Ascott Residence Trust

Annual Report 2021

ASCOTT
RESIDENCE
TRUST

A Member of
CapitaLand Investment

Our cover page features the letters "C" and "O" intersecting to form an interlocked design, where the "C" stands for CapitaLand and the "O" stands for ONE. Together, they represent the ONE CapitaLand ecosystem, and symbolise how the respective REITs, business trusts and businesses that are part of our CapitaLand Investment Group benefit from cross-platform synergies and complementary strengths; and are united and committed to the same shared purpose of Enriching Lives, Building Communities and Growing Sustainably.

Contents

Note to readers:
This annual report has been prepared based on information available as at early March 2022, being the last practicable date prior to the printing of the report.

Who We Are

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S$7.7 billion as at 31 December 2021. 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, 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 93 properties with more than 17,000 units in 43 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 31 December 2021.

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, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Seoul, Singapore, Sydney and Tokyo.

In 2021, ART was named 'Global Sector Leader - Hotel' in the Global Real Estate Sustainability Benchmark (GRESB) and ranked 1st in the Singapore Governance and Transparency Index within the REITs and Business Trusts category. ART was also awarded 'Best Crisis Management (mid to large cap)' at the IR Magazine Forum & Awards - South East Asia 2021.

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 Singapore-listed CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

Vision

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

Mission

To deliver stable and sustainable returns to Stapled Securityholders

Global in Presence, Anchored in Asia Pacific

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.

ART's portfolio also comprises a range of lodging types, including serviced residences, hotels/business hotels, rental housing and student accommodation properties.

