Reit.

Medium term notes

On 9 September 2009, a subsidiary of the Ascott Reit Group, Ascott REIT MTN Pte. Ltd., launched a $1.0 billion Multi-currency Medium Term Note Programme ("MTN Programme"). On 9 July 2020, the MTN Programme was amended to add the Ascott Reit Trustee and the Ascott BT Trustee-Manager as issuers and perpetual securities was added as a security which may be issued by the Ascott Reit Trustee and the Ascott BT Trustee-Manager ("Amended MTN Programme"). The Amended MTN Programme limit was increased to $2.0 billion. Under this Amended MTN Programme, the Ascott REIT MTN Pte. Ltd., the Ascott Reit Trustee and the Ascott BT Trustee-Manager may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed or floating interest rate notes and perpetual securities with aggregate principal amounts of $2.0 billion.

On 30 November 2011, a subsidiary of the Ascott Reit Group, Ascott REIT MTN (Euro) Pte. Ltd., established a US$2.0 billion Euro-Medium Term Note Programme ("EMTN Programme"). Under this EMTN Programme, Ascott REIT MTN (Euro) Pte. Ltd. may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series or tranches in Euro, Sterling Pound, US Dollar, Singapore Dollar, Chinese Renminbi or any other currency agreed between Ascott REIT MTN (Euro) Pte. Ltd. and the relevant dealer of the programme.

On 15 October 2014, Ascendas Hospitality MTN Pte. Ltd., and A-HBT (jointly known as "Issuers"), established a $1.0 billion Multi-currency Stapled Medium Term Note Programme ("Stapled MTN Programme"). Under this Stapled MTN Programme, the Issuers may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series or tranches in Euro, Sterling Pound, US Dollar, Singapore Dollar, Chinese Renminbi or any other currency agreed between the Issuers and the relevant dealer of the programme.

As at 31 December 2020, notes issued by the Stapled Group comprises:

- under the Amended MTN Programme:
  - (i) $420.0 million (2019: $420.0 million) of fixed rate notes maturing between 2022 and 2024; and
  - (ii) JPY12.3 billion (2019: JPY19.3 billion) of fixed rate notes maturing between 2022 and 2025.
- under the EMTN Programme, EUR80.0 million (2019: EUR80.0 million) of fixed rate notes maturing in 2024.
- under the Stapled MTN Programme, $70.0 million ($0.28 million under A-HREIT and $69.72 million under A-HBT) of fixed rate notes maturing in 2022.

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Ascott Reit Group					
2020					
Medium term notes	EUR	2.75	2024	127,618	127,350
Medium term notes	JPY	0.97 – 1.17	2022 – 2025	158,424	158,410
Medium term notes	SGD	3.33 – 4.21	2022 – 2024	420,280	419,850
Secured fixed rate loans	JPY	0.25 – 0.64	2024 – 2026	81,788	80,895
Secured floating rate loans	JPY	0.17 – 0.71	2021 – 2026	176,140	175,404
Secured floating rate loans	RMB	4.85 – 4.90	2022 – 2026	27,624	27,624
Secured floating rate loans	USD	1.32 – 3.05	2021 – 2025	459,010	456,829
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	180,320	179,801
Unsecured fixed rate loans	USD	1.00	2022	3,063	3,063
Unsecured floating rate loans	AUD	0.96 – 1.72	2021 – 2022	50,360	50,204
Unsecured floating rate loans	EUR	0.77 – 0.90	2022 – 2024	107,577	107,027
Unsecured floating rate loans	GBP	0.95 – 0.97	2022	38,407	38,309
Unsecured floating rate loans	JPY	0.58 – 1.75	2021 – 2024	200,408	199,720
Unsecured floating rate loans	SGD	1.47	2025	90,300	89,872
				2,121,319	2,114,358
2019					
Medium term notes	EUR	2.75	2024	120,281	119,946
Medium term notes	JPY	0.97 – 1.65	2020 – 2025	241,443	241,426
Medium term notes	SGD	3.30 – 4.21	2020 – 2024	469,780	469,168
Secured fixed rate loans	JPY	0.25 – 0.69	2024 – 2026	79,438	78,387
Secured floating rate loans	JPY	0.17 – 0.71	2020 – 2026	175,847	174,965
Secured floating rate loans	RMB	4.85	2020	16,114	16,114
Secured floating rate loans	USD	3.00 – 5.56	2020 – 2023	465,236	462,394
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	175,140	174,400
Unsecured floating rate loans	EUR	0.88 – 1.30	2022 – 2024	101,393	100,365
Unsecured floating rate loans	GBP	1.68 – 1.69	2022	37,908	37,524
Unsecured floating rate loans	JPY	0.58 – 1.30	2022 – 2024	115,069	114,264
Unsecured floating rate loan	RMB	5.70	2023	1,796	1,796(1)
Unsecured floating rate loans	SGD	2.44 – 2.49	2022	4,000	3,960
				2,003,445	1,994,709

(1) Include scheduled repayment of $469,000 in 2020.

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Ascott BT Group					
2020					
Medium term notes	SGD	3.33	2022	69,720	69,680
Unsecured fixed rate loans	KRW	3.55	2024	38,784	38,650
Unsecured floating rate loans	AUD	1.73	2023	190,616	190,057
Unsecured floating rate loans	JPY	1.50	2023	1,288	1,288
Unsecured floating rate loans	USD	1.42	2022	48,523	48,462
				348,931	348,137

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Ascott BT Group					
2019					
Medium term notes	SGD	3.30 – 3.35	2020 – 2022	95,220	95,154
Unsecured fixed rate loans	KRW	3.55	2024	37,344	37,175
Unsecured floating rate loans	AUD	2.49	2023	172,591	171,866
Unsecured floating rate loans	JPY	1.50	2023	1,251	1,251
Unsecured floating rate loans	USD	3.11	2022	48,980	48,858
				355,386	354,304
Stapled Group					
2020					
Medium term notes	EUR	2.75	2024	127,618	127,350
Medium term notes	JPY	0.97 – 1.17	2022 – 2025	158,424	158,410
Medium term notes	SGD	3.33 – 4.21	2022 – 2024	490,000	489,530
Secured fixed rate loans	JPY	0.25 – 0.64	2024 – 2026	81,788	80,895
Secured floating rate loans	JPY	0.17 – 0.71	2021 – 2026	176,140	175,404
Secured floating rate loans	RMB	4.85 – 4.90	2022 – 2026	27,624	27,624
Secured floating rate loans	USD	1.32 – 3.05	2021 – 2025	459,010	456,829
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	180,320	179,801
Unsecured fixed rate loans	KRW	3.55	2024	38,784	38,650
Unsecured fixed rate loans	USD	1.00	2022	3,063	3,063
Unsecured floating rate loans	AUD	0.96 – 1.73	2021 – 2023	240,976	240,261
Unsecured floating rate loans	EUR	0.77 – 0.90	2022 – 2024	107,577	107,027
Unsecured floating rate loans	GBP	0.95 – 0.97	2022	38,407	38,309
Unsecured floating rate loans	JPY	0.58 – 1.75	2021 – 2024	201,696	201,008
Unsecured floating rate loans	SGD	1.47	2025	90,300	89,872
Unsecured floating rate loans	USD	1.42	2022	48,523	48,462
				2,470,250	2,462,495
2019					
Medium term notes	EUR	2.75	2024	120,281	119,946
Medium term notes	JPY	0.97 – 1.65	2020 – 2025	241,443	241,426
Medium term notes	SGD	3.30 – 4.21	2020 – 2024	565,000	564,322
Secured fixed rate loans	JPY	0.25 – 0.69	2024 – 2026	79,438	78,387
Secured floating rate loans	JPY	0.17 – 0.71	2020 – 2026	175,847	174,965
Secured floating rate loans	RMB	4.85	2020	16,114	16,114
Secured floating rate loans	USD	3.00 – 5.56	2020 – 2023	465,236	462,394
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	175,140	174,400
Unsecured fixed rate loans	KRW	3.55	2024	37,344	37,175
Unsecured floating rate loans	AUD	2.49	2023	172,591	171,866
Unsecured floating rate loans	EUR	0.88 – 1.30	2022 – 2024	101,393	100,365
Unsecured floating rate loans	GBP	1.68 – 1.69	2022	37,908	37,524
Unsecured floating rate loans	JPY	0.58 – 1.50	2022 – 2024	116,320	115,515
Unsecured floating rate loans	RMB	5.70	2023	1,796	1,796[(1)]
Unsecured floating rate loans	SGD	2.44 – 2.49	2022	4,000	3,960
Unsecured floating rate loans	USD	3.11	2022	48,980	48,858
				2,358,831	2,349,013

(1) Include scheduled repayment of $469,000 in 2020.

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL LIABILITIES (continued)

Guarantees

The Ascott Reit Group has provided corporate guarantees amounting to $208,841,000 (2019: $205,293,000) to Ascott Reit's subsidiaries which expire in 2021, 2022 and 2023. The earliest period that the guarantees could be called is within one year (2019: one year) from the reporting date.

The Ascott BT Group has provided corporate guarantees to banks amounting to $228,934,000 (2019: $209,487,000) for unsecured bank loans undertaken by its subsidiaries in Australia and South Korea.

At the reporting date, the Ascott Reit Group and the Ascott BT Group do not consider it probable that a claim will be made under these guarantees.

Government Assisted Loans

During the year, the Ascott Reit Group entered into bank loans amounting to $3,063,000 between April 2020 to May 2020, at an annual interest rate of 1.00%. These loans mature between April 2022 and May 2022. The government of United States of America ("USA") introduced a general financial support scheme in response to the economic impacts of the COVID-19 pandemic, which provided a guarantee of the full amount of qualifying new corporate loans issued by banks in the USA. The bank loans qualified for this financial support scheme and are guaranteed by the government of USA.

The Ascott Reit Group determined that the interest rate for an equivalent loan issued on an arm's length basis without the guarantee would have been between 1.32% to 2.48%. The Ascott Reit Group concluded that the difference between the interest rate of 1.00% and 1.32% to 2.48% is government assistance that is intended to compensate the Group for interest expense that would otherwise be incurred if the loans were not guaranteed under the financial support scheme.

Loan covenant

As at 31 December 2020, the Stapled Group has complied with all debt covenants or obtained waivers to defer testing of debt covenant compliance to after the year end.

17. FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Ascott Reit Group	Note	Bank loans and medium term notes $'000	Interest payable[1] (Note 18) $'000	Finance lease $'000	Lease liabilities (Note 20) $'000	Total $'000
Balance as at 1 January 2019		1,904,926	5,974	527	–	1,911,427
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		547,444	–	–	–	547,444
Repayment of borrowings and medium term notes		(745,138)	–	–	–	(745,138)
Payment of transaction costs on bank borrowings		(2,056)	–	–	–	(2,056)
Payment of lease liabilities		–	–	(517)	(7,001)	(7,518)
Interest paid		–	(37,726)	–	(11,202)	(48,928)
Total changes from financing cash flows		(199,750)	(37,726)	(517)	(18,203)	(256,196)
Other changes						
Finance costs		3,891	36,724	–	11,202	51,817
Effect of changes in foreign exchange rates		8,337	131	(10)	(1,586)	6,872
Adoption of FRS116/SFRS(I) 16		–	–	–	301,083	301,083
Transfer to liabilities held for sale	15	(10,386)	–	–	–	(10,386)
Disposal of subsidiaries	33	–	–	–	(470)	(470)
Acquisition through business combination	39	287,691	536	–	–	288,227
Balance as at 31 December 2019		1,994,709	5,639	–	292,026	2,292,374
Balance as at 1 January 2020		1,994,709	5,639	–	292,026	2,292,374
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		695,303	–	–	–	695,303
Repayment of borrowings and medium term notes		(626,507)	–	–	–	(626,507)
Payment of transaction costs on bank borrowings		(2,114)	–	–	–	(2,114)
Payment of lease liabilities		–	–	–	(7,450)	(7,450)
Interest paid		–	(37,129)	–	(11,090)	(48,219)
Total changes from financing cash flows		66,682	(37,129)	–	(18,540)	11,013
Other changes						
Finance costs		3,988	37,297	–	11,090	52,375[2]
Effect of changes in foreign exchange rates		38,064	(89)	–	(1,264)	36,711
Transfer from liabilities held for sale		10,915	–	–	–	10,915
Balance as at 31 December 2020		2,114,358	5,718	–	283,312	2,403,388

(1) Net of interest receivables of $3,412,000 (2019: $3,159,000) from cross currency interest rate swaps.

(2) Excludes financial expenses from remeasuring the security deposits of $417,000 (2019: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Ascott BT Group	Note	Bank loans and medium term notes $'000	Interest payable[1] (Note 18) $'000	Lease liabilities (Note 20) $'000	Total $'000
Balance as at 9 September 2019 (date of constitution)		–	–	–	–
Other changes					
Acquisition through business combination	39	354,304	1,331	115,714	471,349
Balance as at 31 December 2019		354,304	1,331	115,714	471,349
Balance as at 1 January 2020		354,304	1,331	115,714	471,349
Changes from financing cash flows					
Proceeds from borrowings and issue of medium term notes		8,330	–	–	8,330
Repayment of borrowings and medium term notes		(25,500)	–	–	(25,500)
Payment of lease liabilities		–	–	(5,065)	(5,065)
Interest paid		–	(6,351)	(10,004)	(16,355)
Total changes from financing cash flows		(17,170)	(6,351)	(15,069)	(38,590)
Other changes					
Finance costs		327	6,792	10,004	17,123[2]
Effect of changes in foreign exchange rates		10,676	(656)	3,429	13,449
Balance as at 31 December 2020		348,137	1,116	114,078	463,331

(1) Net of interest receivables of $454,000 (2019: $Nil) from cross currency interest rate swaps and excluding interest payable to Ascott Reit Group of $16,000 (2019: $Nil) from interest bearing loan due to related parties.

(2) Excludes financial expenses from remeasuring the security deposits of $162,000 (2019: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Stapled Group	Note	Bank loans and medium term notes $'000	Interest payable[1] (Note 18) $'000	Finance lease $'000	Lease liabilities (Note 20) $'000	Total $'000
Balance as at 1 January 2019		1,904,926	5,974	527	–	1,911,427
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		547,444	–	–	–	547,444
Repayment of borrowings and medium term notes		(745,138)	–	–	–	(745,138)
Payment of transaction costs on bank borrowings		(2,056)	–	–	–	(2,056)
Payment of lease liabilities		–	–	(517)	(7,001)	(7,518)
Interest paid		–	(37,726)	–	(11,202)	(48,928)
Total changes from financing cash flows		(199,750)	(37,726)	(517)	(18,203)	(256,196)
Other changes						
Finance costs		3,891	36,724	–	11,202	51,817
Effect of changes in foreign exchange rates		8,337	131	(10)	(1,586)	6,872
Adoption of FRS116/SFRS(I) 16		–	–	–	301,083	301,083
Transfer to liabilities held for sale	15	(10,386)	–	–	–	(10,386)
Disposal of subsidiaries	33	–	–	–	(470)	(470)
Acquisition through business combination	39	641,995	1,867	–	–	643,862
Balance as at 31 December 2019		2,349,013	6,970	–	292,026	2,648,009
Balance as at 1 January 2020		2,349,013	6,970	–	292,026	2,648,009
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		703,633	–	–	–	703,633
Repayment of borrowings and medium term notes		(652,007)	–	–	–	(652,007)
Payment of transaction costs on bank borrowings		(2,114)	–	–	–	(2,114)
Payment of lease liabilities		–	–	–	(7,450)	(7,450)
Interest paid		–	(43,480)	–	(11,090)	(54,570)
Total changes from financing cash flows		49,512	(43,480)	–	(18,540)	(12,508)
Other changes						
Finance costs		4,315	44,073	–	11,090	59,478[2]
Effect of changes in foreign exchange rates		48,740	(746)	–	(1,264)	46,730
Transfer from liabilities held for sale		10,915	–	–	–	10,915
Balance as at 31 December 2020		2,462,495	6,817	–	283,312	2,752,624

(1) Net of interest receivables of $3,867,000 (2019: $3,159,000) from cross currency interest rate swaps.
(2) Excludes financial expenses from remeasuring the security deposits of $579,000 (2019: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables and accrued operating expenses	**67,985**	65,757	**17,412**	29,748	**85,397**	95,505
Amounts due to associate – non-trade	**1,977**	1,860	**–**	–	**1,977**	1,860
Amounts due to related parties:						
– trade	**14,828**	12,932	**2,017**	257	**16,845**	13,189
– non-trade	**2,421**	4,056	**3,979**	1,866	**1,099**	603
– loan (interest-bearing)	**4,239**	3,904	**2,450**	–	**4,239**	3,904
Amounts due to the Ascott Reit Manager	**2,246**	3,426	**–**	–	**2,246**	3,426
Amounts due to the Ascott BT Trustee-Manager	**–**	–	**–**	4	**–**	4
Amounts due to the Ascott Reit Trustee	**226**	193	**–**	–	**226**	193
Amounts due to non-controlling interests – non-trade	**651**	–	**–**	–	**651**	–
Loan due to Ascott Reit	**–**	–	**65,806**	34,957	**–**	–
Interest payable	**9,130**	8,798	**1,554**	1,331	**10,684**	10,129
Deposits received from divestment of subsidiaries	**25,046**	3,878	**–**	–	**25,046**	3,878
Rental deposits and advance rental	**32,645**	34,720	**4,400**	5,796	**37,045**	40,516
Trade and other payables (current)	**161,394**	139,524	**97,618**	73,959	**185,455**	173,207
Other payables	**–**	–	**414**	397	**414**	397
Amounts due to non-controlling interests – non-trade	**–**	657	**–**	–	**–**	657
Rental deposits	**6,475**	8,163	**9,800**	9,338	**16,275**	17,501
Trade and other payables (non-current)	**6,475**	8,820	**10,214**	9,735	**16,689**	18,555

The non-trade amounts due to an associate and related parties mainly pertain to payments made on behalf by these entities. These amounts and loan due to Ascott Reit are unsecured, interest-free and repayable on demand. The effective interest rate for the interest-bearing loan to related parties in the Ascott Reit Group, the Ascott BT Group and the Stapled Group are 2.40% (2019: 3.51%), 1.90% (2019: Nil%) and 2.40% (2019: 3.51%) per annum respectively.

The non-trade amounts due to non-controlling interests mainly pertain to interest-bearing loans extended to the Stapled Group with an effective interest rate of 2.57% (2019: 4.18%) per annum.

The non-current rental deposits are refundable to tenant upon the lease expiry ranging from June 2023 to April 2038.

NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED INCOME

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current	**145**	159	**1,790**	1,697	**1,935**	1,856
Non-current	**216**	605	**2,169**	3,781	**2,385**	4,386
Total	**361**	764	**3,959**	5,478	**4,320**	6,242
At 1 January	**764**	–	**5,478**	–	**6,242**	–
Amount amortised during the year						
– Gross revenue (Note 23)	**–**	–	**(1,571)**	–	**(1,571)**	–
– Finance income (Note 25)	**(411)**	–	**(162)**	–	**(573)**	–
Translation differences	**8**	–	**214**	–	**222**	–
Acquisition through business combination (Note 39)	**–**	764	**–**	5,478	**–**	6,242
	361	764	**3,959**	5,478	**4,320**	6,242

Deferred income relates to the following:

(i) Cash reimbursement received from Accor for its 50% share of the $30.0 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. Deferred income is credited to the Statement of Total Return as rental income on a straight-line basis.

(ii) Difference between the considerations received for rental deposits arising from the master leases and its fair value on initial recognition. Deferred income is credited to the Statement of Total Return as finance income.