93	43	15	>17,000
PROPERTIES	**CITIES**	**COUNTRIES**	**UNITS**

19% **THE AMERICAS**

The United States of America

Atlanta
Champaign
Columbia
Lubbock
New York City
Philadelphia
Raleigh
Wilmington

19% **EUROPE**

Belgium

Brussels

France

Cannes
Lille
Lyon
Marseille
Montpellier
Paris

Germany

Berlin
Frankfurt
Hamburg
Munich

Spain

Barcelona

The United Kingdom

London

62% **ASIA PACIFIC**

Australia

Brisbane
Melbourne
Perth
Sydney

China

Dalian
Shenyang
Suzhou
Tianjin
Wuhan

Indonesia

Jakarta

Japan

Fukuoka
Hiroshima
Kyoto
Osaka
Sapporo
Tokyo

Malaysia

Kuala Lumpur

Singapore

Singapore

South Korea

Seoul

The Philippines

Manila

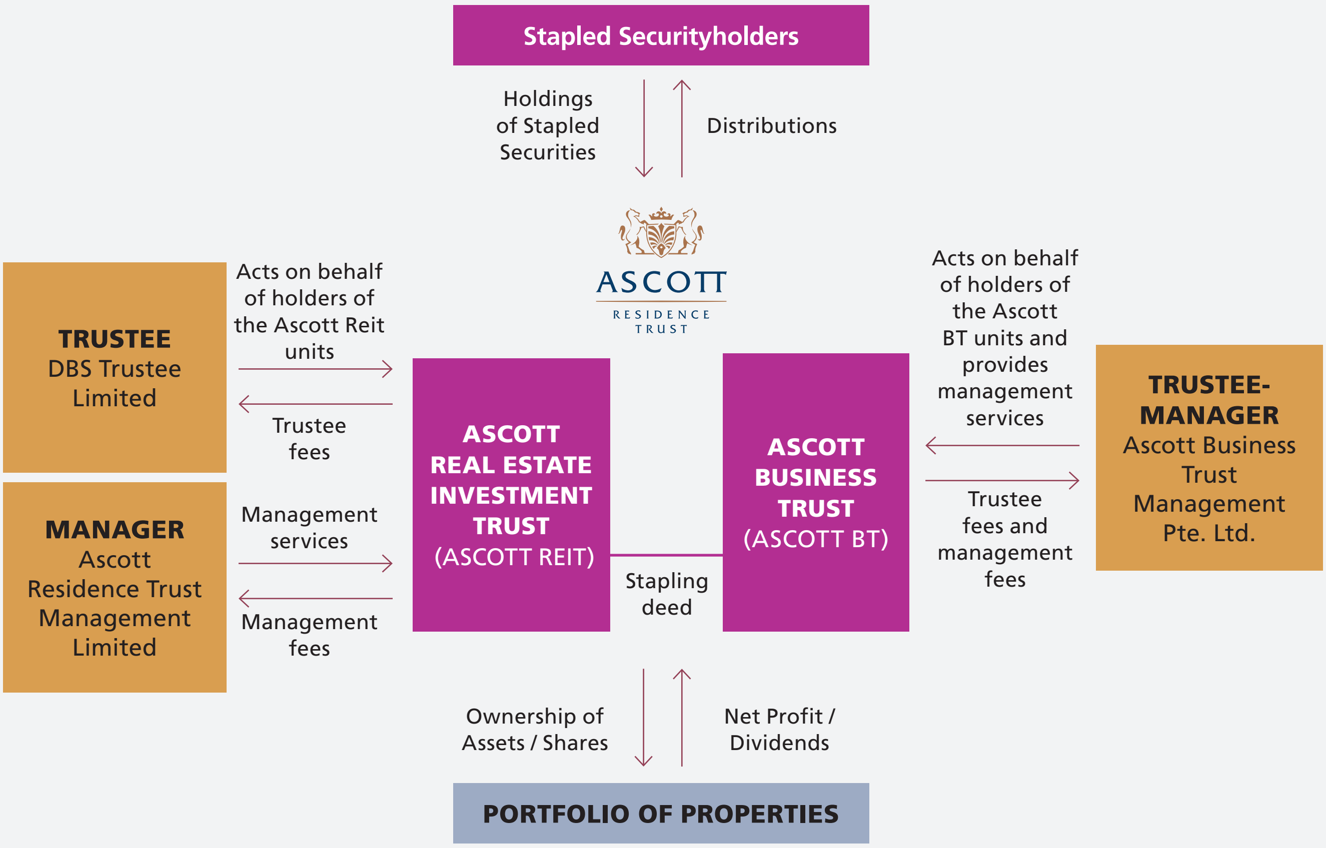
Vietnam

Hanoi
Ho Chi Minh City

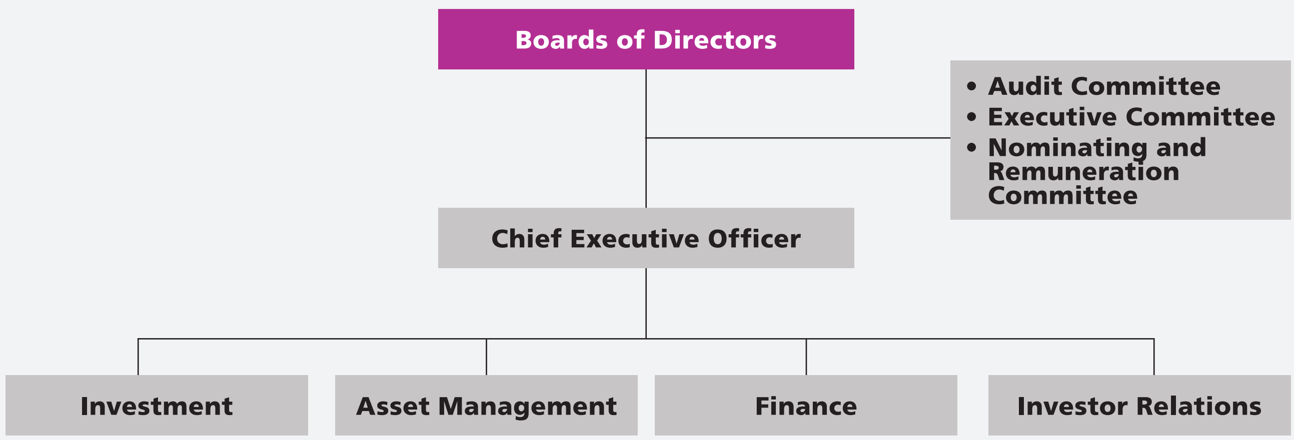
Note: Statistics as at 31 December 2021, includes Somerset Liang Court Property Singapore and Standard at Columbia which are under development.

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	2021	2020	2019	2018	2017
Gross Revenue (S$ million)	394.4	369.9	514.9	514.3	496.3
Gross Profit (S$ million)	173.3	149.6	252.6	239.4	226.9
Total Distribution (S$ million)	137.3	94.2	165.6	154.8	152.2
Distribution per Stapled Security (DPS) (cents)	4.32	3.03	7.61	7.16	7.09
Distribution Yield[1] (%)	4.19	2.81	5.72	6.63	5.81

Balance Sheet as at 31 December	2021	2020	2019	2018	2017
Total Assets (S$ million)	7,733.2	7,163.8	7,422.8	5,309.1	5,493.1
Stapled Securityholders' Funds (S$ million)	3,890.9	3,567.3	3,860.6	2,644.1	2,685.1
Total Borrowings (S$ million)	2,728.9	2,462.5	2,349.0	1,905.5	1,945.4

Financial Ratios as at 31 December	2021	2020	2019	2018	2017
Net Asset Value (NAV) per Stapled Security (S$)	1.19	1.15	1.25	1.22	1.25
Aggregate Leverage (%)	37.1	36.3	33.6	36.7	36.2
Interest Cover Ratio[2] (times)	3.7	2.7[3]	5.8[3]	4.7	4.5
Management Expense Ratio[4] (%)	1.0	1.0	0.8	1.2	1.2
Financial Derivatives as a Percentage of NAV[5] (%)	0.7	0.7	0.3	0.04	0.3

Other information as at 31 December	2021	2020	2019	2018	2017
Market Capitalisation[1] (S$ million)	3,374.8	3,356.7	4,100.5	2,337.8	2,622.6
Number of Stapled Securities in Issue (million)	3,276.5	3,108.0	3,083.1	2,164.6	2,149.7

1 Based on the closing price on the last trading day of each respective year. 2021: S$1.03, 2020: S$1.08, 2019: S$1.33, 2018: S$1.08 and 2017: S$1.22.
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 surplus/(deficit) on freehold land and buildings, and foreign exchange differences over net interest expense.
3 Restated to exclude the interest expense on lease liabilities following the release of the circular dated 28 December 2021 from Monetary Authority of Singapore to exclude the interest expense on lease liabilities in the computation.
4 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 surplus/(deficit) on freehold land and buildings, assets written off and income tax expense) over net asset value.
5 Financial derivatives refer to the cross currency interest rate swaps, currency forwards and interest rate swaps which ART has entered into.

FY 2021 Key Highlights

Recovery in Financial Performance

6
successive quarters of RevPAU improvement since 2Q 2020

43%
y-o-y increase in DPS to
4.32 cents

85%
y-o-y increase in DPS excluding divestment gains distributed

Discipline in Capital Management

c.S$1.04 billion
in total available funds, comprising cash on-hand and available credit facilities

Low gearing of
37.1%

Debt headroom of
S$1.9 billion[1]

c.74%
debt on fixed interest rates

Commitment to Sustainability and Excellence

'Global Sector Leader – Hotel'
2021 Global Real Estate Sustainability Benchmark (GRESB)
- Ranked 1st in Asia Pacific Hotel – Listed category
- 'A' for public disclosure

Ranked 1st in Singapore Governance and Transparency Index
REITs and Business Trusts category

'Best Crisis Management (Mid to Large Cap)'
IR Magazine Forum & Awards - South East Asia 2021

1 Refers to the amount of additional debt before reaching aggregate leverage of 50%

Reconstituting the Portfolio

Successful Asset Recycling

- **Divesting at average exit yield of c.2% and investing at average EBITDA yield of c.5%**
- **Unlocked S$225 million in net divestment gains from divestments in FY 2020 and FY 2021**

Building a Sizeable Stable Income Base

- **Expanded investment mandate** in January 2021 to include student accommodation properties
- **c.S$780 million** in student accommodation and rental housing investments in under a year

Please refer to page 24 for our portfolio reconstitution activities.