20. LEASE LIABILITIES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current	**8,256**	17,928	**5,508**	4,912	**8,256**	17,928
Non-current	**275,056**	274,098	**108,570**	110,802	**275,056**	274,098
Total	**283,312**	292,026	**114,078**	115,714	**283,312**	292,026

The investment properties of the Ascott BT Group included a right-of-use asset relating to the operating lease for Ariake Hotel on adoption of FRS 116/SFRS(I) 16. AAGK, a subsidiary of Ascott BT, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kaisha, a subsidiary of Ascott Reit. FRS 116/SFRS(I) 16 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Stapled Group as the intra-group transaction will be eliminated upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS

20. LEASE LIABILITIES (continued)

Leases as lessee (FRS 116/SFRS(I) 16)

The Ascott Reit Group leases the land on which three (2019: four) of the investment properties were constructed. The leases have initial tenures ranging from 25 to 48 years (2019: 23 to 48 years).

The Ascott Reit Group also leases the commercial podium under a 33-year master lease in Somerset Olympic Tower Property Tianjin. The operating lease payables are based on the fixed component of the rent payable under the lease agreement, adjusted for incremental rent which have been provided for in the agreement.

Information about leases for which the Ascott Reit Group is a lessee is presented below.

Amounts recognised in the Statement of Total Return

	Ascott Reit Group and Stapled Group	
	2020 $'000	2019 $'000
Lease under FRS 116/SFRS(I) 16		
Interest expense on lease liabilities	**11,090**	11,202
Change in fair value of right-of-use assets	**7,813**	7,004
Variable lease payments not capitalised in lease liabilities		
Variable lease payments which do not depend on an index or rate[1]	**268**	623

(1) The Ascott Reit Group manages certain units at one of the investment properties on behalf of third-party unit owners. The variable lease payments paid to these unit owners are based on a percentage of the net operational profit derived from the investment property. Such variable lease payments are recognised in the Statement of Total Return when incurred and amounted to $268,000 (2019: $623,000) for the year ended 31 December 2020.

Amounts recognised in Statement of Cash Flows

	Ascott Reit Group and Stapled Group	
	2020 $'000	2019 $'000
Payment of lease liabilities	**7,450**	7,001
Interest paid	**11,090**	11,202
Total cash outflow for leases	**18,540**	18,203

21. STAPLED SECURITYHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Stapled Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Stapled Group's net investments in foreign entities.

NOTES TO THE FINANCIAL STATEMENTS

21. STAPLED SECURITYHOLDERS' FUNDS (continued)

Capital reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to a general reserve until the reserve balance reaches 50% of the subsidiary's registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

The capital reserve of the subsidiary can be used to make good previous years' losses, if any, and may be converted to paid-in capital of the subsidiary in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

Capital management

The Managers review the Stapled Group's capital structure regularly, which the Stapled Group defines as total Stapled Securityholders' funds (excluding non-controlling interests) and the level of distribution to Stapled Securityholders. The Stapled Group uses a combination of debt and equity to fund acquisition and asset enhancement projects.

The objectives of the Managers are to:

(a) maintain a strong balance sheet by adopting and maintaining a target gearing range;

(b) secure diversified funding sources from financial institutions and/or capital markets;

(c) adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and

(d) manage the foreign currency exposure of income and capital values of overseas assets through hedging, where appropriate.

The Managers seek to maintain a combination of debt and equity in order to balance the cost of capital and the returns to Stapled Securityholders. The Managers also monitor the externally imposed capital requirements closely and ensures that the capital structure adopted complies with the requirements.

Ascott Reit is subject to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (the "Aggregate Leverage") of a property fund should not exceed 50.0% (2019: 45.0%) of the fund's Deposited Property.

During the year, the MAS announced that the Aggregate Leverage limit for Singapore REITs is raised from 45.0% to 50.0%.

As at the reporting date, Ascott Reit has a credit rating of BBB from Fitch Ratings (2019: BBB from Fitch Ratings). The Aggregate Leverage of the Ascott Reit Group as at 31 December 2020 was 36.4% (2019: 33.5%) of the Ascott Reit Group's Deposited Property. This complied with the Aggregate Leverage limit.

The aggregate leverage of the Stapled Group as at 31 December 2020 was 36.3% (2019: 33.6%).

There were no changes in the Stapled Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

22. STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES

(a) Stapled Securities in issue

	Ascott Reit Units		Ascott BT Units		Stapled Securities	
	2020 '000	2019 '000	2020 '000	2019 '000	2020 '000	2019 '000
At 1 January	**3,083,089**	2,164,592	**3,083,089**	–(1)	**3,083,089**	–
Issue of new Stapled Securities:						
– Distribution *in specie*	**–**	–	**–**	2,178,811(2)	**–**	2,178,811
– Partial consideration for the Combination	**–**	904,278(3)	**–**	904,278	**–**	904,278
– Management fees paid in Stapled Securities	**18,511**	14,219	**18,511**	–	**18,511**	–
– Acquisition fees paid in Stapled Securities	**6,448**	–	**6,448**	–	**6,448**	–
At 31 December	**3,108,048**	3,083,089	**3,108,048**	3,083,089	**3,108,048**	3,083,089

(1) Less than 1,000 Units. Ascott Reit established a wholly-owned business trust, Ascott BT, on 9 September 2019 in connection with the Combination. As at the date of constitution, there was one issued and outstanding Ascott BT unit which was held by the Ascott Reit Trustee.

(2) 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 distributed in specie one Ascott BT Unit for each Ascott Reit Unit held by it.

(3) On 31 December 2019, 904,277,884 Units at $1.30 per Unit, amounting to $1,175,561,000, were issued to the A-HTRUST Stapled Securityholders as partial consideration for the Combination. The balance consideration at $0.0543 per Unit, amounting to $61,827,000, was settled in cash to the A-HTRUST Stapled Securityholders.

During the financial year ended 31 December 2020, the Ascott Reit Manager and Ascott BT Trustee-Manager issued Stapled Securities as follows:

(a) 6,448,008 Stapled Securities at an issue price of $1.3487 per Stapled Security to the Ascott Reit Manager as payment of the acquisition fee in relation to the combination with A-HTRUST.

(b) 16,862,045 Stapled Securities at issue prices ranging from $0.7581 to $1.3263 per Stapled Security, amounting to $18,068,000, as payment of the Ascott Reit Manager's base management fees for the period from 1 October 2019 to 30 September 2020 and the Ascott Reit Manager's performance fees for the period from 1 January 2019 to 31 December 2019.

(c) 1,648,368 Stapled Securities at issue prices ranging from $0.7581 to $1.3263 per Stapled Security, amounting to $1,420,000 as payment of the Ascott BT Trustee-Manager's base management fees for the period from 1 October 2019 to 30 September 2020 and the Ascott BT Trustee-Manager's performance fees for the period from 1 January 2020 to 30 September 2020.

During the financial year ended 31 December 2019, the Ascott Reit Group issued 14,219,878 Units at issue prices ranging from $1.1814 to $1.3095 per Unit, amounting to $17,313,000, as payment of the Ascott Reit Manager's base management fees for the period from 1 October 2018 to 30 September 2019 and the Ascott Reit Manager's performance fees for the period from 1 January 2018 to 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

22. STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES (continued)

(a) Stapled Securities in issue (continued)

Each Ascott BT Unit was stapled to one Ascott Reit Unit to form one Stapled Security in accordance with the Stapling Deed entered into between the Ascott Reit Manager, the Ascott Reit Trustee and the Ascott BT Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in the Stapled Group.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

The holders of the Stapled Securities are entitled to receive distributions as and when declared by the Stapled Group.

A Stapled Securityholder's liability is limited to the amount paid or payable for any Stapled Securities in the Stapled Group.

Each Ascott Reit Unit and Ascott BT Unit carry the same voting rights. Each unit carries one vote.

(b) Perpetual securities

On 4 September 2019, Ascott Reit issued $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.

On 30 June 2015, Ascott Reit issued $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 $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 27 October 2014, Ascott Reit issued $150.0 million of fixed rate perpetual securities with an initial distribution rate of 5.0% per annum with the first distribution rate reset falling on 27 October 2019 and subsequent resets occurring every five years thereafter. The redemption notice relating to the redemption of the $150.0 million perpetual securities on its first call date on 27 October 2019 was made on 30 August 2019. The payment was effected on 29 October 2019, and accordingly the perpetual securities have been cancelled and redeemed in full.

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 securities. The distribution will be payable semi-annually at the discretion of Ascott Reit and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of Ascott Reit:

- These perpetual securities rank *pari passu* with the holders of preferred Units (if any) and rank ahead of the Stapled Securityholders of ART, but junior to the claims of all other present and future creditors of Ascott Reit.
- Ascott Reit shall not declare or pay any distributions to the Stapled Securityholders, or make redemptions, unless Ascott Reit declares or pays any distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded within the Statements of Movements in Stapled Securityholders' Funds. The $396,298,000 (2019: $396,299,000) presented on the Statements of Financial Position represents the $400,000,000 (2019: $400,000,000) perpetual securities net of issue costs and include total return attributable to perpetual securities holders from issue date.

NOTES TO THE FINANCIAL STATEMENTS

23. GROSS REVENUE

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Gross rental income	**282,298**	495,188	**29,788**	–	**297,053**	495,188
Hospitality income	**12,945**	17,699	**–**	–	**12,945**	17,699
Hotel revenue	**–**	–	**56,741**	–	**56,741**	–
Amortisation of deferred income (Note 19)	**–**	–	**1,571**	–	**1,571**	–
Car park income	**1,562**	2,069	**–**	–	**1,562**	2,069
	296,805	514,956	**88,100**	–	**369,872**	514,956

During the year, the Ascott Reit Group, the Ascott BT Group and the Stapled Group granted rental abatement of $17.9 million, $0.3 million and $18.2 million respectively to the lessees. These rental abatements are presented net and deducted against gross revenue in the Statement of Total Return.

24. DIRECT EXPENSES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Operations and maintenance expenses	**32,155**	48,938	**10,668**	–	**42,823**	48,938
Staff costs	**37,758**	59,735	**19,797**	–	**57,555**	59,735
Serviced residence management fees	**9,693**	26,336	**108**	–	**9,801**	26,336
Property tax	**26,769**	28,966	**4,957**	–	**31,726**	28,966
Depreciation of property, plant and equipment	**12,190**	12,498	**3,095**	–	**15,285**	12,498
Marketing and selling expenses	**11,667**	30,082	**3,201**	–	**14,868**	30,082
Administrative and general expenses	**24,512**	35,920	**6,694**	–	**31,206**	35,920
Other direct expenses	**11,945**	19,870	**5,035**	–	**17,006**	19,870
	166,689	262,345	**53,555**	–	**220,270**	262,345
Contributions to defined contribution plans included in staff costs	**3,822**	4,764	**2,145**	–	**5,967**	4,764

NOTES TO THE FINANCIAL STATEMENTS

24. DIRECT EXPENSES (continued)

Staff costs

During the year, the following government grants were presented net and deducted against the staff costs in the Statement of Total Return:

(a) The Ascott Reit Group, Ascott BT Group and Stapled Group received wage subsidy of approximately \$1.1 million, \$12.8 million and \$13.9 million respectively under the JobKeeper Payment Scheme announced by the Australian Government to support business that were significantly affected by COVID-19.

(b) Wage subsidies of \$3.1 million from the Jobs Support Scheme granted by the Singapore government or equivalents in China, Europe and Malaysia.

Property tax

The Ascott Reit Group received property tax rebates and cash grants from the Singapore Government as part of the relief measures to help businesses in dealing with the impact from COVID-19. During the year, the Ascott Reit Group received property tax rebates of \$0.6 million and cash grant of \$0.8 million. These amounts were fully passed on to the master lessees.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCE INCOME AND COSTS

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Finance income						
Interest income from related party	**16**	–	**–**	–	**–**	–
Financial income arising from remeasuring the deferred income (Note 19)	**411**	–	**162**	–	**573**	–
Bank deposits	**1,339**	2,080	**78**	–	**1,417**	2,080
	1,766	2,080	**240**	–	**1,990**	2,080
Finance costs						
Amortisation of transaction costs	**(3,988)**	(3,891)	**(327)**	–	**(4,315)**	(3,891)
Interest on bank loans	**(44,094)**	(47,886)	**(8,484)**	–	**(52,578)**	(47,886)
Cash flow hedges, reclassified from hedging reserve	**(2,877)**	1,096	**(491)**	–	**(3,368)**	1,096
Cross currency interest rate swaps[1]	**10,435**	11,206	**2,213**	–	**12,648**	11,206
Interest expense on lease liabilities	**(11,090)**	(11,202)	**–**	–	**(11,090)**	(11,202)
Interest expense on lease liabilities paid/payable to the Ascott Reit Group	**–**	–	**(10,004)**	–	**–**	–
Interest paid/payable to a related corporation	**(100)**	(139)	**(16)**	–	**(100)**	(139)
Financial expense from remeasuring the security deposits	**(417)**	–	**(162)**	–	**(579)**	–
Others	**(661)**	(1,001)	**(14)**	–	**(675)**	(1,001)
	(52,792)	(51,817)	**(17,285)**	–	**(60,057)**	(51,817)

(1) Interest income arising from cross currency interest rate swaps are classified within finance costs as these financial derivatives were entered into by the Stapled Group as cash flow hedging instruments for certain bank loans.

NOTES TO THE FINANCIAL STATEMENTS

26. MANAGERS' MANAGEMENT FEES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Ascott Reit Manager's fees[1]						
– Base fee	**16,812**	14,469	**–**	–	**16,812**	14,469
– Performance fee	**4,127**	8,947	**–**	–	**4,127**	8,947
	20,939	23,416	**–**	–	**20,939**	23,416
Ascott BT Trustee-Manager's fees[1]						
– Base fee	**–**	–	**529**	8	**529**	8
– Performance fee	**–**	–	**734**	–	**734**	–
	–	–	**1,263**	8	**1,263**	8
Onshore fees paid/payable related entities of the Managers[2]	**336**	–	**2,590**	–	**2,926**	–
	21,275	23,416	**3,853**	8	**25,128**	23,424

(1) A total of 15,566,928 (2019: 13,133,752) Stapled Securities and 2,130,999 (2019: 3,156) Stapled Securities were issued or will be issued as payment of the Ascott Reit Manager's management fees and the Ascott BT Trustee-Manager's management fees amounting to $14,981,000 (2019: $17,060,000) and $1,927,000 (2019: $4,000) respectively in respect of the year ended 31 December 2020. The cash portion is derived after deducting the onshore fees payable to the other appointed asset managers.

(2) This relates to management fees paid/payable to related entities for asset management services for some of the properties in Australia, Japan and South Korea.

Under the Ascott Reit Trust Deed and the Ascott BT Trust Deed, part of the fees payable to the Managers can be paid by certain subsidiaries of the Ascott Reit Group and the Ascott BT Group to certain nominated entities of the Managers in certain jurisdictions outside Singapore in which the Stapled Group has a presence (namely, Australia, Japan and South Korea).

The onshore fees form part of, are and not in addition to, the fees payable to the Ascott Reit Manager and the Ascott BT Trustee-Manager.

27. PROFESSIONAL FEES

Professional fees of the Ascott Reit Group, the Ascott BT Group and the Stapled Group include valuation fees of $421,000, $64,000 and $485,000 respectively (2019: $710,000 for the Ascott Reit Group and the Stapled Group).

NOTES TO THE FINANCIAL STATEMENTS

28. NET (INCOME)/LOSS

The following items have been included in arriving at net (income)/loss for the year:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-audit fees[1] paid to:						
– auditors of the Stapled Group	**51**	246	**21**	–	**72**	246
– other auditors	**–**	87	**–**	–	**–**	87
Loss on disposal of property, plant and equipment	**8**	18	**–**	–	**8**	18
Impairment loss on trade and other receivables recognised	**1,383**	30	**195**	–	**1,578**	30
Write-off of trade and other receivables	**338**	129	**170**	–	**508**	129

(1) Total non-audit fees amounted to $72,000 (2019: $333,000). In 2019, transaction costs relating to the Combination included an amount of $290,000 paid to auditors of the Stapled Group for audit-related services.

29. PROFIT FROM DIVESTMENTS

On 9 December 2020, the Ascott Reit Group completed the divestment of a wholly-owned subsidiary, Guangzhou Hai Yi Real Estate Development Co, Ltd., for total consideration of $179.5 million. The disposed subsidiary contributed loss after tax of $289,000 from 1 January 2020 to the date of disposal.

On 23 December 2020, the Ascott Reit Group completed the divestment of a serviced residence property in Japan for total consideration of $76.0 million. The disposed serviced residence property contributed loss after tax of $51,000 from 1 January 2020 to the date of disposal.

On 31 October 2019, the Ascott Reit Group completed the divestment of a wholly-owned subsidiary, The Ascott (Vietnam) Investments Pte Ltd, for total consideration of $13.9 million. The disposed subsidiary contributed profit after tax of $346,000 from 1 January 2019 to the date of disposal.

	Ascott Reit Group and Stapled Group	
	2020 $'000	2019 $'000
Gain on divestment of subsidiaries[1]	**47,313**	508
Gain on disposal of investment property	**30,820**	–
Gain on divestment of assets held for sale	**295**	511
Profit from divestments	**78,428**	1,019

(1) Gain on divestment of subsidiaries in 2020 included $261,000 relating to the reversal of transaction costs no longer required for The Ascott (Vietnam) Investments Pte Ltd, which was divested on 31 October 2019. Gain on divestment relating to Guangzhou Hai Yi Real Estate Development Co, Ltd. recognised in 2020 was $47,052,000.

NOTES TO THE FINANCIAL STATEMENTS

30. INCOME TAX (CREDIT)/EXPENSE

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax expense						
Current year	**11,006**	36,513[1]	**(14)**	–	**10,992**	36,513[1]
(Over)/Under provided in prior years	**(560)**	(2,169)	**155**	–	**(405)**	(2,169)
Withholding tax	**19,651**	5,281	**1,053**	–	**20,704**	5,281
	30,097	39,625	**1,194**	–	**31,291**	39,625
Deferred tax expense						
Origination and reversal of temporary differences	**(60,040)**	5,110[1]	**(13,827)**	–	**(73,867)**	5,110[1]
Under/(Over) provided in prior years	**26**	(43)	**(118)**	–	**(92)**	(43)
	(60,014)	5,067	**(13,945)**	–	**(73,959)**	5,067
Income tax (credit)/expense	**(29,917)**	44,692	**(12,751)**	–	**(42,668)**	44,692
Reconciliation of effective tax rate						
Total (loss)/return before income tax	**(222,184)**	352,915	**(46,226)**	(91,901)	**(267,964)**	261,014
Income tax using the Singapore tax rate of 17% (2019: 17%)	**(37,771)**	59,995	**(7,858)**	(15,623)	**(45,554)**	44,372
Effect of different tax rates in foreign jurisdictions	**(27,203)**	21,957	**(4,105)**	–	**(31,308)**	21,957
Tax rebate/relief/exemption	**(456)**	(118)	**–**	–	**(456)**	(118)
Income not subject to tax	**(78,932)**	(77,846)	**(29,995)**	–	**(108,927)**	(77,846)
Tax benefits not recognised	**20,637**	3,781	**4,371**	–	**25,008**	3,781
Expenses not deductible for tax purposes	**78,594**	38,478	**23,746**	15,623	**102,265**	54,101
Utilisation of previously unrecognised tax losses	**(863)**	(1,273)	**–**	–	**(863)**	(1,273)
Tax transparency	**(3,040)**	(3,351)	**–**	–	**(3,040)**	(3,351)
(Over)/Under provision in prior years	**(534)**	(2,212)	**37**	–	**(497)**	(2,212)
Withholding tax	**19,651**	5,281	**1,053**	–	**20,704**	5,281
	(29,917)	44,692	**(12,751)**	–	**(42,668)**	44,692

No income tax effects have been recognised for those items recognised directly in Stapled Securityholders' funds.