Enhancing the Portfolio

- **Opening of maiden development project**, lyf one-north Singapore, in November 2021
- **Ongoing development** of Somerset Liang Court Property in Singapore and Standard at Columbia in USA
- **Refurbishment and rebranding** of voco New York Times Square South in USA

ART's improved performance in 2021 despite COVID-19 demonstrated our capabilities in navigating the challenges. We further strengthened the resilience of our portfolio through active portfolio and capital management, ensuring a balanced mix of stable and growth income streams, as well as diversifying our portfolio and geographic presence.

MR TAN BENG HAI, BOB
CHAIRMAN

MS BEH SIEW KIM
CHIEF EXECUTIVE OFFICER

Q. 2021 was a year of recovery, with the rollout of vaccines, resumption of economic activities and reopening of travel borders. How has ART fared against this backdrop?

Chairman: ART's improved performance in 2021 despite COVID-19 demonstrated our capabilities in navigating the challenges. We further strengthened the resilience of our portfolio through active portfolio and capital management, ensuring a balanced mix of stable and growth income streams, as well as diversifying our portfolio and geographic presence.

In 2021, our portfolio's operating performance continued on an upward trajectory as vaccination programmes picked up pace in most of ART's key markets and demand for travel gradually returned with countries easing border control restrictions. Larger markets such as Europe and the United States of America (USA) had led the reopening, domestically and internationally. We were also heartened to witness several other markets like Singapore and Australia progressively open their borders to vaccinated travellers.

Our revenue per available unit (RevPAU) improved for six consecutive quarters since the second quarter of 2020. Our revenue and gross profit for the financial year ended 31 December 2021 (FY 2021) increased by 7% and 16% to S$394.4 million and S$173.3 million respectively.

With our improved operating performance and through our active portfolio management to enhance income stability, our distribution per Stapled Security (DPS) grew 85% year-on-year (y-o-y) to 2.92 Singapore cents. This excludes the S$45 million in divestment gains distributed in FY 2020 and FY 2021 to replace lost income from divested assets and mitigate the impact of COVID-19. Including the divestment gains distributed, our total distribution rose 46% y-o-y to S$137.3 million and our DPS increased by 43% to 4.32 Singapore cents.

ART's stable income base is anchored by master leases and long stays at our properties. In 2021, we grew our longer-stay portfolio by expanding into the student accommodation and rental housing sectors. We invested about S$780 million in 11 yield-accretive student accommodation and rental housing properties in under a year, successfully replacing the distribution income from divested assets at higher yields. Our stable income streams[1], which contributed about 70% of ART's gross profit in FY 2021, boosted the resilience of our portfolio amid the economic uncertainties during the COVID-19 pandemic. With the remaining 30% of our gross profit comprising growth income from properties under management contracts, we were able to capture the upside as demand picked up from the resumption of travel.

With a strong presence in large domestic markets and key gateway cities across 15 countries, ART had an edge in navigating the varied pace of recovery across markets. We were also strategic in our pursuit of different sources of business and opportunities for growth. This enabled us to weather the challenges well and generate profits and a positive cashflow.

Q: ART expanded its investment mandate to include student accommodation properties in January 2021 and plans to raise its asset allocation in longer-stay accommodation to 25-30% in the medium term. How does this strategic pivot create more value for Stapled Securityholders, and what is ART's positioning as a hospitality trust, going forward?

Chairman: The expansion of ART's investment mandate to include student accommodation enables us to further enhance the income stability of our portfolio. Student accommodation, with leases that typically last for a year, further strengthen our stable income streams. The segment also offers a new platform for growth and diversification beyond traditional hospitality assets, mitigating the current headwinds faced in the hospitality sector.