(1) Includes reversal of pre-acquisition deferred tax liabilities of $Nil (2019: $3,694,000) to current tax expense, which was added back for computation of distribution to Stapled Securityholders.

NOTES TO THE FINANCIAL STATEMENTS

31. EARNINGS PER STAPLED SECURITY

Basic earnings per Stapled Security

The calculation of basic earnings per Stapled Security for the Stapled Group was based on the total return for the year attributable to Stapled Securityholders and a weighted average number of Stapled Securities outstanding.

There are no earnings derived from A-HTRUST in 2019 as the Combination was completed on 31 December 2019. As such, the consideration units issued pursuant to the Combination was not included in the weighted average number of Stapled Securities used for the computation of earnings per Stapled Security.

	Stapled Group	
	2020 $'000	2019 $'000
Total (loss)/return attributable to Stapled Securityholders and perpetual securities holders	**(222,549)**	216,262
Less: Total return attributable to perpetual securities holders	**(15,528)**	(19,741)
Total (loss)/return attributable to Stapled Securityholders	**(238,077)**	196,521

	Stapled Group	
	2020 '000	2019 '000
Issued Stapled Securities at the beginning of the year	**3,083,089**	–
Effect of issue of new Stapled Securities:		
– Distribution *in specie*	**–**	2,174,217
– Acquisition fees paid in Stapled Securities	**3,471**	–
– Management fees paid in Stapled Securities	**9,924**	–
Weighted average number of Stapled Securities outstanding during the year	**3,096,484**	2,174,217

Diluted earnings per Stapled Security

The calculation of diluted earnings per Stapled Security for the Stapled Group was based on the total return for the year attributable to Stapled Securityholders and a weighted average number of Stapled Securities outstanding after adjustment for the effects of all dilutive potential Stapled Securities.

	Stapled Group	
	2020 '000	2019 '000
Weighted average number of Stapled Securities used in calculation of basic earnings per Stapled Security	**3,096,484**	2,174,217
Weighted average number of unissued Stapled Securities for base and performance fees	**–**	11,501
Weighted average number of Stapled Securities outstanding (diluted) during the year	**3,096,484**	2,185,718

At 31 December 2020, 14,675,000 unissued Stapled Securities for base management and performance fees were excluded from the diluted weighted average number of Stapled Securities calculation as their effect would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

32. ISSUE EXPENSES – PERPETUAL SECURITIES

	Ascott Reit Group and Stapled Group 2020 $'000	2019 $'000
Underwriting fees and selling commission	–	892
Professional fees	–	402
Other expenses	–	75
	–	1,369
These expenses were (credited)/deducted directly against perpetual securities	**(21)***	1,369

Included in issue expenses for the year ended 31 December 2019 are audit fees paid to auditors of the Stapled Group of $82,000 for services performed in connection with the issuance of perpetual securities.

* Reversal of over provision of expenses for the issuance of perpetual securities in 2019.

33. DISPOSAL OF SUBSIDIARIES

The list of subsidiaries disposed during the year ended 31 December 2020 and 31 December 2019 is as follows:

Name of subsidiaries	Date of disposal	Equity interest disposed %
The Ascott (Vietnam) Investments Pte Ltd	31 October 2019	100.0
West Lake Development Company Limited	31 October 2019	70.0
Guangzhou Hai Yi Real Estate Development Co, Ltd.	9 December 2020	100.0

NOTES TO THE FINANCIAL STATEMENTS

33. DISPOSAL OF SUBSIDIARIES (continued)

Effect of disposal

The cash flows relating to assets and liabilities of the subsidiaries disposed during the year ended 31 December 2020 and 31 December 2019 are provided below:

	Note	Ascott Reit Group and Stapled Group 2020 $'000	2019 $'000
Investment properties	4	**103,422**	13,618
Property, plant and equipment	5	**1,071**	171
Trade and other receivables		**12,397**	240
Cash and cash equivalents		**5,420**	275
Trade and other payables		**(5,667)**	(7,720)
Lease liabilities		**–**	(470)
Current tax liabilities		**(326)**	(22)
Non-controlling interests		**–**	(3,253)
Net assets disposed		**116,317**	2,839
Assignment of shareholder's loan		**–**	7,066
Transfer from foreign currency translation reserve to Statement of Total Return		**3,007**	3,009
Gain on disposal (before tax)		**47,052**	508
Tax expense relating to the divestment		**(26,502)**	–
Accrual of transaction costs		**15,340**	502
Cash flow on disposal of subsidiaries		**155,214**	13,924
Less: Cash disposed		**(5,420)**	(275)
Less: Outstanding consideration not received		**(19,724)**	–
Net cash flow on disposal of subsidiaries		**130,070**	13,649

34. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Stapled Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Stapled Group's exposure to each of the above risks, the Stapled Group's objectives, policies and processes for measuring and managing risk, and the Stapled Group's management of capital. Further quantitative disclosures are included throughout these financial statements. There were no changes in the Stapled Group's approach to financial risk management during the year.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Risk management framework

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Managers continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit Committee oversees how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Stapled Group as and when they fall due.

Exposure to credit risk

Trade receivables

The Managers have established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the serviced residence management companies before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

As at 31 December 2020 and 31 December 2019, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statements of Financial Position.

Concentration of credit risk relating to trade receivables is limited due to the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's varied tenants and a credit policy of collecting rental deposits on certain leases. These tenants are from a wide range of nationalities and are engaged in a wide spectrum of business activities.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore	**8,485**	696	**1**	59	**8,486**	755
Australia	**3,426**	1,814	**2,235**	4,292	**5,661**	6,106
China	**1,790**	1,793	**–**	–	**1,790**	1,793
Europe (excluding United Kingdom)	**2,853**	2,003	**–**	–	**2,853**	2,003
Indonesia	**883**	553	**–**	–	**883**	553
Japan	**446**	4,304	**1**	367	**447**	4,671
Malaysia	**55**	248	**–**	–	**55**	248
Philippines	**2,855**	3,055	**–**	–	**2,855**	3,055
South Korea	**–**	–	**897**	1,431	**897**	1,431
United Kingdom	**2,935**	3,041	**–**	–	**2,935**	3,041
United States of America	**1,267**	2,919	**–**	–	**1,267**	2,919
Vietnam	**300**	378	**–**	–	**300**	378
	25,295	20,804	**3,134**	6,149	**28,429**	26,953

A summary of the Stapled Group's exposures to credit risk for trade receivables is as follows:

	Not credit impaired 2020 $'000	Credit impaired 2020 $'000	Total 2020 $'000	Not credit impaired 2019 $'000	Credit impaired 2019 $'000	Total 2019 $'000
Ascott Reit Group						
Current	**12,709**	**–**	**12,709**	12,868	2	12,870
Within 30 days	**3,411**	**33**	**3,444**	4,214	26	4,240
30 to 60 days	**1,893**	**41**	**1,934**	2,025	34	2,059
More than 60 days	**7,837**	**804**	**8,641**	1,697	27	1,724
Total gross carrying amount	**25,850**	**878**	**26,728**	20,804	89	20,893
Loss allowance	**(555)**	**(878)**	**(1,433)**	–	(89)	(89)
	25,295	**–**	**25,295**	20,804	–	20,804
Ascott BT Group						
Current	**1,987**	**–**	**1,987**	2,434	–	2,434
Within 30 days	**1,118**	**–**	**1,118**	2,213	–	2,213
30 to 60 days	**108**	**–**	**108**	943	–	943
More than 60 days	**126**	**–**	**126**	562	–	562
Total gross carrying amount	**3,339**	**–**	**3,339**	6,152	–	6,152
Loss allowance	**(205)**	**–**	**(205)**	(3)	–	(3)
	3,134	**–**	**3,134**	6,149	–	6,149

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Stapled Group	Not credit impaired 2020 $'000	Credit impaired 2020 $'000	Total 2020 $'000	Not credit impaired 2019 $'000	Credit impaired 2019 $'000	Total 2019 $'000
Current	**14,696**	**–**	**14,696**	15,302	2	15,304
Within 30 days	**4,529**	**33**	**4,562**	6,427	26	6,453
30 to 60 days	**2,001**	**41**	**2,042**	2,968	34	3,002
More than 60 days	**7,963**	**804**	**8,767**	2,259	27	2,286
Total gross carrying amount	**29,189**	**878**	**30,067**	26,956	89	27,045
Loss allowance	**(760)**	**(878)**	**(1,638)**	(3)	(89)	(92)
	28,429	**–**	**28,429**	26,953	–	26,953

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2020:

- Increases in credit-impaired balances for specific customers with liquidity constraints arising from the COVID-19 pandemic resulted in increases in impairment allowances of $798,000; and
- Applying higher scalar factors for trade receivables due to the pandemic resulted in increases in impairment allowances of $760,000.

The movement in impairment losses in respect of trade and other receivables during the year is as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	**94**	286	**3**	–	**97**	286
Impairment losses recognised	**1,383**	30	**195**	–	**1,578**	30
Acquisition through business combination	**–**	–	**–**	3	**–**	3
Utilised during the year	**(36)**	(224)	**–**	–	**(36)**	(224)
Translation difference	**26**	2	**7**	–	**33**	2
At 31 December	**1,467**	94	**205**	3	**1,672**	97

Based on historical default rates, the Stapled Group believes that, except for those recognised, no additional impairment is necessary in respect of trade and other receivables not past due. These receivables relate to customers that have a good credit record with the Stapled Group and/or rental deposits held.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses

Expected credit loss assessment for customers of the Stapled Group

The credit quality of trade receivables of the Ascott Reit Group, the Ascott BT Group and the Stapled Group is assessed based on credit policies established by the Ascott Reit Group and the Ascott BT Group. Trade and other receivables with high credit risk will be identified and monitored by the respective property. The Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's credit risk exposure in relation to trade receivables are set out in the provision matrix as follows:

		Past due			
	Current $'000	Within 30 days $'000	30 to 60 days $'000	More than 60 days $'000	Total $'000
2020					
Ascott Reit Group					
Expected loss rate	1.20%	5.08%	4.08%	11.87%	
Trade receivables	12,709	3,444	1,934	8,641	26,728
Loss allowance	153	175	79	1,026	1,433
Ascott BT Group					
Expected loss rate	3.37%	9.93%	10.19%	12.70%	
Trade receivables	1,987	1,118	108	126	3,339
Loss allowance	67	111	11	16	205
Stapled Group					
Expected loss rate	1.50%	6.27%	4.41%	11.89%	
Trade receivables	14,696	4,562	2,042	8,767	30,067
Loss allowance	220	286	90	1,042	1,638
2019					
Ascott Reit Group					
Expected loss rate	0.02%	0.61%	1.65%	1.57%	
Trade receivables	12,870	4,240	2,059	1,724	20,893
Loss allowance	2	26	34	27	89
Ascott BT Group					
Expected loss rate	–	–	–	0.53%	
Trade receivables	2,434	2,213	943	562	6,152
Loss allowance	–	–	–	3	3
Stapled Group					
Expected loss rate	0.01%	0.40%	1.13%	1.31%	
Trade receivables	15,304	6,453	3,002	2,286	27,045
Loss allowance	2	26	34	30	92

No ageing analysis of other receivables is presented as majority of the outstanding balances as at 31 December 2020 is current.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Non-trade amounts due from related parties

Expected credit losses associated with the non-trade amounts due from related parties are assessed from estimated cash flows recoverable from the related parties based on the review of their financial strength (i.e. fair value of underlying net assets) and cash flow projections of their operations as at the reporting date.

The Stapled Group did not recognise any impairment arising from the amounts due from related parties as the ECL is not material.

Financial derivatives

The financial derivatives are entered into with banks and financial institution counterparties, which are regulated.

Cash and cash equivalents

The Stapled Group held cash and cash equivalents of $486,703,000 at 31 December 2020 (2019: $275,503,000). The cash and cash equivalents are held with banks and financial institution counterparties which are rated AA- to BBB-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 1-day expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Stapled Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Stapled Group's reputation.

The Managers monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Stapled Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Stapled Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2020, the Stapled Group has unutilised credit facilities of approximately $528.3 million expiring between March 2021 and August 2025, that can be drawn down to meet short-term financing needs.

Notes issued by the Stapled Group as at 31 December 2020 are as follows: (a) $578.4 million under the $2.0 billion Amended MTN Programme; (b) $127.6 million under the US$2.0 billion EMTN Programme; and (c) $70.0 million under the $1.0 billion Stapled MTN Programme.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

			Cash flows		
Ascott Reit Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
2020					
Non-derivative financial liabilities					
Floating rate loans	1,144,989	(1,189,650)	(347,541)	(822,650)	(19,459)
Fixed rate loans	263,759	(271,570)	(1,632)	(227,984)	(41,954)
Fixed rate notes	705,610	(769,590)	(21,980)	(747,610)	–
Lease liabilities	283,312	(402,832)	(18,859)	(78,899)	(305,074)
Trade and other payables[(1)]	164,513	(164,905)	(158,039)	(6,866)	–
	2,562,183	(2,798,547)	(548,051)	(1,884,009)	(366,487)
Derivative financial instruments					
Interest rate swaps					
– liabilities	5,390	(6,184)	(3,212)	(2,972)	–
Cross currency interest rate swaps					
– assets	(298)	2,599	319	2,280	–
– liabilities	19,330	1,237	9,287	(8,050)	–
	24,422	(2,348)	6,394	(8,742)	–
	2,586,605	(2,800,895)	(541,657)	(1,892,751)	(366,487)
2019					
Non-derivative financial liabilities					
Floating rate loans	911,382	(958,955)	(194,304)	(745,760)	(18,891)
Fixed rate loans	252,787	(260,624)	(1,639)	(218,032)	(40,953)
Fixed rate notes	830,540	(913,944)	(160,244)	(690,698)	(63,002)
Lease liabilities	292,026	(422,184)	(18,580)	(77,651)	(325,953)
Trade and other payables[(1)]	143,868	(145,327)	(135,706)	(7,523)	(2,098)
	2,430,603	(2,701,034)	(510,473)	(1,739,664)	(450,897)
Derivative financial instruments					
Interest rate swaps					
– assets	(753)	913	718	195	–
– liabilities	3,467	(3,667)	(1,459)	(2,208)	–
Cross currency interest rate swaps					
– assets	(11,510)	41,091	10,303	30,788	–
– liabilities	2,469	2,318	224	2,094	–
Currency forwards					
– assets	(125)	(113)	(113)	–	–
– liabilities	10	9	9	–	–
	(6,442)	40,551	9,682	30,869	–
	2,424,161	(2,660,483)	(500,791)	(1,708,795)	(450,897)

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

			Cash flows		
Ascott BT Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
2020					
Non-derivative financial liabilities					
Floating rate loans	239,807	(250,077)	(4,006)	(246,071)	–
Fixed rate loans	38,650	(41,394)	(1,377)	(40,017)	–
Fixed rate notes	69,680	(73,728)	(2,318)	(71,410)	–
Lease liabilities	114,078	(184,603)	(15,070)	(60,278)	(109,255)
Trade and other payables[1]	99,044	(100,575)	(89,243)	(6,440)	(4,892)
	561,259	(650,377)	(112,014)	(424,216)	(114,147)
Derivative financial instruments					
Interest rate swaps					
– liabilities	704	(776)	(382)	(394)	–
Cross currency interest rate swaps					
– assets	(4,935)	5,540	1,573	3,967	–
– liabilities	4,136	(3,331)	219	(3,550)	–
	(95)	1,433	1,410	23	–
	561,164	(648,944)	(110,604)	(424,193)	(114,147)
2019					
Non-derivative financial liabilities					
Floating rate loans	221,975	(243,162)	(5,928)	(237,234)	–
Fixed rate loans	37,175	(43,026)	(1,348)	(41,678)	–
Fixed rate notes	95,154	(101,869)	(28,086)	(73,783)	–
Lease liabilities	115,714	(193,937)	(14,637)	(58,547)	(120,753)
Trade and other payables[1]	74,270	(75,908)	(64,932)	–	(10,976)
	544,288	(657,902)	(114,931)	(411,242)	(131,729)
Derivative financial instruments					
Interest rate swaps					
– liabilities	288	(332)	(332)	–	–
Cross currency interest rate swaps					
– assets	(7,902)	11,138	3,063	8,075	–
– liabilities	1,954	(237)	812	(1,049)	–
Currency forwards					
– assets	(181)	(255)	(255)	–	–
– liabilities	7	6	6	–	–
	(5,834)	10,320	3,294	7,026	–
	538,454	(647,582)	(111,637)	(404,216)	(131,729)

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Stapled Group	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
2020					
Non-derivative financial liabilities					
Floating rate loans	1,384,796	(1,439,727)	(351,547)	(1,068,721)	(19,459)
Fixed rate loans	302,409	(312,964)	(3,009)	(268,001)	(41,954)
Fixed rate notes	775,290	(843,318)	(24,298)	(819,020)	–
Lease liabilities	283,312	(402,832)	(18,859)	(78,899)	(305,074)
Trade and other payables(1)	189,999	(191,922)	(173,724)	(13,306)	(4,892)
	2,935,806	(3,190,763)	(571,437)	(2,247,947)	(371,379)
Derivative financial instruments					
Interest rate swaps					
– liabilities	6,094	(6,960)	(3,594)	(3,366)	–
Cross currency interest rate swaps					
– assets	(5,233)	8,139	1,892	6,247	–
– liabilities	23,466	(2,094)	9,506	(11,600)	–
	24,327	(915)	7,804	(8,719)	–
	2,960,133	(3,191,678)	(563,633)	(2,256,666)	(371,379)
2019					
Non-derivative financial liabilities					
Floating rate loans	1,133,357	(1,202,117)	(200,232)	(982,994)	(18,891)
Fixed rate loans	289,962	(303,650)	(2,987)	(259,710)	(40,953)
Fixed rate notes	925,694	(1,015,813)	(188,330)	(764,481)	(63,002)
Lease liabilities	292,026	(422,184)	(18,580)	(77,651)	(325,953)
Trade and other payables(1)	177,863	(180,959)	(160,362)	(7,523)	(13,074)
	2,818,902	(3,124,723)	(570,491)	(2,092,359)	(461,873)
Derivative financial instruments					
Interest rate swaps					
– assets	(753)	913	718	195	–
– liabilities	3,755	(3,999)	(1,791)	(2,208)	–
Cross currency interest rate swaps					
– assets	(19,412)	52,229	13,366	38,863	–
– liabilities	4,423	2,081	1,036	1,045	–
Currency forwards					
– assets	(306)	(368)	(368)	–	–
– liabilities	17	15	15	–	–
	(12,276)	50,871	12,976	37,895	–
	2,806,626	(3,073,852)	(557,515)	(2,054,464)	(461,873)

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income of the Ascott Reit Group, the Ascott BT Group and the Stapled Group and their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Foreign currency risk

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Chinese Renminbi ("RMB"), Euro ("EUR"), Sterling Pound ("GBP"), Hong Kong Dollar ("HKD"), Indonesian Rupiah ("IDR"), Korean Won ("KRW"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR"), Philippine Peso ("PHP"), US Dollar ("USD") and Vietnam Dong ("VND").

In order to manage the foreign currency risk, the Managers adopt foreign currency risk management strategies that include:

- entering into foreign currency forward contracts to hedge the foreign currency income from the overseas assets;
- entering into currency forwards to hedge a portion of the cash flows to enhance the stability of distribution to Stapled Securityholders. The hedging of AUD, JPY and KRW cash flows receivables from the subsidiaries are effected through forward sale of the AUD, JPY and KRW and purchases of SGD;
- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and
- the use of certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

The exposures to foreign currencies risk (excluding cross currency interest rate swaps that are designated as a hedge of net investments in foreign operations) as reported to the management of the Ascott Reit Group, the Ascott BT Group and the Stapled Group were as follows:

Ascott Reit Group	Singapore Dollar $'000	Australian Dollar $'000	Chinese Renminbi $'000	Euro $'000	Sterling Pound $'000	Hong Kong Dollar $'000	Indonesian Rupiah $'000	Japanese Yen $'000	Malaysian Ringgit $'000	Philippine Peso $'000	US Dollar $'000	Vietnam Dong $'000	Total foreign currencies $'000
31 December 2020													
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	3,521	–	3,521
Trade and other receivables[1]	12,143	3,424	21,836	27,999	7,062	–	1,223	2,594	180	5,763	2,330	1,320	85,874
Intra-group receivables	47	35,822	14,147	180,666	66,796	–	–	115,120	10,429	450	93,808	–	517,285
Cash and cash equivalents	31,177	23,010	177,371	18,193	19,055	26	4,530	142,706	579	12,339	13,474	11,623	454,083
Trade and other payables[2]	(33,281)	(6,670)	(49,880)	(22,563)	(6,685)	(13,478)	(5,022)	(11,576)	(445)	(5,473)	7,662	(4,581)	(151,992)
Intra-group payables	(9,375)	–	–	–	–	–	–	–	–	–	–	–	(9,375)
Financial liabilities	(508,235)	(50,360)	(27,625)	(234,968)	(38,407)	–	–	(794,932)	–	–	(459,831)	–	(2,114,358)
Lease liabilities	–	–	(12,897)	–	–	–	–	–	–	(18,472)	(251,943)	–	(283,312)
Gross currency exposure	(507,524)	5,226	122,952	(30,673)	47,821	(13,452)	731	(546,088)	10,743	(5,393)	(590,979)	8,362	(1,498,274)
Add/(less): Net exposure denominated in the respective entities' functional currencies	497,920	(17,576)	(122,822)	(24,875)	(18,234)	(22)	(731)	307,803	(392)	5,775	576,717	(8,362)	1,195,201
Add: Loan designated for net investment hedge[3]	–	–	–	235,195	38,407	–	–	358,832	–	–	–	–	632,434
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	68,578	–	68,578
Net exposure	(9,604)	(12,350)	130	179,647	67,994	(13,474)	–	120,547	10,351	382	54,316	–	397,939

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

34. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Ascott Reit Group	Singapore Dollar $'000	Australian Dollar $'000	Chinese Renminbi $'000	Euro $'000	Sterling Pound $'000	Hong Kong Dollar $'000	Indonesian Rupiah $'000	Japanese Yen $'000	Malaysian Ringgit $'000	Philippine Peso $'000	US Dollar $'000	Vietnam Dong $'000	Total foreign currencies $'000
31 December 2019													
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	3,557	–	3,557
Trade and other receivables[1]	4,582	2,119	2,166	8,788	6,249	–	1,690	6,185	342	5,814	3,908	1,179	43,022
Intra-group receivables	47	25,699	1,941	167,935	63,945	–	–	134,655	9,910	404	92,383	–	496,919
Cash and cash equivalents	9,884	21,338	19,411	28,264	22,559	8	5,083	69,556	951	12,393	41,540	14,897	245,884
Trade and other payables[2]	(29,087)	(6,466)	(20,369)	(22,582)	(10,160)	(13,484)	(5,959)	(14,229)	(726)	(5,028)	5,241	(6,180)	(129,029)
Intra-group payables	(10,723)	–	(29,367)	–	–	–	–	(7)	–	–	–	–	(40,097)
Financial liabilities	(470,431)	–	(17,909)	(221,339)	(37,908)	–	–	(784,263)	–	–	(462,859)	–	(1,994,709)
Lease liabilities	–	–	(12,531)	–	–	–	–	–	–	(18,047)	(261,448)	–	(292,026)
Gross currency exposure	(495,728)	42,690	(56,658)	(38,934)	44,685	(13,476)	814	(588,103)	10,477	(4,464)	(577,678)	9,896	(1,666,479)
Add/(less): Net exposure denominated in the respective entities' functional currencies	483,426	(9,459)	18,293	(11,679)	(17,337)	–	–	370,359	(591)	4,807	560,644	(9,896)	1,388,567
Add: Loan designated for net investment hedge[3]	–	–	–	221,674	37,908	–	–	356,512	–	–	–	–	616,094
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	69,223	–	69,223
Net exposure	(12,302)	33,231	(38,365)	171,061	65,256	(13,476)	814	138,768	9,886	343	52,189	–	407,405

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Ascott BT Group	Singapore Dollar $'000	Australian Dollar $'000	Japanese Yen $'000	Korean Won $'000	US Dollar $'000	Total foreign currencies $'000
31 December 2020						
Trade and other receivables[1]	1,149	3,952	59	879	83	6,122
Intra-group receivables	–	153,444	34,523	–	–	187,967
Cash and cash equivalents	3,366	9,638	11,383	7,529	704	32,620
Trade and other payables[2]	(1,165)	(16,540)	(7,793)	(3,013)	(88)	(28,599)
Financial liabilities	(69,618)	(190,058)	(1,288)	(38,650)	(48,523)	(348,137)
Gross currency exposure	(66,268)	(39,564)	36,884	(33,255)	(47,824)	(150,027)
Add/(less): Net exposure denominated in the respective entities' functional currencies	66,268	192,406	(2,629)	33,326	–	289,371
Add: Loan designated for net investment hedge[3]	–	–	–	–	48,523	48,523
Net exposure	–	152,842	34,255	71	699	187,867
31 December 2019						
Trade and other receivables[1]	885	4,516	750	1,323	199	7,673
Intra-group receivables	–	140,924	45,368	645	–	186,937
Cash and cash equivalents	7,298	7,744	6,733	6,953	891	29,619
Trade and other payables[2]	(12,986)	(15,334)	(7,824)	(2,898)	(199)	(39,241)
Financial liabilities	(95,032)	(171,866)	(1,251)	(37,175)	(48,980)	(354,304)
Gross currency exposure	(99,835)	(34,016)	43,776	(31,152)	(48,089)	(169,316)
Add/(less): Net exposure denominated in the respective entities' functional currencies	99,835	174,822	1,437	31,542	–	307,636
Add: Loan designated for net investment hedge[3]	–	–	–	–	48,980	48,980
Net exposure	–	140,806	45,213	390	891	187,300

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

34. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Stapled Group	Singapore Dollar $'000	Australian Dollar $'000	Chinese Renminbi $'000	Euro $'000	Sterling Pound $'000	Hong Kong Dollar $'000	Indonesian Rupiah $'000	Japanese Yen $'000	Malaysian Ringgit $'000	Philippine Peso $'000	Korean Won $'000	US Dollar $'000	Vietnam Dong $'000	Total foreign currencies $'000
31 December 2020														
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	–	3,521	–	3,521
Trade and other receivables[1]	13,292	7,376	21,836	27,999	7,062	–	1,223	2,653	180	5,763	879	2,413	1,320	91,996
Intra-group receivables	47	189,266	14,147	180,666	66,796	–	–	149,643	10,429	450	–	93,808	–	705,252
Cash and cash equivalents	34,543	32,648	177,371	18,193	19,055	26	4,530	154,089	579	12,339	7,529	14,178	11,623	486,703
Trade and other payables[2]	(34,446)	(23,210)	(49,880)	(22,563)	(6,685)	(13,478)	(5,022)	(19,369)	(445)	(5,473)	(3,013)	7,574	(4,581)	(180,591)
Intra-group payables	(9,375)	–	–	–	–	–	–	–	–	–	–	–	–	(9,375)
Financial liabilities	(577,853)	(240,418)	(27,625)	(234,968)	(38,407)	–	–	(796,220)	–	–	(38,650)	(508,354)	–	(2,462,495)
Lease liabilities	–	–	(12,897)	–	–	–	–	–	–	(18,472)	–	(251,943)	–	(283,312)
Gross currency exposure	(573,792)	(34,338)	122,952	(30,673)	47,821	(13,452)	731	(509,204)	10,743	(5,393)	(33,255)	(638,803)	8,362	(1,648,301)
Add/(less): Net exposure denominated in the respective entities' functional currencies	564,188	174,830	(122,822)	(24,875)	(18,234)	(22)	(731)	305,174	(392)	5,775	33,326	576,717	(8,362)	1,484,572
Add: Loan designated for net investment hedge[3]	–	–	–	235,195	38,407	–	–	358,832	–	–	–	48,523	–	680,957
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	–	68,578	–	68,578
Net exposure	(9,604)	140,492	130	179,647	67,994	(13,474)	–	154,802	10,351	382	71	55,015	–	585,806

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Stapled Group	Singapore Dollar $'000	Australian Dollar $'000	Chinese Renminbi $'000	Euro $'000	Sterling Pound $'000	Hong Kong Dollar $'000	Indonesian Rupiah $'000	Japanese Yen $'000	Malaysian Ringgit $'000	Philippine Peso $'000	Korean Won $'000	US Dollar $'000	Vietnam Dong $'000	Total foreign currencies $'000
31 December 2019														
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	–	3,557	–	3,557
Trade and other receivables[1]	5,467	6,635	2,166	8,788	6,249	–	1,690	6,935	342	5,814	1,323	4,107	1,179	50,695
Intra-group receivables	47	166,623	1,941	167,935	63,945	–	–	180,023	9,910	404	645	92,383	–	683,856
Cash and cash equivalents	17,182	29,082	19,411	28,264	22,559	8	5,083	76,289	951	12,393	6,953	42,431	14,897	275,503
Trade and other payables[2]	(42,073)	(21,800)	(20,369)	(22,582)	(10,160)	(13,484)	(5,959)	(22,053)	(726)	(5,028)	(2,898)	5,042	(6,180)	(168,270)
Intra-group payables	(10,723)	–	(29,367)	–	–	–	–	(7)	–	–	–	–	–	(40,097)
Financial liabilities	(565,463)	(171,866)	(17,909)	(221,339)	(37,908)	–	–	(785,514)	–	–	(37,175)	(511,839)	–	(2,349,013)
Lease liabilities	–	–	(12,531)	–	–	–	–	–	–	(18,047)	–	(261,448)	–	(292,026)
Gross currency exposure	(595,563)	8,674	(56,658)	(38,934)	44,685	(13,476)	814	(544,327)	10,477	(4,464)	(31,152)	(625,767)	9,896	(1,835,795)
Add/(less): Net exposure denominated in the respective entities' functional currencies	583,261	165,363	18,293	(11,679)	(17,337)	–	–	371,796	(591)	4,807	31,542	560,644	(9,896)	1,696,203
Add: Loan designated for net investment hedge[3]	–	–	–	221,674	37,908	–	–	356,512	–	–	–	48,980	–	665,074
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	–	69,223	–	69,223
Net exposure	(12,302)	174,037	(38,365)	171,061	65,256	(13,476)	814	183,981	9,886	343	390	53,080	–	594,705

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Stapled Group entities' Statements of Financial Position measured in the respective functional currencies, translated into Singapore dollars at the exchange rate at the reporting date for presentation purposes.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Sensitivity analysis

The following table indicates the approximate increase/(decrease) in the Statement of Total Return of the Ascott Reit Group, the Ascott BT Group and the Stapled Group in response to a 10% increase in foreign exchange rates to which the Ascott Reit Group, the Ascott BT Group and the Stapled Group has significant exposure at the reporting date as compared to the functional currencies of the respective entities. The sensitivity analysis includes balances in group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore Dollar[1]	**(960)**	(1,230)	**–**	–	**(960)**	(1,230)
Australian Dollar[2]	**(1,235)**	3,323	**15,284**	14,081	**14,049**	17,404
Chinese Renminbi[2]	**13**	(3,837)	**–**	–	**13**	(3,837)
Euro[2]	**17,965**	17,106	**–**	–	**17,965**	17,106
Sterling Pound[2]	**6,799**	6,526	**–**	–	**6,799**	6,526
Hong Kong Dollar[2]	**(1,347)**	(1,348)	**–**	–	**(1,347)**	(1,348)
Indonesian Rupiah[3]	**–**	81	**–**	–	**–**	81
Japanese Yen[4]	**12,055**	13,877	**3,426**	4,521	**15,480**	18,398
Malaysian Ringgit[2]	**1,035**	989	**–**	–	**1,035**	989
Philippine Peso[2]	**38**	34	**–**	–	**38**	34
Korean Won[6]	**–**	–	**7**	39	**7**	39
US Dollar[5]	**5,432**	5,219	**70**	89	**5,502**	5,308

(1) As compared to functional currencies of Chinese Renminbi and US Dollar.

(2) As compared to functional currency of Singapore Dollar.

(3) As compared to functional currencies of Singapore Dollar and US Dollar.

(4) As compared to functional currencies of Singapore Dollar and Chinese Renminbi.

(5) As compared to functional currencies of Singapore Dollar, Chinese Renminbi, Indonesian Rupiah, Philippine Peso, Hong Kong Dollar and Vietnam Dong.

(6) As compared to functional currency of Singapore Dollar.

A decrease in foreign exchange rates to which the Ascott Reit Group, the Ascott BT Group and the Stapled Group have significant exposure at the reporting date as compared to the functional currencies of the respective entities would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Stapled Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. The Ascott Reit Group and the Ascott BT Group adopt a policy of ensuring that up to 80% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The Stapled Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Stapled Group operates in. The Stapled Group anticipates that IBOR reform will impact its risk management and hedge accounting.

No derivative instruments or loans have been modified in relation to the interest rate benchmark reform as at 31 December 2020.

The Stapled Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Stapled Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Stapled Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. When all critical terms match, the economic relationship is considered 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

At 31 December 2020, the Stapled Group has interest rate swaps classified as cash flow hedges with notional contractual amount of $657.4 million (2019: $694.5 million) which pay fixed interest rates averaging 0.87 % (2019: 1.09%) per annum and receive variable rates equal to the Australia bank bill swap bid rates ("BBSY"), Euro Interbank Offered Rate ("EURIBOR"), London Interbank Offered Rate ("LIBOR") and Tokyo Interbank Offered Rate ("TIBOR") on the notional amount and cross currency interest rate swaps classified as cash flow hedge with notional contractual amount of $207.4 million (2019: $118.2 million) which pay fixed interest rates and receive variable rates.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Carrying amount					
	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fixed rate instruments						
Financial liabilities	**(969,369)**	(1,083,327)	**(108,330)**	(132,329)	**(1,077,699)**	(1,215,656)
Variable rate instruments						
Financial liabilities	**(1,144,989)**	(911,382)	**(239,807)**	(221,975)	**(1,384,796)**	(1,133,357)

To manage its exposure to interest rate movements on its variable rate financial liabilities, the Ascott Reit Group, the Ascott BT Group and the Stapled Group enter into interest rate swaps and cross currency interest rate swaps. The following cross currency interest rate swaps are used to exchange:

(a) floating rate interest on USD loan of USD 80.879 million for fixed rate JPY interest;

(b) floating rate interest on SGD loan of SGD 90.3 million for fixed rate JPY interest; and

(c) floating rate interest on USD loan of USD 6.0 million for fixed rate KRW interest.

The hedge relationships for which hedge accounting have been adopted are effective in the financial year ended 31 December 2020 and 31 December 2019.

Fair value sensitivity analysis for fixed rate instruments

The Ascott Reit Group, the Ascott BT Group and the Stapled Group do not account for any fixed rate financial liabilities at fair value through total return, and the Ascott Reit Group, the Ascott BT Group and the Stapled Group do not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rate at the reporting date would increase/(decrease) Stapled Securityholders' funds and Statement of Total Return by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

	Statement of Total Return		Stapled Securityholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Ascott Reit Group				
31 December 2020				
Variable rate financial liabilities	(11,498)	11,498	–	–
Interest rate swaps/Cross currency interest rate swaps	5,838	(5,838)	1,627	(1,627)
Cash flow sensitivity (net)	(5,660)	5,660	1,627	(1,627)
31 December 2019				
Variable rate financial liabilities	(9,174)	9,174	–	–
Interest rate swaps/Cross currency interest rate swaps	6,988	(6,988)	1,647	(1,647)
Cash flow sensitivity (net)	(2,186)	2,186	1,647	(1,647)
Ascott BT Group				
31 December 2020				
Variable rate financial liabilities	(2,404)	2,404	–	–
Interest rate swaps/Cross currency interest rate swaps	1,906	(1,906)	463	(463)
Cash flow sensitivity (net)	(498)	498	463	(463)
31 December 2019				
Variable rate financial liabilities	(2,228)	2,228	–	–
Interest rate swaps/Cross currency interest rate swaps	1,139	(1,139)	182	(182)
Cash flow sensitivity (net)	(1,089)	1,089	182	(182)
Stapled Group				
31 December 2020				
Variable rate financial liabilities	(13,902)	13,902	–	–
Interest rate swaps/Cross currency interest rate swaps	7,744	(7,744)	2,090	(2,090)
Cash flow sensitivity (net)	(6,158)	6,158	2,090	(2,090)
31 December 2019				
Variable rate financial liabilities	(11,402)	11,402	–	–
Interest rate swaps/Cross currency interest rate swaps	8,127	(8,127)	1,829	(1,829)
Cash flow sensitivity (net)	(3,275)	3,275	1,829	(1,829)

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting

At 31 December 2020, the Ascott Reit Group, the Ascott BT Group and the Stapled Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
Ascott Reit Group	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Cash flow hedges								
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	515,262	(5,390)	Derivative financial instruments	(5,488)	5,488	–	0.84%	2021 – 2024
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	68,578	(4,115)	Derivative financial instruments	(3,250)	3,250	–	1.98%	2023
– SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest	90,300	(395)	Derivative financial instruments	(395)	395	–	1.47%	2025
Foreign exchange risk								
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap	–	(68,234)	Borrowings	646	(646)	–	–	2023

NOTES TO THE FINANCIAL STATEMENTS

34. **FINANCIAL INSTRUMENTS** (continued)

Hedge accounting (continued)

Ascott Reit Group	Carrying amount: Contractual notional amount $'000	Carrying amount: Assets/ (Liabilities) $'000	Carrying amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000	Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000	Changes in fair value used for calculating hedge ineffectiveness: Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Net investment hedges								
Foreign exchange risk								
– Borrowings to hedge net investments in foreign operations	–	(630,296)	Borrowings	(18,985)	18,985	–	–	2021 – 2025
– Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	(14,222)	Derivative financial instruments	(24,479)	24,479	–	EUR 1:$1.53	2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[1]	(993)	Derivative financial instruments	(1,074)	1,074	–	JPY83.20:$1	2023
– SGD/JPY cross currency interest rate swap to hedge JPY net investments	–[1]	693	Derivative financial instruments	693	(693)	–	JPY77.52:$1	2025

(1) Contractual notional amount of the USD/JPY and SGD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Ascott BT Group	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Cash flow hedges								
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	142,104	(704)	Derivative financial instruments	(805)	805	–	0.30%	2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	40,436	(4,128)	Derivative financial instruments	(88)	88	–	2.08%	2022
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	8,087	24	Derivative financial instruments	(13)	13	–	2.08%	2022
Net investment hedges								
Foreign exchange risk								
– Borrowings to hedge net investments in foreign operations	–	(48,462)	Borrowings	457	(457)	–	–	2022
– Cross currency interest rate swaps to hedge net investments in foreign operations	69,000	4,935	Derivative financial instruments	(1,142)	1,142	–	JPY74.95:$1	2022
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[(1)]	46	Derivative financial instruments	(2,162)	2,162	–	JPY114:USD1	2022
– USD/KRW cross currency interest rate swap to hedge KRW net investments	–[(1)]	(78)	Derivative financial instruments	(488)	488	–	KRW1,083:USD1	2022

(1) Contractual notional amount of the USD/JPY and USD/KRW cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
Stapled Group	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Cash flow hedges								
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	657,366	(6,094)	Derivative financial instruments	(6,296)	6,296	–	0.30% – 0.84%	2021 – 2024
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	109,014	(8,243)	Derivative financial instruments	(3,338)	3,338	–	1.98% – 2.08%	2022 – 2023
– SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest	90,300	(395)	Derivative financial instruments	(395)	395	–	1.47%	2025
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	8,087	24	Derivative financial instruments	(13)	13	–	2.08%	2022
Foreign exchange risk								
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap	–	(68,234)	Borrowings	646	(646)	–	–	2023

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Stapled Group	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Net investment hedges								
Foreign exchange risk								
– Borrowings to hedge net investments in foreign operations	–	(678,758)	Borrowings	(18,528)	18,528	–	–	2021 – 2025
– Cross currency interest rate swaps to hedge net investments in foreign operations	489,000	(9,287)	Derivative financial instruments	(25,621)	25,621	–	JPY74.95:$1 EUR 1:$1.53	2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[(1)]	(947)	Derivative financial instruments	(3,236)	3,236	–	JPY83.20:$1 JPY114:USD1	2022 – 2023
– SGD/JPY cross currency interest rate swap to hedge JPY net investments	–[(1)]	693	Derivative financial instruments	693	(693)	–	JPY77.52:$1	2025
– USD/KRW cross currency interest rate swap to hedge KRW net investments	–[(1)]	(78)	Derivative financial instruments	(488)	488	–	KRW1,083:USD1	2022

(1) Contractual notional amount of the USD/JPY, SGD/JPY, and USD/KRW cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

At 31 December 2019, the Ascott Reit Group, the Ascott BT Group and the Stapled Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
Ascott Reit Group	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Cash flow hedges								
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	565,762	(2,478)	Derivative financial instruments	(4,536)	4,536	–	1.03%	2020 – 2024
– Interest rate swaps to hedge floating rate borrowings	63,801	(236)	Derivative financial instruments	–[1]	–[1]	–	0.75%	2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	69,223	(864)	Derivative financial instruments	(1,618)	1,618	–	3.49%	2023
Foreign exchange risk								
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap	–	(68,759)	Borrowings	501	(501)	–	–	2023

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Ascott Reit Group	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Net investment hedges								
Foreign exchange risk								
– Borrowings to hedge net investments in foreign operations	–	(550,009)	Borrowings	(6,831)	6,831	–	–	2020 – 2025
– Borrowings to hedge net investments in foreign operations	–	(63,516)	Borrowings	–[(1)]	–[(1)]	–	–	2023
– Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	10,257	Derivative financial instruments	13,928	(13,928)	–	EUR 1:$1.53	2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[(2)]	81	Derivative financial instruments	570	(570)	–	JPY83.20:$1	2023
– Cross currency interest rate swaps to hedge net investments in foreign operations	49,500	(433)	Derivative financial instruments	–[(1)]	–[(1)]	–	JPY81.47:$1	2020

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

(2) Contractual notional amount of the USD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Ascott BT Group	Carrying amount: Contractual notional amount $'000	Carrying amount: Assets/ (Liabilities) $'000	Carrying amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000	Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000	Changes in fair value used for calculating hedge ineffectiveness: Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Cash flow hedges								
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	64,954	(288)	Derivative financial instruments	–[1]	–[1]	–	2.01%	2020
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	40,817	134	Derivative financial instruments	–[1]	–[1]	–	3.65%	2022
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	8,163	(65)	Derivative financial instruments	–[1]	–[1]	–	3.65%	2022
Net investment hedges								
Foreign exchange risk								
– Borrowings to hedge net investments in foreign operations	–	(48,858)	Borrowings	–[1]	–[1]	–	–	2022
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	–[2]	(1,967)	Derivative financial instruments	–[1]	–[1]	–	JPY114:USD1	2022
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	–[2]	512	Derivative financial instruments	–[1]	–[1]	–	KRW1,083:USD1	2022
– Cross currency interest rate swaps to hedge net investments in foreign operations	94,500	7,334	Derivative financial instruments	–[1]	–[1]	–	JPY75.36:$1 KRW805:$1	2020 – 2022

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

(2) Contractual notional amount of the USD/JPY and USD/KRW cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Stapled Group	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Cash flow hedges								
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	565,762	(2,478)	Derivative financial instruments	(4,536)	4,536	–	1.03%	2020 – 2024
– Interest rate swaps to hedge floating rate borrowings	128,755	(524)	Derivative financial instruments	–[1]	–[1]	–	0.75% – 2.01%	2020 – 2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	69,223	(864)	Derivative financial instruments	(1,618)	1,618	–	3.49%	2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	40,817	134	Derivative financial instruments	–[1]	–[1]	–	3.65%	2022
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	8,163	(65)	Derivative financial instruments	–[1]	–[1]	–	3.65%	2022
Foreign exchange risk								
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap	–	(68,759)	Borrowings	501	(501)	–	–	2023

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Stapled Group	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in Statement of Total Return $'000	Weighted average hedge rate	Maturity date
Net investment hedges *Foreign exchange risk*								
– Borrowings to hedge net investments in foreign operations	–	(550,009)	Borrowings	(6,831)	6,831	–	–	2020 – 2025
– Borrowings to hedge net investments in foreign operations	–	(112,374)	Borrowings	–[1]	–[1]	–	–	2022 – 2023
– Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	10,257	Derivative financial instruments	13,928	(13,928)	–	EUR 1:$1.53	2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[2]	81	Derivative financial instruments	570	(570)	–	JPY83.20:$1	2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	–[2]	(1,967)	Derivative financial instruments	–[1]	–[1]	–	JPY114:USD1	2022
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	–[2]	512	Derivative financial instruments	–[1]	–[1]	–	KRW1,083:USD1	2022
– Cross currency interest rate swaps to hedge net investments in foreign operations	144,000	6,901	Derivative financial instruments	–[1]	–[1]	–	JPY75.36:$1 JPY81.47:$1 KRW805:$1	2020 – 2022

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.
(2) Contractual notional amount of the USD/JPY and USD/KRW cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

The following table provides a reconciliation by risk category of components of Stapled Securityholders' funds resulting from cash flow hedge accounting.

Hedging reserve	Ascott Reit Group 2020 $'000	Ascott Reit Group 2019 $'000	Ascott BT Group 2020 $'000	Ascott BT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Balance as at 1 January	**(3,746)**	3,003	**–**	–	**(3,746)**	3,003
Cash flow hedges						
Change in fair value						
– Interest rate risk	**(9,133)**	(6,154)	**(906)**	–	**(10,042)**	(6,154)
– Foreign exchange risk	**646**	501	**–**	–	**646**	501
Amounts reclassified to Statement of Total Return						
– Interest rate risk	**2,877**	(1,096)	**491**	–	**3,368**	(1,096)
Balance as at 31 December	**(9,356)**	(3,746)	**(415)**	–	**(9,774)**	(3,746)

Net investment hedge

A foreign currency exposure arises from the Stapled Group's net investment in its subsidiaries in Europe, Japan and South Korea that has a EUR, GBP, JPY and KRW functional currency respectively. The risk arises from the fluctuation in spot exchange rates between the EUR, GBP, JPY, KRW and SGD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges are the risk of a weakening EUR, GBP, JPY and KRW against the SGD that will result in a reduction in the carrying amount of the Stapled Group's net investment in its subsidiaries in Europe, Japan and South Korea.

Part of the Stapled Group's net investments in certain subsidiaries in Europe and Japan are hedged through the use of EUR, GBP and JPY denominated borrowings.

The Stapled Group also entered into cross currency interest rate swaps to swap fixed rate SGD medium term notes for fixed rate EUR, JPY and KRW obligations. The SGD medium term notes, which together with the cross currency interest rate swap arrangement, have been used to hedge the Stapled Group's foreign currency risk on the net investment in the subsidiaries in Europe, Japan and South Korea.

The Stapled Group has also designated USD denominated borrowings, together with certain cross currency interest rate swaps, to hedge its net investment in the subsidiaries in Japan and South Korea.

The Stapled Group also entered into a cross currency interest rate swap to swap floating rate USD loan for fixed rate JPY obligations. The JPY portion of this cross currency interest rate swap have been designated as a hedge of the Stapled Group's foreign currency risk on the net investment in the subsidiaries in Japan. The USD floating rate loan, together with the swap of the floating USD interest for fixed JPY interest under the cross currency interest rate swap, is designated as a cash flow hedge.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Net investment hedge (continued)

As at the reporting date, the carrying amount of these borrowings was $678,758,000 (2019: $662,383,000) and the fair value of the borrowings was $698,236,000 (2019: $685,714,000). The net investment hedges were effective during the year. The Stapled Group's investments in other subsidiaries are not hedged.

The Stapled Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount. The Stapled Group assess the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Stapled Group's Statement of Financial Position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statement of Financial Position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the Statement of Financial Position.

The Stapled Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Stapled Group or the counterparties. In addition, the Stapled Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement

Ascott Reit Group	Gross amount of recognised financial assets/ (liabilities) $'000	Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position $'000	Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position $'000	Related amount not offset in the Statement of Financial Position $'000	Net amount $'000
31 December 2020					
Financial assets					
Cross currency interest rate swaps	298	–	298	–	298
Trade and other receivables	11,345	(11,345)	–	–	–
Financial liabilities					
Interest rate swaps	(5,390)	–	(5,390)	–	(5,390)
Cross currency interest rate swaps	(19,330)	–	(19,330)	–	(19,330)
Trade and other payables	(13,309)	11,345	(1,964)	–	(1,964)
31 December 2019					
Financial assets					
Interest rate swaps	753	–	753	–	753
Cross currency interest rate swaps	11,510	–	11,510	–	11,510
Currency forwards	125	–	125	–	125
Trade and other receivables	11,451	(11,451)	–	–	–
Financial liabilities					
Interest rate swaps	(3,467)	–	(3,467)	–	(3,467)
Cross currency interest rate swaps	(2,469)	–	(2,469)	–	(2,469)
Currency forwards	(10)	–	(10)	–	(10)
Trade and other payables	(13,311)	11,451	(1,860)	–	(1,860)

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement (continued)

Ascott BT Group	Gross amount of recognised financial assets/ (liabilities) $'000	Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position $'000	Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position $'000	Related amount not offset in the Statement of Financial Position $'000	Net amount $'000
31 December 2020					
Financial assets					
Cross currency interest rate swaps	4,935	–	4,935	–	4,935
Financial liabilities					
Interest rate swaps	(704)	–	(704)	–	(704)
Cross currency interest rate swaps	(4,136)	–	(4,136)	–	(4,136)
31 December 2019					
Financial assets					
Cross currency interest rate swaps	7,902	–	7,902	–	7,902
Currency forwards	181	–	181	–	181
Financial liabilities					
Interest rate swaps	(288)	–	(288)	–	(288)
Cross currency interest rate swaps	(1,954)	–	(1,954)	–	(1,954)
Currency forwards	(7)	–	(7)	–	(7)

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement (continued)

Stapled Group	Gross amount of recognised financial assets/ (liabilities) $'000	Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position $'000	Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position $'000	Related amount not offset in the Statement of Financial Position $'000	Net amount $'000
31 December 2020					
Financial assets					
Cross currency interest rate swaps	5,233	–	5,233	–	5,233
Trade and other receivables	11,345	(11,345)	–	–	–
Financial liabilities					
Interest rate swaps	(6,094)	–	(6,094)	–	(6,094)
Cross currency interest rate swaps	(23,466)	–	(23,466)	–	(23,466)
Trade and other payables	(13,309)	11,345	(1,964)	–	(1,964)
31 December 2019					
Financial assets					
Interest rate swaps	753	–	753	–	753
Cross currency interest rate swaps	19,412	–	19,412	–	19,412
Currency forwards	306	–	306	–	306
Trade and other receivables	11,451	(11,451)	–	–	–
Financial liabilities					
Interest rate swaps	(3,755)	–	(3,755)	–	(3,755)
Cross currency interest rate swaps	(4,423)	–	(4,423)	–	(4,423)
Currency forwards	(17)	–	(17)	–	(17)
Trade and other payables	(13,311)	11,451	(1,860)	–	(1,860)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the Statements of Financial Position that are disclosed in the above tables are measured in the Statements of Financial Position on the following basis:

- cross currency interest rate swaps, currency forwards and interest rate swaps – fair value; and
- trade and other receivables and trade and other payables – amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTIES

In the normal course of the operations of the Ascott Reit Group, the Ascott Reit Manager's management fees and the Ascott Reit Trustee's fees have been paid or are payable to the Ascott Reit Manager and the Ascott Reit Trustee, respectively.

In the normal course of the operations of the Ascott BT Group, the Ascott BT Trustee-Manager's management fees and the Ascott BT Trustee-Manager's trustee fees have been paid or are payable to the Ascott BT Trustee-Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Acquisition fees paid/ payable to the Ascott Reit Manager	**440**	5,017	**8**	4,879	**448**	9,896
Compensation fees paid/ payable to related corporations	**9,657**	206	**–**	–	**9,657**	206
Divestment fees paid/ payable to the Ascott Reit Manager	**1,197**	1,836	**–**	–	**1,197**	1,836
Interest paid/payable to a related corporation	**100**	139	**–**	–	**100**	139
Rental income received/ receivable from related corporations	**(10,673)**	(2,591)	**–**	–	**(10,673)**	(2,591)
Rental income received/ receivable from master lease arrangements with related corporations	**(42,624)**	(57,706)	**–**	–	**(42,624)**	(57,706)
Rental income received/ receivable from master lease arrangements with the Ascott BT Group	**(15,033)**	–	**–**	–	**–**	–
Serviced residence management fees paid/ payable to related corporations	**8,178**	23,275	**–**	–	**8,178**	23,275
Service fee paid/payable to related corporations	**14,144**	20,154	**–**	–	**14,144**	20,154

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RATIOS

	Ascott Reit Group		Stapled Group	
	2020	2019	2020	2019
	%	%	%	%
Ratio of expenses to average net asset value (1)				
– including performance component of the Ascott Reit Manager's management fees	**0.82**	0.92	**0.85**	0.71
– excluding performance component of the Ascott Reit Manager's management fees	**0.71**	0.65	**0.74**	0.50
Portfolio turnover rate (2)	**1.16**	1.94	**1.00**	1.49

(1) The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Ascott Reit Group and the Stapled Group level, excluding property related expenses, borrowing costs and foreign exchange gains/(losses).

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Ascott Reit Group and the Stapled Group expressed as a percentage of weighted average net asset value.

37. OPERATING SEGMENTS

Segment information is presented in respect of the geographical segments of the Ascott Reit Group, the Ascott BT Group and the Stapled Group. The operations of each of the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's geographical segments are separately managed because of the different economic environments in which they operate in. For each of the reportable segments, the CEO of the Managers review internal management reports on a monthly basis, at minimum, for strategic decision making, performance assessment and resource allocation purpose.

Performance measurement based on segment gross profit and non-financial assets as well as financial assets attributable to each segment is used as the Managers believe that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, corporate assets and expenses, and income tax expense. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Information regarding the reportable segments of the Ascott Reit Group, the Ascott BT Group and the Stapled Group is presented in the following tables.

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments

Geographical segments

The principal business of the Ascott Reit Group, the Ascott BT Group and the Stapled Group are investing in investment properties.

Ascott Reit Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Subtotal $'000
Year ended 31 December 2020								
Gross rental income	33,156	17,682	6,391	34,780	21,815	13,925	9,927	137,676
Other income	1,351	2,464	599	964	2,767	802	131	9,078
Gross revenue	34,507	20,146	6,990	35,744	24,582	14,727	10,058	146,754
Direct expenses	(9,183)	(11,976)	(5,651)	(24,331)	(3,346)	(1,368)	(8,100)	(63,955)
Segment gross profit	25,324	8,170	1,339	11,413	21,236	13,359	1,958	82,799
Net change in fair value of investment properties, investment properties under development and assets held for sale	(21,512)	(18,424)	(6,962)	(44,728)	(25,761)	(8,685)	(3,995)	(130,067)

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Japan $'000	Malaysia $'000	Philippines $'000	Spain $'000	United Kingdom $'000	United States of America $'000	Vietnam $'000	Subtotal $'000	Total $'000
Year ended 31 December 2020									
Gross rental income	48,564	2,843	13,049	3,547	19,939	32,530	24,150	144,622	282,298
Other income	2,482	45	703	161	335	493	1,210	5,429	14,507
Gross revenue	51,046	2,888	13,752	3,708	20,274	33,023	25,360	150,051	296,805
Direct expenses	(19,360)	(2,696)	(12,238)	(2,265)	(13,776)	(39,985)	(12,414)	(102,734)	(166,689)
Segment gross profit	31,686	192	1,514	1,443	6,498	(6,962)	12,946	47,317	130,116
Net change in fair value of investment properties, investment properties under development and assets held for sale	(23,399)	(4,199)	(5,295)	(8,699)	(53,605)	(115,300)	(21,916)	(232,413)	(362,480)
Finance income									1,766
Finance costs									(52,792)
Profit from divestments									78,428
Transaction costs relating to the Combination									531
Unallocated net expense									(17,753)
Reportable segment loss before income tax									(222,184)
Income tax credit									29,917
Total loss for the year									(192,267)

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Subtotal $'000
Year ended 31 December 2019								
Gross rental income	45,142	34,468	14,674	49,394	30,744	14,547	15,400	204,369
Other income	93	2,278	1,448	1,538	2,568	895	340	9,160
Gross revenue	45,235	36,746	16,122	50,932	33,312	15,442	15,740	213,529
Direct expenses	(17,937)	(18,882)	(10,551)	(30,563)	(3,058)	(1,221)	(10,261)	(92,473)
Segment gross profit	27,298	17,864	5,571	20,369	30,254	14,221	5,479	121,056
Net change in fair value of investment properties, investment properties under development and assets held for sale	227,234	10,254	5,641	2,280	9,561	8,515	(3,891)	259,594

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Japan $'000	Malaysia $'000	Philippines $'000	Spain $'000	United Kingdom $'000	United States of America $'000	Vietnam $'000	Subtotal $'000	Total $'000
Year ended 31 December 2019									
Gross rental income	52,267	4,435	24,322	8,463	55,419	105,817	40,096	290,819	495,188
Other income	4,745	27	1,313	367	762	1,557	1,837	10,608	19,768
Gross revenue	57,012	4,462	25,635	8,830	56,181	107,374	41,933	301,427	514,956
Direct expenses	(27,136)	(3,581)	(16,688)	(4,605)	(32,060)	(66,481)	(19,321)	(169,872)	(262,345)
Segment gross profit	29,876	881	8,947	4,225	24,121	40,893	22,612	131,555	252,611
Net change in fair value of investment properties, investment properties under development and assets held for sale	11,943	(3,582)	(6,808)	2,498	6,439	(2,005)	(17,858)	(9,373)	250,221
Finance income									2,080
Finance costs									(51,817)
Profit from divestments									1,019
Transaction costs relating to the Combination									(7,081)
Impairment of goodwill									(60,866)
Unallocated net expense									(33,252)
Reportable segment profit before income tax									352,915
Income tax expense									(44,692)
Total return for the year									308,223

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott BT Group	Australia $'000	Japan $'000	South Korea $'000	Total $'000
Year ended 31 December 2020				
Gross rental income	–	24,584	5,204	29,788
Hotel revenue	56,741	–	–	56,741
Other income	1,571	–	–	1,571
Gross revenue	58,312	24,584	5,204	88,100
Direct expenses	(52,194)	(821)	(540)	(53,555)
Segment gross profit	6,118	23,763	4,664	34,545
Net change in fair value of investment properties	–	(6,729)	(14,938)	(21,667)
Depreciation of buildings, plant and machinery	(18,930)	–	–	(18,930)
Revaluation deficit on freehold land and buildings	(26,594)	–	–	(26,594)
Finance income				240
Finance costs				(17,285)
Transaction costs relating to the Combination				523
Unallocated net income				2,942
Reportable segment loss before income tax				(46,226)
Income tax credit				12,751
Total loss for the year				(33,475)
Period ended 31 December 2019				
Transaction costs relating to the Combination				(12,620)
Impairment of goodwill				(79,233)
Unallocated net expense				(48)
Reportable segment loss before income tax				(91,901)
Income tax expense				–
Total loss for the period				(91,901)

37. **OPERATING SEGMENTS** (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Japan $'000	Subtotal $'000
Year ended 31 December 2020									
Gross rental income	33,156	17,682	6,391	34,780	21,815	13,925	9,927	58,115	195,791
Hotel revenue	–	56,741	–	–	–	–	–	–	56,741
Other income	1,351	4,035	599	964	2,767	802	131	2,482	13,131
Gross revenue	34,507	78,458	6,990	35,744	24,582	14,727	10,058	60,597	265,663
Direct expenses	(9,183)	(64,170)	(5,651)	(24,331)	(3,346)	(1,368)	(8,100)	(20,207)	(136,356)
Segment gross profit	25,324	14,288	1,339	11,413	21,236	13,359	1,958	40,390	129,307
Net change in fair value of investment properties, investment properties under development and assets held for sale	(21,512)	(18,424)	(6,962)	(44,728)	(25,761)	(8,685)	(3,995)	(25,073)	(155,140)
Depreciation of buildings, plant and machinery	–	(18,930)	–	–	–	–	–	–	(18,930)
Revaluation deficit on freehold land and buildings	–	(26,594)	–	–	–	–	–	–	(26,594)

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Malaysia $'000	Philippines $'000	South Korea $'000	Spain $'000	United Kingdom $'000	United States of America $'000	Vietnam $'000	Subtotal $'000	Total $'000
Year ended 31 December 2020									
Gross rental income	2,843	13,049	5,204	3,547	19,939	32,530	24,150	101,262	297,053
Hotel revenue	–	–	–	–	–	–	–	–	56,741
Other income	45	703	–	161	335	493	1,210	2,947	16,078
Gross revenue	2,888	13,752	5,204	3,708	20,274	33,023	25,360	104,209	369,872
Direct expenses	(2,696)	(12,238)	(540)	(2,265)	(13,776)	(39,985)	(12,414)	(83,914)	(220,270)
Segment gross profit	192	1,514	4,664	1,443	6,498	(6,962)	12,946	20,295	149,602
Net change in fair value of investment properties, investment properties under development and assets held for sale	(4,199)	(5,295)	(14,938)	(8,699)	(53,605)	(115,300)	(21,916)	(223,952)	(379,092)
Depreciation of buildings, plant and machinery	–	–	–	–	–	–	–	–	(18,930)
Revaluation deficit on freehold land and buildings	–	–	–	–	–	–	–	–	(26,594)
Finance income									1,990
Finance costs									(60,057)
Profit from divestments									78,428
Transaction costs relating to the Combination									1,054
Unallocated net expense									(14,365)
Reportable segment loss before income tax									(267,964)
Income tax credit									42,668
Total loss for the year									(225,296)

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Japan $'000	Subtotal $'000
Year ended 31 December 2019									
Gross rental income	45,142	34,468	14,674	49,394	30,744	14,547	15,400	52,267	256,636
Other income	93	2,278	1,448	1,538	2,568	895	340	4,745	13,905
Gross revenue	45,235	36,746	16,122	50,932	33,312	15,442	15,740	57,012	270,541
Direct expenses	(17,937)	(18,882)	(10,551)	(30,563)	(3,058)	(1,221)	(10,261)	(27,136)	(119,609)
Segment gross profit	27,298	17,864	5,571	20,369	30,254	14,221	5,479	29,876	150,932
Net change in fair value of investment properties, investment properties under development and assets held for sale	227,234	10,254	5,641	2,280	9,561	8,515	(3,891)	11,943	271,537

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Malaysia $'000	Philippines $'000	Spain $'000	United Kingdom $'000	United States of America $'000	Vietnam $'000	Subtotal $'000	Total $'000
Year ended 31 December 2019								
Gross rental income	4,435	24,322	8,463	55,419	105,817	40,096	238,552	495,188
Other income	27	1,313	367	762	1,557	1,837	5,863	19,768
Gross revenue	4,462	25,635	8,830	56,181	107,374	41,933	244,415	514,956
Direct expenses	(3,581)	(16,688)	(4,605)	(32,060)	(66,481)	(19,321)	(142,736)	(262,345)
Segment gross profit	881	8,947	4,225	24,121	40,893	22,612	101,679	252,611
Net change in fair value of investment properties, investment properties under development and assets held for sale	(3,582)	(6,808)	2,498	6,439	(2,005)	(17,858)	(21,316)	250,221
Finance income								2,080
Finance costs								(51,817)
Profit from divestments								1,019
Transaction costs relating to the Combination								(19,701)
Impairment of goodwill								(140,099)
Unallocated net expense								(33,300)
Reportable segment profit before income tax								261,014
Income tax expense								(44,692)
Total return for the year								216,322

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Subtotal $'000
2020								
Assets and liabilities								
Reportable segment assets	1,203,945	403,463	67,737	585,306	533,461	270,615	102,178	3,166,705
Reportable segment liabilities	56,816	59,008	57,950	158,099	393,132	210,638	10,525	946,168
Other Segmental Information								
Capital expenditure:								
– investment properties	38	3,111	–	16	2,512	164	304	6,145
– property, plant and equipment	28	1,084	6	650	100	–	62	1,930
– investment properties under development	14,993	–	–	–	–	–	–	14,993
Depreciation	1,934	539	90	1,381	–	–	699	4,643
2019								
Assets and liabilities								
Reportable segment assets	1,316,575	351,693	69,888	536,856	526,374	255,988	110,017	3,167,391
Reportable segment liabilities	44,931	11,211	59,603	133,541	402,461	200,303	11,993	864,043
Other Segmental Information								
Capital expenditure:								
– investment properties	–	4,306	199	378	795	131	4,217	10,026
– property, plant and equipment	341	987	88	835	–	–	487	2,738
– investment properties under development	9,293	–	–	–	–	–	–	9,293
Depreciation	2,302	406	138	1,442	–	–	836	5,124

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Japan $'000	Malaysia $'000	Philippines $'000	Spain $'000	United Kingdom $'000	United States of America $'000	Vietnam $'000	Subtotal $'000	Total $'000
2020									
Assets and liabilities									
Reportable segment assets	1,240,536	44,641	176,624	68,461	469,353	772,718	242,980	3,015,313	6,182,018
Reportable segment liabilities	990,747	417	32,667	49,525	50,395	592,815	33,157	1,749,723	2,695,891
Other Segmental Information									
Capital expenditure:									
– investment properties	894	–	149	–	–	1,302	–	2,345	8,490
– property, plant and equipment	442	59	370	–	127	177	1,098	2,273	4,203
– investment properties under development	–	–	–	–	–	–	–	–	14,993
Depreciation	394	140	1,897	139	1,669	1,640	1,668	7,547	12,190
2019									
Assets and liabilities									
Reportable segment assets	1,209,863	49,616	177,230	69,985	520,451	921,190	273,898	3,222,233	6,389,624
Reportable segment liabilities	963,643	673	36,306	52,337	61,315	610,886	37,734	1,762,894	2,626,937
Other Segmental Information									
Capital expenditure:									
– investment properties	371	–	1,205	122	909	807	86	3,500	13,526
– property, plant and equipment	349	86	541	18	–	4,226	1,552	6,772	9,510
– investment properties under development	–	–	–	–	–	–	–	–	9,293
Depreciation	416	145	1,979	188	1,823	1,308	1,515	7,374	12,498

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott BT Group	Singapore $'000	Australia $'000	Japan $'000	South Korea $'000	Total $'000
2020					
Assets and liabilities					
Reportable segment assets	10,239	591,658	379,348	190,270	1,171,515
Reportable segment liabilities	76,881	244,349	241,575	50,695	613,500
Other Segmental Information					
Capital expenditure:					
– investment properties	–	–	389	–	389
– property, plant and equipment	–	6,777	–	–	6,777
Depreciation	–	22,025	–	–	22,025
2019					
Assets and liabilities					
Reportable segment assets	17,805	602,738	372,598	198,545	1,191,686
Reportable segment liabilities	51,175	218,406	267,625	72,324	609,530

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Japan $'000	Subtotal $'000
2020									
Assets and liabilities									
Reportable segment assets	1,142,057	992,655	67,737	585,306	533,461	270,615	102,178	1,504,770	5,198,779
Reportable segment liabilities	63,641	300,891	57,950	158,099	393,132	210,638	10,525	1,117,209	2,312,085
Other Segmental Information									
Capital expenditure:									
– investment properties	38	3,111	–	16	2,512	164	304	1,283	7,428
– property, plant and equipment	28	7,861	6	650	100	–	62	442	9,149
– investment properties under development	14,993	–	–	–	–	–	–	–	14,993
Depreciation	1,934	22,564	90	1,381	–	–	699	394	27,062
2019									
Assets and liabilities									
Reportable segment assets	1,296,068	954,431	69,888	536,856	526,374	255,988	110,017	1,462,249	5,211,871
Reportable segment liabilities	60,328	229,617	59,603	133,541	402,461	200,303	11,993	1,111,056	2,208,902
Other Segmental Information									
Capital expenditure:									
– investment properties	–	4,306	199	378	795	131	4,217	371	10,397
– property, plant and equipment	341	987	88	835	–	–	487	349	3,087
– investment properties under development	9,293	–	–	–	–	–	–	–	9,293
Depreciation	2,302	406	138	1,442	–	–	836	416	5,540

37. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Malaysia $'000	Philippines $'000	South Korea $'000	Spain $'000	United Kingdom $'000	United States of America $'000	Vietnam $'000	Subtotal $'000	Total $'000
2020									
Assets and liabilities									
Reportable segment assets	44,641	176,624	190,270	68,461	469,353	772,718	242,980	1,965,047	7,163,826
Reportable segment liabilities	417	32,667	50,695	49,525	50,395	592,815	33,157	809,671	3,121,756
Other Segmental Information									
Capital expenditure:									
– investment properties	–	149	–	–	–	1,302	–	1,451	8,879
– property, plant and equipment	59	370	–	–	127	177	1,098	1,831	10,980
– investment properties under development	–	–	–	–	–	–	–	–	14,993
Depreciation	140	1,897	–	139	1,669	1,640	1,668	7,153	34,215
2019									
Assets and liabilities									
Reportable segment assets	49,616	177,230	198,545	69,985	520,451	921,190	273,898	2,210,915	7,422,786
Reportable segment liabilities	673	36,306	72,324	52,337	61,315	610,886	37,734	871,575	3,080,477
Other Segmental Information									
Capital expenditure:									
– investment properties	–	1,205	–	122	909	807	86	3,129	13,526
– property, plant and equipment	86	541	–	18	–	4,226	1,552	6,423	9,510
– investment properties under development	–	–	–	–	–	–	–	–	9,293
Depreciation	145	1,979	–	188	1,823	1,308	1,515	6,958	12,498

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (continued)

Major customers

Revenue from related corporations accounted for approximately $42,624,000 (2019: $57,706,000) of the gross revenue of the Stapled Group. Such revenue is attributable to the France segment, Germany segment and Singapore segment.

38. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Determining fair value

A number of the Stapled Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods and processes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial derivatives

The fair values of cross currency interest rate swaps, currency forwards and interest rate swaps are based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates or exchange rates, where applicable, for a similar financial instrument at the measurement date.

(ii) Non-derivative financial liabilities

The fair value of quoted interest-bearing borrowings is their quoted ask price at the reporting date. Fair value for unquoted interest-bearing borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

38. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
Ascott Reit Group	Note	Mandatorily at FVTPL $'000	Fair value – hedging instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2020										
Financial assets measured at fair value										
Investment securities	8	2,072	–	–	–	2,072	–	–	2,072	2,072
Cross currency interest rate swaps used for hedging	12	–	298	–	–	298	–	298	–	298
		2,072	298	–	–	2,370				
Financial assets not measured at fair value										
Loan to associate	11	–	–	3,521	–	3,521				
Trade and other receivables[1]	14	–	–	158,107	–	158,107				
Cash and cash equivalents	16	–	–	454,083	–	454,083				
		–	–	615,711	–	615,711				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	12	–	(5,390)	–	–	(5,390)	–	(5,390)	–	(5,390)
Cross currency interest rate swaps used for hedging	12	–	(19,330)	–	–	(19,330)	–	(19,330)	–	(19,330)
		–	(24,720)	–	–	(24,720)				
Financial liabilities not measured at fair value										
Bank loans	17	–	–	–	(1,408,748)	(1,408,748)	–	(1,411,575)	–	(1,411,575)
Medium term notes	17	–	–	–	(705,610)	(705,610)	–	(746,779)	–	(746,779)
Trade and other payables[2]	18	–	–	–	(146,694)	(146,694)				
Rental deposits (non-current)	18	–	–	–	(6,475)	(6,475)	–	(6,709)	–	(6,709)
		–	–	–	(2,267,527)	(2,267,527)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Ascott Reit Group	Note	Carrying amount: Mandatorily at FVTPL $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2019										
Financial assets measured at fair value										
Investment securities	8	2,534	–	–	–	2,534	–	–	2,534	2,534
Interest rate swaps used for hedging	12	–	753	–	–	753	–	753	–	753
Cross currency interest rate swaps used for hedging	12	–	11,510	–	–	11,510	–	11,510	–	11,510
Currency forwards	12	125	–	–	–	125	–	125	–	125
		2,659	12,263	–	–	14,922				
Financial assets not measured at fair value										
Loan to associate	11	–	–	3,557	–	3,557				
Trade and other receivables[1]	14	–	–	79,748	–	79,748				
Cash and cash equivalents	16	–	–	245,884	–	245,884				
		–	–	329,189	–	329,189				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	12	–	(3,467)	–	–	(3,467)	–	(3,467)	–	(3,467)
Cross currency interest rate swaps used for hedging	12	–	(2,469)	–	–	(2,469)	–	(2,469)	–	(2,469)
Currency forwards	12	(10)	–	–	–	(10)	–	(10)	–	(10)
		(10)	(5,936)	–	–	(5,946)				
Financial liabilities not measured at fair value										
Bank loans	17	–	–	–	(1,164,169)	(1,164,169)	–	(1,167,610)	–	(1,167,610)
Medium term notes	17	–	–	–	(830,540)	(830,540)	–	(872,023)	–	(872,023)
Trade and other payables[2]	18	–	–	–	(124,256)	(124,256)				
Rental deposits (non-current)	18	–	–	–	(8,163)	(8,163)	–	(8,311)	–	(8,311)
		–	–	–	(2,127,128)	(2,127,128)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Ascott BT Group	Note	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2020									
Financial assets measured at fair value									
Cross currency interest rate swaps used for hedging	12	4,935	–	–	4,935	–	4,935	–	4,935
Financial assets not measured at fair value									
Trade and other receivables[1]	14	–	7,446	–	7,446				
Cash and cash equivalents	16	–	32,620	–	32,620				
		–	40,066	–	40,066				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	12	(704)	–	–	(704)	–	(704)	–	(704)
Cross currency interest rate swaps used for hedging	12	(4,136)	–	–	(4,136)	–	(4,136)	–	(4,136)
		(4,840)	–	–	(4,840)				
Financial liabilities not measured at fair value									
Bank loans	17	–	–	(278,457)	(278,457)	–	(280,537)	–	(280,537)
Medium term notes	17	–	–	(69,680)	(69,680)	–	(70,557)	–	(70,557)
Trade and other payables[2]	18	–	–	(89,244)	(89,244)				
Rental deposits (non-current)	18	–	–	(9,800)	(9,800)	–	(9,916)	–	(9,916)
		–	–	(447,181)	(447,181)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Ascott BT Group	Note	Carrying amount: Mandatorily at FVTPL $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2019										
Financial assets measured at fair value										
Cross currency interest rate swaps used for hedging	12	–	7,902	–	–	7,902	–	7,902	–	7,902
Currency forwards	12	181	–	–	–	181	–	181	–	181
		181	7,902	–	–	8,083				
Financial assets not measured at fair value										
Trade and other receivables[1]	14	–	–	11,223	–	11,223				
Cash and cash equivalents	16	–	–	29,619	–	29,619				
		–	–	40,842	–	40,842				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	12	–	(288)	–	–	(288)	–	(288)	–	(288)
Cross currency interest rate swaps used for hedging	12	–	(1,954)	–	–	(1,954)	–	(1,954)	–	(1,954)
Currency forwards	12	(7)	–	–	–	(7)	–	(7)	–	(7)
		(7)	(2,242)	–	–	(2,249)				
Financial liabilities not measured at fair value										
Bank loans	17	–	–	–	(259,150)	(259,150)	–	(260,702)	–	(260,702)
Medium term notes	17	–	–	–	(95,154)	(95,154)	–	(96,702)	–	(96,702)
Trade and other payables[2]	18	–	–	–	(64,932)	(64,932)				
Rental deposits (non-current)	18	–	–	–	(9,338)	(9,338)	–	(9,538)	–	(9,538)
		–	–	–	(428,574)	(428,574)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

38. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Stapled Group	Note	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2020									
Financial assets measured at fair value									
Cross currency interest rate swaps used for hedging	12	5,233	–	–	5,233	–	5,233	–	5,233
Financial assets not measured at fair value									
Loan to associate	11	–	3,521	–	3,521				
Trade and other receivables[(1)]	14	–	91,996	–	91,996				
Cash and cash equivalents	16	–	486,703	–	486,703				
		–	582,220	–	582,220				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	12	(6,094)	–	–	(6,094)	–	(6,094)	–	(6,094)
Cross currency interest rate swaps used for hedging	12	(23,466)	–	–	(23,466)	–	(23,466)	–	(23,466)
		(29,560)	–	–	(29,560)				
Financial liabilities not measured at fair value									
Bank loans	17	–	–	(1,687,205)	(1,687,205)	–	(1,692,112)	–	(1,692,112)
Medium term notes	17	–	–	(775,290)	(775,290)	–	(817,336)	–	(817,336)
Trade and other payables[(2)]	18	–	–	(162,380)	(162,380)				
Rental deposits (non-current)	18	–	–	(16,275)	(16,275)	–	(16,625)	–	(16,625)
		–	–	(2,641,150)	(2,641,150)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

NOTES TO THE FINANCIAL STATEMENTS

38. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Stapled Group	Note	Carrying amount: Mandatorily at FVTPL $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2019										
Financial assets measured at fair value										
Interest rate swaps used for hedging	12	–	753	–	–	753	–	753	–	753
Cross currency interest rate swaps used for hedging	12	–	19,412	–	–	19,412	–	19,412	–	19,412
Currency forwards	12	306	–	–	–	306	–	306	–	306
		306	20,165	–	–	20,471				
Financial assets not measured at fair value										
Loan to associate	11	–	–	3,557	–	3,557				
Trade and other receivables[1]	14	–	–	50,695	–	50,695				
Cash and cash equivalents	16	–	–	275,503	–	275,503				
		–	–	329,755	–	329,755				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	12	–	(3,755)	–	–	(3,755)	–	(3,755)	–	(3,755)
Cross currency interest rate swaps used for hedging	12	–	(4,423)	–	–	(4,423)	–	(4,423)	–	(4,423)
Currency forwards	12	(17)	–	–	–	(17)	–	(17)	–	(17)
		(17)	(8,178)	–	–	(8,195)				
Financial liabilities not measured at fair value										
Bank loans	17	–	–	–	(1,423,319)	(1,423,319)	–	(1,428,312)	–	(1,428,312)
Medium term notes	17	–	–	–	(925,694)	(925,694)	–	(968,725)	–	(968,725)
Trade and other payables[2]	18	–	–	–	(148,913)	(148,913)				
Rental deposits (non-current)	18	–	–	–	(17,501)	(17,501)	–	(17,849)	–	(17,849)
		–	–	–	(2,515,427)	(2,515,427)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

39. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(i) Ascott Reit Group

On 31 December 2019, Ascott Reit acquired all the A-HREIT units. If the acquisition had occurred on 1 January 2019, management estimates that the additional contribution in terms of revenue and profit after tax would have been $36,276,000 and $62,826,000 respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

(a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2019 $'000
Cash	26,870
Issue of Stapled Securities for the Combination	510,899
Total consideration transferred	537,769

(b) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	2019 $'000
Consideration transferred	537,769
Fair value of identifiable net assets	(476,903)
Goodwill	60,866

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	2019 $'000
Investment properties	4	794,125
Investment securities	8	2,534
Trade and other receivables		3,964
Cash and cash equivalents		20,202
Financial liabilities		(287,691)
Financial derivative liabilities, net		(554)
Deferred tax liabilities, net	13	(33,391)
Deferred income	19	(764)
Trade and other payables		(20,173)
Current tax liabilities		(1,349)
Total identifiable net assets acquired		476,903

NOTES TO THE FINANCIAL STATEMENTS

39. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(i) Ascott Reit Group (continued)

(c) Identifiable assets acquired and liabilities assumed (continued)

	2019 $'000
Purchase consideration satisfied in cash	(26,870)
Cash and cash equivalents acquired	20,202
Net cash outflow on acquisition	(6,668)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed were as follows:

Investment property

Discounted cash flow: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Capitalisation method: The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate.

Long-term loans and borrowings - fixed interest rate

Discounted cash flow: The fair values of long–term loans and borrowings with fixed interest rate were estimated by discounting future principal and interest payment using appropriate discount rates.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

(ii) Ascott BT Group

On 31 December 2019, Ascott BT acquired all the A-HBT units. If the acquisition had occurred on 1 January 2019, management estimates that the additional contribution in terms of revenue and profit after tax would have been $172,082,000 and $17,720,000 respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

(a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2019 $'000
Cash	34,957
Issue of Stapled Securities for the Combination	664,662
Total consideration transferred	699,619

NOTES TO THE FINANCIAL STATEMENTS

39. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(ii) Ascott BT Group (continued)

(b) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	2019 $'000
Consideration transferred	699,619
NCI based on their proportionate interest in the recognised amounts of the assets and liabilities of A-HBT Group	4,512
Fair value of identifiable net assets	(624,898)
Goodwill	79,233

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	2019 $'000
Investment properties	4	552,265
Property, plant and equipment	5	584,583
Financial derivative assets, net	12	5,834
Inventories		297
Trade and other receivables		12,504
Cash and cash equivalents	16	26,118
Restricted cash deposits	16	3,501
Deferred tax liabilities, net	13	(42,663)
Financial liabilities	17	(354,304)
Trade and other payables		(40,952)
Deferred income	19	(5,478)
Current tax liabilities		(1,093)
Lease liabilities	20	(115,714)
Net assets		624,898
Less: Non-controlling interests		(4,512)
Total identifiable net assets acquired		620,386
Purchase consideration satisfied in cash		(34,957)
Cash and cash equivalents acquired		26,118
Net cash outflow on acquisition		(8,839)

NOTES TO THE FINANCIAL STATEMENTS

39. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(ii) Ascott BT Group (continued)

(c) Identifiable assets acquired and liabilities assumed (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed were as follows:

Investment property and freehold land and buildings included in property, plant and equipment

Discounted cash flow: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Capitalisation method: The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate.

Long-term loans and borrowings - fixed interest rate

Discounted cash flow: The fair values of long-term loans and borrowings with fixed interest rate were estimated by discounting future principal and interest payment using appropriate discount rates.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

40. COMMITMENTS

Leases as lessor

The Stapled Group leases out some of its investment properties on long term arrangements. All leases are classified as operating leases from a lessor perspective. The leases have initial tenure ranging from two to 25 years, with options to renew for some of the leases. The operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for in the agreements.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Less than one year	**90,261**	94,289	**35,209**	33,955	**110,401**	113,607
One to two years	**82,722**	76,527	**35,073**	33,569	**102,726**	95,459
Two to three years	**60,848**	65,437	**34,925**	33,632	**80,704**	84,432
Three to four years	**40,878**	45,299	**34,407**	33,491	**60,215**	64,154
Four to five years	**35,792**	35,193	**33,190**	33,001	**53,912**	53,557
More than five years	**215,580**	275,350	**159,287**	186,297	**265,613**	340,894
Total	**526,081**	592,095	**332,091**	353,945	**673,571**	752,103

NOTES TO THE FINANCIAL STATEMENTS

40. COMMITMENTS (continued)

Capital commitments

As at the reporting date, the Stapled Group had the following capital commitments:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Capital expenditure commitments:						
– contracted but not provided for	**16,611**	40,049	**623**	2,299	**17,234**	42,348

41. SUBSEQUENT EVENTS

On 15 January 2021, the sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were terminated.

On 27 January 2021, the Ascott Reit Manager and Ascott BT Trustee-Manager declared a distribution of 1.986 cents per Stapled Security amounting to $61,667,000 in respect of the period from 1 July 2020 to 31 December 2020.

On 27 January 2021, the Ascott Reit Group entered into a conditional sale and purchase agreement to acquire a student accommodation property in USA for USD 95.0 million (equivalent to $126.3 million). The principal investment strategy of Ascott Reit was expanded to include investments in real estate and real estate related assets which are income producing and which are used, or predominantly used, as student accommodation and the acquisition was completed on 27 February 2021.

On 22 February 2021, the Ascott Reit Manager and Ascott BT Trustee-Manager issued 5,586,275 Stapled Securities at an issue price of $1.0759 per Stapled Security to the Ascott Reit Manager. These Stapled Securities were issued as partial payment of the base fee (as defined in the Ascott Reit Trust Deed) for the period from 1 October 2020 to 31 December 2020 and the performance fee for the period from 1 January 2020 to 31 December 2020.

On 22 February 2021, the Ascott Reit Manager and Ascott BT Trustee-Manager issued 485,787 Stapled Securities at an issue price of $1.0759 per Stapled Security to the Ascott BT Trustee-Manager. These Stapled Securities were issued to the Ascott BT Trustee-Manager as partial payment of the base fee and performance fee (as defined in the Ascott BT Trust Deed) for the period from 1 October 2020 to 31 December 2020.

On 9 February 2021, the Ascott Reit Group through its wholly owned subsidiary, Glenwood Properties Pte. Ltd., entered into a conditional sale and purchase agreement to divest Somerset Xu Hui Shanghai, through the divestment of interests in Shanghai Xinwei Real Estate Development Co. Ltd. The sale price was agreed on a willing buyer willing seller basis taking into account the agreed aggregate value of the property of RMB 1,050 million, being 171% above the valuation of the property as at 31 December 2020. The sale is expected to complete in the second quarter of 2021.

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD. FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the member of the Company, together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 338 to 355 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity of the Company, and the cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regard to the financial support of the immediate holding company, CapitaLand Financial Limited, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Tan Beng Hai, Bob	
Beh Siew Kim	
Zulkifli Bin Baharudin	
Sim Juat Quee Michael Gabriel	
Lee Chee Koon	
Lim Cho Pin Andrew Geoffrey	
Goh Soon Keat Kevin	(Appointed on 15 April 2020)
Chia Kim Huat	(Appointed on 15 April 2020)
Deborah Lee Siew Yin	(Appointed on 17 June 2020)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by spouses and infant children) in shares, debentures, options and awards in the Company and its related corporations are as follows:

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

		Holdings in the name of the director, spouse and/or infant children	
		At beginning of the year/date of appointment	At end of the year
Intermediate Holding Company			
CapitaLand Limited			
Ordinary shares			
Beh Siew Kim		248,929	248,929
Chia Kim Huat		33,100	33,100
Goh Soon Keat Kevin		368,909	368,909
Lee Chee Koon		714,371	1,273,533
Lim Cho Pin Andrew Geoffrey		133,145	514,720
Contingent award of Performance shares[1] to be delivered after 2019			
Goh Soon Keat Kevin	(39,001 shares)	–	–[(i)]
Lee Chee Koon	(197,653 shares)	0 to 395,306[3]	–[(ii)]
Lim Cho Pin Andrew Geoffrey	(171,211 shares)	0 to 342,422[3]	–[(iii)]

During the year,:
- (i) 41,731 shares were released
- (ii) 211,488 shares were released
- (iii) 183,195 shares were released

Contingent award of Performance shares[1] to be delivered after 2020			
Goh Soon Keat Kevin	(85,462 shares)	0 to 170,924[3]	0 to 170,924[3]
Lee Chee Koon	(142,437 shares)	0 to 284,874[3]	0 to 284,874[3]
Lim Cho Pin Andrew Geoffrey	(99,706 shares)	0 to 199,412[3]	0 to 199,412[3]
Contingent award of Performance shares[1] to be delivered after 2021			
Goh Soon Keat Kevin	(83,237 shares)	0 to 166,474[3]	0 to 166,474[3]
Lee Chee Koon	(320,143 shares)	0 to 640,286[3]	0 to 640,286[3]
Lim Cho Pin Andrew Geoffrey	(128,057 shares)	0 to 256,114[3]	0 to 256,114[3]
Contingent award of Performance shares[1] to be delivered after 2022			
Goh Soon Keat Kevin	(114,709 shares)	–	0 to 229,418[3]
Lee Chee Koon	(323,886 shares)	–	0 to 647,772[3]
Lim Cho Pin Andrew Geoffrey	(148,448 shares)	–	0 to 296,896[3]
Unvested of Restricted shares[2] to be delivered after 2017			
Goh Soon Keat Kevin		–[5,6]	–[(iv)]
Lee Chee Koon		47,926[5,6]	–[(v)]
Lim Cho Pin Andrew Geoffrey		41,646[5,6]	–[(vi)]

During the year,:
- (iv) 20,669 shares were released
- (v) 54,491 shares were released
- (vi) 47,351 shares were released

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year
Intermediate Holding Company (continued)		
CapitaLand Limited (continued)		
Unvested of Restricted shares[2] to be delivered after 2018		
Goh Soon Keat Kevin	42,731[5,7]	–[vii]
Lee Chee Koon	142,437[5,7]	–[viii]
Lim Cho Pin Andrew Geoffrey	99 ,706[5,7]	–[ix]
During the year,: (vii) 91,102 shares were released, of which 48,371 shares were settled in cash (viii) 151,837 shares were released, of which 80,619 shares were settled in cash (ix) 106,286 shares were released, of which 56,433 shares were settled in cash		
Unvested of Restricted shares[2] to be delivered after 2019		
Goh Soon Keat Kevin	108,208[5,7]	54,105[5,6,8(x)]
Lee Chee Koon	0 to 768,343[4,5]	221,967[5,6,8(xi)]
Lim Cho Pin Andrew Geoffrey	0 to 312,139[4,5]	90.174[5,6,8(xii)]
During the year,: (x) 108,206 shares were released, of which 54,103 shares were settled in cash (xi) 443,930 shares were released, of which 221,965 shares were settled in cash (xii) 180,346 shares were released, of which 90,173 shares were settled in cash		
Contingent award of Restricted shares[2] to be delivered after 2020		
Goh Soon Keat Kevin (87,719 shares)	–	0 to 131,578[4,5]
Lee Chee Koon (269,905 shares)	–	0 to 404,857[4,5]
Lim Cho Pin Andrew Geoffrey (114,709 shares)	–	0 to 172,063[4,5]
S$1 billion Convertible Bonds 2.95% due 2022		
Deborah Lee Siew Yin	S$500,000	S$500,000
S$650 million Convertible Bonds 1.85% due 2020		
Deborah Lee Siew Yin	S$250,000	S$250,000
Related Corporations		
<u>Astrea IV Pte. Ltd.^</u>		
S$242 million 4.35% Class A-1 Secured Fixed Rate Bonds due 2028		
Goh Soon Keat Kevin	S$5,000	S$5,000

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year
Related Corporations (continued)		
Astrea V Pte. Ltd.^		
Class A-1 3.85% Secured Fixed Rate Bonds		
Goh Soon Keat Kevin	S$6,000	S$6,000
CapitaLand Treasury Limited		
S$500 million 3.80% Fixed Rate Notes due 2024		
Chia Kim Huat	S$250,000	S$250,000
Mapletree Treasury Services Limited^		
S$300 million 2.85% Fixed Rate Notes due 2025		
Goh Soon Keat Kevin	S$250,000	–
Temasek Financial (IV) Private Limited^		
S$500 million 2.70% Coupon Temasek Bond due 2023		
Beh Siew Kim	S$9,000	S$9,000
Goh Soon Keat Kevin	S$6,000	S$6,000
Sembcorp Marine Ltd^		
Ordinary Shares		
Tan Beng Hai, Bob	135,600	1,450,200
SIA Engineering Company Limited^		
Ordinary Shares		
Deborah Lee Siew Yin	50,000	50,000
Singapore Airlines Limited^		
Ordinary Shares		
Chia Kim Huat	3,000	3,000
S$600 million 3.16% Fixed Rate Notes due 2023		
Deborah Lee Siew Yin	S$500,000	S$500,000
S$750 million 3.03% Fixed Rate Bond due 2024		
Goh Soon Keat Kevin	S$45,000	–

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/date of appointment	At end of the year
Related Corporations (continued)		
Singapore Technologies Engineering Ltd^		
Ordinary Shares		
Deborah Lee Siew Yin	34,000	34,000
Singapore Telecommunications Limited^		
Ordinary Shares		
Chia Kim Huat	5,800	5,800
Deborah Lee Siew Yin	101,800	101,800
Goh Soon Keat Kevin	360	360
Zulkifli Bin Baharudin	190	190
Starhub Ltd^		
Ordinary Shares		
Chia Kim Huat	2,000	2,000
Surbana Jurong Private Limited^		
S$350 million 4.11% Notes due 2025		
Deborah Lee Siew Yin	S$250,000	S$250,000
Lee Chee Koon	S$500,000	–

1 Performance shares are shares under awards pursuant to the CapitaLand Performance Share Plan 2010.

2 Restricted shares are shares under awards pursuant to the CapitaLand Restricted Share Plan 2010.

3 The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The Executive Resource and Compensation Committee (ERCC) has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

4 The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

5 An additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the RSP 2010 and RSP 2020, will also be released on the final vesting.

6 Being the unvested one-third of the award.

7 Being the unvested two-thirds of the award.

8 An additional number of shares/units were released and settled in cash under Special Vesting Arrangements RSP2018/RUP2018 (3rd tranche) and/or RSP2019/RUP2019 (2nd tranche) in July 2020.

^ *This entity became a related corporation of the Company on 28 June 2019 upon the completion of the acquisition by CapitaLand Limited and its nominated subsidiary of the issued shares of Ascendas Pte Ltd and Singbridge Pte. Ltd.*

INDEPENDENT AUDITORS' REPORT

Member of the Company
Ascott Business Trust Management Pte. Ltd.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the Directors' Interests in Shares or Debentures and Share Plans sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Beng Hai, Bob
Director

Beh Siew Kim
Director

5 March 2021

INDEPENDENT AUDITORS' REPORT

Member of the Company
Ascott Business Trust Management Pte. Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Ascott Business Trust Management Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 338 to 355.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report of the Company. Other information is defined as all information in the annual report of the Company other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

Member of the Company
Ascott Business Trust Management Pte. Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 March 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $	2019 $
Non-current assets			
Other investments	5	**1,763,754**	–
Current assets			
Trade and other receivables	6	**1,051**	8,777
Cash and cash equivalents		**112,872**	–
		113,923	8,777
Total assets		**1,877,677**	8,777
Equity			
Share capital	7	**1**	1
Accumulated (losses)/profit		**(740,545)**	–
Fair value reserve	8	**285,368**	6,776
Total equity		**(455,176)**	6,777
Non- current liabilities			
Deferred tax liabilities	9	**58,449**	–
Current liabilities			
Trade and other payables	10	**2,274,404**	2,000
Total liabilities		**2,332,853**	2,000
Total equity and liabilities		**1,877,677**	8,777

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Year ended 31 December 2020 $	Period from 2 August 2019 (date of incorporation) to 31 December 2019 $
Revenue	11	**1,426,172**	8,776
Direct expenses		**(1,893,610)**	–
Gross Profit		**(467,438)**	8,776
Other income		**8,808**	–
Administrative expenses		**(288,475)**	(2,000)
(Loss)/profit from operations		**(747,105)**	6,776
(Loss)/profit before tax		**(747,105)**	6,776
Tax expense	12	**(216)**	–
(Loss)/profit for the year/period		**(747,321)**	6,776
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity investment at FVOCI		**343,817**	–
Tax on net change in fair value of equity investment at FVOCI	9	**(58,449)**	–
Tax on other comprehensive income		**(58,449)**	–
Other comprehensive income for the year/period, net of income tax		**285,368**	–
Total comprehensive income for the year/period		**(461,953)**	6,776

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	Share capital $	Accumulated (losses)/ profits $	Fair value reserve $	Total $
At 2 August 2019 (date of incorporation)		–	–	–	–
Total comprehensive income for the period					
Profit for the period		–	6,776	–	6,776
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		–	6,776	–	6,776
Transactions with owner, recognised directly in equity					
Issue of ordinary shares	7	1	–	–	1
At 31 December 2019		1	6,776	–	6,777
At 1 January 2020		1	6,776	–	6,777
Total comprehensive income for the year					
Loss for the year		–	(747,321)	–	(747,321)
Other comprehensive income					
Net change in fair value of equity investment at FVOCI (net of tax)		–	–	285,368	285,368
Total comprehensive income for the year		–	(747,321)	285,368	(461,953)
At 31 December 2020		1	(740,545)	285,368	(455,176)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	2020 $	2019 $
Cash flows from operating activities		
(Loss)/profit before income tax	(747,321)	6,776
Adjustments for:		
Management fee income received/receivable in units	(1,419,937)	–
	(2,167,258)	6,776
Changes in working capital:		
Trade and other receivables	7,726	(8,777)
Trade and other payables	2,261,404	2,000
Cash used in operations	101,872	(1)
Tax paid	–	–
Net cash generated from/(used in) operating activities	101,872	(1)
Cash flows from financing activities		
Issue of share capital	–	1
Advance from immediate holding company	11,000	–
Net cash generated from financing activities	11,000	1
Net increase in cash and cash equivalents	112,872	–
Cash and cash equivalents at 1 January	–	–
Cash and cash equivalents at 31 December	112,872	–

Significant non-cash transactions

During the year ended 31 December 2020, the Company received 1,648,368 units (2019: Nil) in Ascott Residence Trust ("ART"), amounting to $1.4 million (2019: $Nil) as payment of manager's base fees and performance fees for the period from 1 October 2019 to 30 September 2020 (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 March 2021.

1. DOMICILE AND ACTIVITIES

Ascott Business Trust Management Pte. Ltd. (the "Company") is incorporated in Singapore and has its registered office at 168 Robinson Road #30-01 Capital Tower, Singapore 068912.

The Company's immediate, intermediate and ultimate holding companies are CapitaLand Financial Limited, CapitaLand Limited and Temasek Holdings (Private) Limited respectively. All companies are incorporated in the Republic of Singapore.

The principal activities of the Company are those relating to investment advisory and property fund management. The Company is the trustee-manager of Ascott Business Trust ("ABT"), part of the stapled trust, Ascott Residence Trust ("ART"), listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

2. GOING CONCERN

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net liabilities of $455,176 as at 31 December 2020 as the immediate holding company has confirmed that it will provide financial support as is necessary to enable the Company to continue its operations and meet its obligations as and when they fall due.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in Singapore Dollars, which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

3. BASIS OF PREPARATION (continued)

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the entity's accounting policies.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company's policies with respect to the measurement of fair values are set by that of its intermediate holding company, CapitaLand Limited.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 – other investments
- Note 14 – fair value of assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

4.1 Financial instruments

(i) Non-derivative financial assets

Classification and measurement

The Company classifies its financial assets in the following measurement categories:
- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

A financial asset is recognised if the Company becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets at FVOCI

The Company has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Financial instruments (continued)

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(iii) Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade and other payables.

(iv) Derecognition

Financial assets

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. For trade receivables, the Company applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company applies the general approach of 12-month ECL at initial recognition for all other financial assets.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Financial instruments (continued)

(vi) Impairment of financial assets (continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.2 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity, net of any tax effects.

4.3 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a *pro-rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.5 Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Revenue

(i) Management and trustee fees

Management and trustee fees are recognised in profit or loss as and when services are rendered.

(ii) Distribution income

Distribution income is recognised in profit or loss on the date that the Company's right to receive payment is established.

4.7 New standards and interpretations not yet adopted

The Company has not early adopted the new standards, interpretations and amendments to standards (Changes) which are effective for annual periods beginning after 1 January 2020, in preparing these financial statements. These Changes are not expected to have a significant impact on the Company's financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER INVESTMENTS

	2020 $	2019 $
Equity investments – financial assets at FVOCI	**1,763,754**	–

Equity investments designated at FVOCI

The Company designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the Company intends to hold for the long-term for strategic purposes.

	Fair value at 31 December 2020 $	Distribution income recognised during 2020 $	Fair value at 31 December 2019 $	Distribution income recognised during 2019 $
Quoted units in Ascott Residence Trust	**1,763,754**	**8,808**	–	–

Fair value hierarchy

The fair value of quoted securities is determined by reference to their quoted bid price in an active market at the reporting date (Level 1 in the fair value hierarchy).

There was no transfer between levels in the fair value hierarchy during the year.

6. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade receivables	**1,051**	–
Amounts due from a related company, non-trade	**–**	1
Accrued fee income	**–**	8,776
	1,051	8,777

The non-trade amount due from a related company is unsecured, interest-free, and repayable on demand.

There is no allowance for doubtful debts arising from these outstanding balances as the ECL is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

7. SHARE CAPITAL

	2020 No. of shares	2019 No. of shares
Fully paid ordinary shares, with no par value:		
In issue at 1 January 2020/2 August 2019 (date of incorporation)	**1**	–
Issued during the year/period	**–**	1
In issue at 31 December	**1**	1

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issue of ordinary shares

During the previous financial period, 1 ordinary share was issued at SGD 1 per share to its immediate holding company.

Capital management

The Company's policy on capital management follows that of its intermediate holding company, CapitaLand Limited. CapitaLand Limited's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company defines 'capital' as including all components of equity. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

8. FAIR VALUE RESERVE

	2020 $	2019 $
Fair value reserve	**285,368**	–

The fair value reserve includes the cumulative net change in the fair value of equity investments designated at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX LIABILITIES

Movement in deferred tax liabilities of the Company during the year are as follows:

	At 1 January $	Recognised in profit or loss (Note 12) $	Recognised in other comprehensive income $	At 31 December $
2020				
Equity instrument at FVOCI	–	–	58,449	58,449

10. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	**82**	–
Accrued operating expenses	**3,500**	2,000
Amount due to immediate holding company (trade)	**1,862,127**	–
Amount due to related companies (trade)	**397,695**	–
Advance from immediate holding company	**11,000**	–
	2,274,404	2,000

The advance from immediate holding company is unsecured, interest-free and repayable on demand.

11. REVENUE

	Year ended 31 December 2020 $	Period from 2 August 2019 (date of incorporation) to 31 December 2019 $
Management fee income	**1,262,707**	8,341
Trustee fee income	**163,465**	435
	1,426,172	8,776

Management and trustee fee income are derived from related entities.

NOTES TO THE FINANCIAL STATEMENTS

12. TAX EXPENSE

	Year ended 31 December 2020 $	Period from 2 August 2019 (date of incorporation) to 31 December 2019 $
Current tax expense		
Current year	**–**	–
Under provision in respect of prior years	**216**	–
	216	–

	Year ended 31 December 2020 $	Period from 2 August 2019 (date of incorporation) to 31 December 2019 $
Reconciliation of effective tax rate		
(Loss)/profit before tax	**(747,105)**	6,776
Tax calculated using Singapore tax rate of 17%	**(127,008)**	1,152
Tax exempt income	**–**	(1,152)
Non-deductible expenses	**–**	–
Current year losses for which no deferred tax asset is recognised	**127,008**	–
Under provision in respect of prior years	**216**	–
	216	–

13. FINANCIAL RISK MANAGEMENT

Overview

Exposure to market risk (including equity price), credit and liquidity risks arises in the normal course of the Company's business. The Company's approach to financial risk management seeks to minimise the potential material adverse effects from these exposures.

Risk management framework

The Company adopts the risk management policies and guidelines of its intermediate holding company, which has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Company's activities.

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in the market prices such as equity price will have on the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Equity price risk

The Company has investments in equity securities at FVOCI (2019: Nil) and is exposed to equity price risk. These securities are listed on the Singapore Stock Exchange.

Sensitivity analysis

If prices for the equity securities listed in Singapore change by 5% with all other variables including tax rate being held constant, the impact on the fair value reserve will be as follows:

	2020		2019	
	5% price increase $	5% price decrease $	5% price increase $	5% price decrease $
Quoted units in ART	**88,188**	**(88,188)**	–	–

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company held cash and cash equivalents of $112,872 at 31 December 2020 (2019: $Nil). The cash and cash equivalents are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Company assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

No ageing analysis are presented as the outstanding balances as at 31 December 2020 are current. The credit loss on these balances are subject to immaterial credit loss.

The Company has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Investments and financial transactions are restricted with counterparties that meet the appropriate credit criteria and of high credit standing.

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk management follows that of its intermediate holding company, CapitaLand Limited. CapitaLand Limited actively manages the debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

The Company's financial liabilities have a maturity profile of less than one year from the reporting date.

14. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Determination of fair value

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

(i) Equity investment at FVOCI

The fair value of quoted securities is their quoted bid price at the reporting date.

(ii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

(b) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

14. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

		Carrying amount					Fair value
	Note	Equity in investment at FVOCI $	Amortised costs $	Other financial liabilities $	Loans and receivables $	Total $	Level 1 $
31 December 2020							
Financial asset measured at fair value							
Equity investment at FVOCI	5	1,763,754	–	–	–	1,763,754	1,763,754
Financial assets and liabilities not measured at fair value							
Trade and other receivables	6	–	1,051	–	–	1,051	
Cash and cash equivalents		–	112,872	–	–	112,872	
Trade and other payables	10	–	–	(2,274,404)	–	(2,274,404)	
		–	113,923	(2,274,404)	–	(2,160,481)	
31 December 2019							
Financial assets and liabilities not measured at fair value							
Trade and other receivables	5	–	8,777	–	–	8,777	
Trade and other payables	10	–	–	(2,000)	–	(2,000)	
		–	8,777	(2,000)	–	(6,777)	

There was no transfer between Level 1 & Level 2 of the fair value hierarchy during the year (2019: nil).

15. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	2020 $	2019 $
Related companies		
Management fee expenses	**2,165,330**	–

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year, which fall under the SGX Listing Manual and the Property Funds Appendix of the CIS Code (excluding transactions of less than $100,000 each), are as follows:

Name of Interested Person	Nature of Relationship	Aggregrate value[1] of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Stapled Securityholders' mandate pursuant to rule 920) S$'000	Aggregrate value[1] of all interested person transactions during the financial year under review under Stapled Securityholders' mandate pursuant to rule 920 (excluding transactions less than S$100,000) S$'000
CapitaLand Limited & its subsidiaries	**Intermediate controlling shareholder of the Managers and intermediate controlling stapled securityholder**		
Master lease income		68,963	–
Management fees		41,830	–
Manager's management fees		20,966[2]	–
Service fees		15,475	–
Rent abatement granted to master lessee		7,982	–
Rental income waived under the Rental Relief Framework as mandated by Singapore Government		2,194	–
Rental income		1,789	–
Trustee-manager's management fees		1,262[2]	–
Divestment fees		1,197[2]	–
Guarantee received on rental income		1,153	–
Technical fee / Design fee		460	–
Acquisition fees		452[2]	–
DBS Trustee Limited	**Ascott Reit Trustee**		
Ascott Reit Trustee's fee		851[2]	–
Total		**164,574**	**–**

1 The aggregate value is for the contract period, except for Managers' Management fees, Trustee-Manager's Managements fees, Acquisition fees, Divestment fees and Ascott Reit Trustee's fee.

2 These are in respect of fees incurred during the year.

ADDITIONAL INFORMATION

OPERATING EXPENSES AND TAXATION

According to disclosure requirements under paragraph 11.1 item (i) of the Appendix 6 to Code on Collective Investment Scheme, the total operating expenses incurred by Ascott Residence Trust in FY 2020 was S$248.0 million. The amount included all fees and charges paid to the Managers and interested parties. This translates to 7.0% of the property fund's net asset value as at 31 December 2020. Taxation incurred was a credit of S$42.7 million.

ASCOTT REIT MANAGER'S MANAGEMENT FEES PAID IN STAPLED SECURITIES

A summary of Stapled Securities issued for payment of the Ascott Reit Manager's management fees (part payment) in respect of the financial year are as follows:

For Period	Issue Date	Stapled Securities	Issue Price[1] S$	Total Value S$'000
Base Management Fees				
1 January 2020 to 31 March 2020	15 May 2020	3,873,351	0.7581	2,936
1 April 2020 to 30 June 2020	11 August 2020	2,842,497	1.0582	3,008
1 July 2020 to 30 September 2020	10 November 2020	3,264,805	0.9180	2,997
1 October 2020 to 31 December 2020	22 February 2021	2,755,704	1.0759	2,965
				11,906
Performance Management Fees				
1 January 2020 to 31 December 2020	22 February 2021	2,830,571	1.0759	3,045
				14,951

1 Based on the volume weighted average traded price per Stapled Security for all trades done on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding the date of issue of the New Stapled Security.

ASCOTT BT TRUSTEE-MANAGER'S MANAGEMENT FEES PAID IN STAPLED SECURITIES

A summary of Stapled Securities issued for payment of the Ascott BT Trustee-Manager's management fees (part payment) in respect of the financial year are as follows:

For Period	Issue Date	Stapled Securities	Issue Price[1] S$	Total Value S$'000
Base and Performance Management Fees				
1 January 2020 to 31 March 2020	15 May 2020	838,069	0.7581	635
1 April 2020 to 30 June 2020	11 August 2020	281,397	1.0582	298
1 July 2020 to 30 September 2020	10 November 2020	525,746	0.9180	483
1 October 2020 to 31 December 2020	22 February 2021	485,787	1.0759	523
				1,939

1 Based on the volume weighted average traded price per Stapled Security for all trades done on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding the date of issue of the New Stapled Security.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2021

ISSUED AND FULLY PAID STAPLED SECURITIES

3,114,119,765 (Voting Rights: 1 vote per Stapled Security)
Market Capitalisation of S$3,114,119,765 based on market closing Stapled Security price of S$1.00 on 1 March 2021.

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

Size of Stapled Securityholdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 – 99	387	1.36	19,061	0.00
100 – 1,000	2,932	10.28	2,275,336	0.07
1,001 – 10,000	15,161	53.16	79,832,505	2.57
10,001 – 1,000,000	9,975	34.98	462,223,124	14.84
1,000,001 and above	62	0.22	2,569,769,739	82.52
Total	**28,517**	**100.00**	**3,114,119,765**	**100.00**

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	27,761	97.35	3,094,206,282	99.36
Malaysia	492	1.72	11,983,741	0.39
Others	264	0.93	7,929,742	0.25
Total	**28,517**	**100.00**	**3,114,119,765**	**100.00**

TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	Somerset Capital Pte Ltd	568,792,760	18.26
2	The Ascott Limited	476,152,416	15.29
3	Citibank Nominees Singapore Pte Ltd	349,303,869	11.22
4	DBS Nominees (Private) Limited	324,167,490	10.41
5	Ascott Residence Trust Management Limited	216,754,300	6.96
6	Raffles Nominees (Pte.) Limited	113,569,022	3.65
7	HSBC (Singapore) Nominees Pte Ltd	108,623,708	3.49
8	DBSN Services Pte. Ltd.	106,195,550	3.41
9	AHDF Pte Ltd	36,660,272	1.18
10	United Overseas Bank Nominees (Private) Limited	36,106,309	1.16
11	Phillip Securities Pte Ltd	18,816,310	0.60
12	UOB Kay Hian Private Limited	17,444,050	0.56
13	OCBC Securities Private Limited	17,028,027	0.55
14	Ko Woon Hong	16,609,200	0.53
15	DB Nominees (Singapore) Pte Ltd	12,939,057	0.42
16	BNP Paribas Nominees Singapore Pte. Ltd.	12,430,470	0.40
17	OCBC Nominees Singapore Private Limited	10,057,397	0.32
18	Heng Siew Eng	8,724,493	0.28
19	DBS Vickers Securities (Singapore) Pte Ltd	8,600,177	0.28
20	Wee Shuk Theng	7,732,500	0.25
	Total	**2,466,707,377**	**79.22**

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2021

DIRECTORS' INTERESTS IN STAPLED SECURITIES AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2021

	No. of Stapled Securities		Contingent Awards of Stapled Securities under the Managers'	
Name of Director	Direct Interest	Deemed Interest	Performance Stapled Security Plan[1]	Restricted Stapled Security Plan
Tan Beng Hai, Bob	94,839	–	–	–
Beh Siew Kim	567,942	–	0 to 733,906[2]	40,764[3,5] 175,752[4,5] 0 to 134,448[2,5]
Zulkifli Bin Baharudin	99,180	–	–	–
Sim Juat Quee Michael Gabriel	56,105	–	–	–
Chia Kim Huat	91,333	–	–	–
Lee Chee Koon	46,440	–	–	–
Lim Cho Pin Andrew Geoffrey	25,800	–	–	–
Goh Soon Keat Kevin	171,276	–	–	–

1 This refers to the number of Stapled Securities which are the subject of contingent awards but not released under the Managers' Performance Stapled Security Plan ("**PSSP**"). The final number of Stapled Securities that will be released could range from 0% to a maximum of 200% of the baseline award under the PSSP.

2 The final number of Stapled Securities to be released will depend on the achievement of pre-determined targets at the end of the performance period for the PSSP and RSSP.

3 Being the unvested remaining one-third of the Managers' Restricted Stapled Security Plan ("**RSSP**") 2018 Award.

4 Being the unvested two-thirds of the RSSP 2019 Award.

5 On the final vesting, an additional number of Stapled Securities of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSSP, will also be released.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2021

SUBSTANTIAL STAPLED SECURITYHOLDERS' STAPLED SECURITYHOLDINGS AS AT 1 MARCH 2021

Based on the information available to the Managers, as at 1 March 2021, the stapled securityholdings of Substantial Stapled Securityholders of ART are as follows:

Name of Substantial Stapled Securityholder	Direct Interest No. of Stapled Securities	Direct Interest %[1]	Deemed Interest No. of Stapled Securities	Deemed Interest %[1]
Temasek Holdings (Private) Limited[2] ("**Temasek**")	–	–	1,277,656,007	41.02
Tembusu Capital Pte. Ltd.[3] ("**Tembusu**")	–	–	1,266,822,956	40.67
Bartley Investments Pte. Ltd.[3] ("**Bartle**y")	–	–	1,266,822,956	40.67
Mawson Peak Holidings Pte. Ltd.[3] ("**Mawson**")	–	–	1,266,822,956	40.67
Glenville Investments Pte. Ltd.[3] ("**Glenville**")	–	–	1,266,822,956	40.67
TJ Holdings (III) Pte. Ltd.[3] ("**TJH**")	–	–	1,266,822,956	40.67
CLA Real Estate Holdings Pte. Ltd.[4] ("**CLA**")	–	–	1,266,822,956	40.67
CapitaLand Limited[5] ("**CL**")	–	–	1,266,822,956	40.67
The Ascott Limited[6] ("**Ascott**")	476,152,416	15.29	568,792,760	18.26
Somerset Capital Pte Ltd ("**SCPL**")	568,792,760	18.26	–	–
CapitaLand Financial Limited[7] ("**CFL**")	–	–	221,877,780	7.12
Ascott Residence Trust Management Limited ("**ARTML**")	216,478,820	6.95	–	–

1 The percentage is rounded down to the nearest 0.01%

2 Temasek is deemed to have an interest in the Stapled Securityholdings in which its subsidiaries and associated companies (including but not limited to CLA) have direct or deemed interests pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**").

3 Temasek holds 100% of the equity interest in Tembusu, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJH, which holds 100% of the equity interest in CLA. CLA holds approximately 51.76% of the issued shares in CL.

Each of Tembusu, Bartley, Mawson, Glenville and TJH is deemed to have an interest in the Stapled Securityholdings in which CLA is deemed to have an interest pursuant to Section 4 of the SFA.

4 CLA is deemed to have an interest in the Stapled Securityholdings that CL is deemed to have an interest pursuant to Section 4 of the SFA.

5 CL is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiaries namely, Ascott, SCPL, CFL and ARTML, Ascott Business Trust Management Pte. Ltd. and Carmel Plus Pte. Ltd..

6 Ascott is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiary, SCPL.

7 CFL is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiaries namely, ARTML, Ascott Business Trust Management Pte. Ltd. and Carmel Plus Pte. Ltd..

PUBLIC FLOAT

Based on the information available to the Managers as at 1 March 2021, approximately 58% of the Stapled Securities were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

CORPORATE INFORMATION

ASCOTT RESIDENCE TRUST

TRUSTEE OF ASCOTT REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited
Registered Address
12 Marina Boulevard
Marina Bay Financial Centre
Singapore 018982
Tel: +65 6878 8888
Fax: +65 6878 3977

MANAGER OF ASCOTT REAL ESTATE INVESTMENT TRUST

Ascott Residence Trust Management Limited
Registered Address
168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2121

TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

Ascott Business Trust Management Pte. Ltd.
Registered Address
168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2121

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel: +65 6213 3388
Fax: +65 6225 0984

Partner-In-Charge:
Tan Kar Yee Linda
(Since financial year ended 31 December 2016)

STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:

The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: http://www1.cdp.sgx.com

Counter Name: Ascott Trust
Stock Code: HMN
Website: www.ascottresidencetrust.com
Email: ask-us@ascottresidencetrust.com

THE MANAGERS

BOARDS OF DIRECTORS

Tan Beng Hai, Bob
Chairman & Non-Executive Independent Director

Beh Siew Kim
Chief Executive Officer & Executive Non-Independent Director

Zulkifli Bin Baharudin
Non-Executive Independent Director

Sim Juat Quee Michael Gabriel
Non-Executive Independent Director

Chia Kim Huat
Non-Executive Independent Director

Deborah Lee Siew Yin
Non-Executive Independent Director

Lee Chee Koon
Non-Executive Non-Independent Director

Lim Cho Pin Andrew Geoffrey
Non-Executive Non-Independent Director

Goh Soon Keat Kevin
Non-Executive Non-Independent Director

AUDIT COMMITTEE

Sim Juat Quee Michael Gabriel
Chairman

Zulkifli Bin Baharudin
Chia Kim Huat
Deborah Lee Siew Yin

EXECUTIVE COMMITTEE

Lee Chee Koon
Chairman

Beh Siew Kim
Lim Cho Pin Andrew Geoffrey
Goh Soon Keat Kevin

COMPANY SECRETARY

Karen Chan

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

As Manager of Ascott Real Estate Investment Trust
Company Registration Number: 200516209Z

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

As Trustee-Manager of Ascott Business Trust
Company Registration Number: 201925299R

168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2121
Email: ask-us@ascottresidencetrust.com

www.ascottresidencetrust.com

MIX
Paper from responsible sources
FSC™ C004791

This annual report has been produced by a printer certified according to the standards from the Forest Stewardship Council™ (FSC™), and has been printed with soy-based ink on environmentally-friendly paper in accordance to the FSC™ standard.