We have set a medium-term target of having 25-30% of our total portfolio value in longer-stay assets such as rental housing and student accommodation properties. As at February 2022, our longer-stay assets constituted about 16% of our total portfolio value, up from 5% as at 31 December 2020. With a base of longer-stay assets, our Stapled Securityholders can look forward to stable income which is unaffected by market cycles in the hospitality sector. The remaining 70-75% in serviced residences and hotels allows us to capture growth as global travel recovers.

As we pivot and venture into new growth areas, we will not lose sight of our roots. We continue to be the largest hospitality trust in Asia Pacific, where we have built up our capabilities and track record, and where there are significant opportunities for growth. Asia Pacific remains core in our portfolio

1 Stable income streams include master leases, management contracts with minimum guaranteed income, rental housing and student accommodation properties.

As we pivot and venture into new growth areas, we will not lose sight of our roots. We continue to be the largest hospitality trust in Asia Pacific, where we have built up our capabilities and track record, and where there are significant opportunities for growth. Asia Pacific remains core in our portfolio with about 60% of ART's total assets located in the region, and the remaining 40% in Europe and USA.

ART expanded its investment mandate in January 2021 to include student accommodation properties.

with about 60% of ART's total assets located in the region, and the remaining 40% in Europe and USA.

Q: How did ART create value for Stapled Securityholders in 2021?

CEO: The key to driving and creating greater value for our Stapled Securityholders is our active portfolio reconstitution strategy. We have successfully unlocked about S$580 million in net proceeds from the divestment of six properties in 2020 and 2021, at an average exit yield of about 2%. Our divestment gains have not only further strengthened our ability to rejuvenate our portfolio and recycle capital into higher-yielding assets, but also furnished us with greater capacity to supplement the distributions to our Stapled Securityholders as we continue to recover from the downturn.

Three properties were divested in 2021 – Citadines City Centre Grenoble, Citadines Didot Montparnasse Paris and Somerset Xu Hui Shanghai. These were divested at 35%, 69% and 171% above their respective book values. We invested in 11 student accommodation and rental housing properties at an average EBITDA yield of about 5%, demonstrating our ability to create greater value for our Stapled Securityholders.

We built a diversified and quality portfolio of eight student accommodation properties comprising about 4,400 beds, and predominantly situated in strategic locations within USA's Sunbelt states, Ivy League and 'Power 5' markets, where there are reputable universities with strong athletics programmes, large student populations and steady enrolment growth. Seven are operating properties contributing stable income with a robust average occupancy rate of close to 100%. In March 2022, we also announced the turnkey acquisition of our first student accommodation property in Japan.

Apart from student accommodation properties, as at 31 December 2021, we have built a portfolio of 14 rental housing properties in Japan, three of which were acquired in June 2021 and performed well since acquisition. In March 2022, we announced the acquisition of four more rental housing properties in Japan on a turnkey basis. Rental housing leases, which are typically two years in length, provide greater visibility and stability in future cashflows for ART. In FY 2021, our rental housing properties were largely unaffected by the pandemic and registered an average occupancy of above 95%.

Q: What are some of the other highlights and bright spots of the past year for ART?

CEO: We soft opened lyf one-north Singapore, our maiden development project, in November 2021. The 324-unit coliving property is located in Singapore's research and innovation business hub, one-north. lyf one-north Singapore achieved a strong occupancy of 96% based on inventory available for sale during the first phase of opening, with bookings from research and knowledge-based companies, startups and educational institutions in the vicinity.

We have two other development projects underway – our new Somerset serviced residence in the heart of Clarke Quay, Singapore, and our student accommodation property, Standard at Columbia, located in South Carolina, USA. Site works for the new Somerset serviced residence commenced in 3Q 2021. Foundation piling is in progress and expected to continue through 2023. When completed in 2H 2025, the new 192-unit serviced residence with a hotel licence will be part of an iconic riverfront integrated development situated in Clarke Quay, a popular lifestyle and entertainment precinct in Singapore. Construction of Standard at Columbia, a joint investment with our Sponsor, The Ascott Limited (Ascott), started in 3Q 2021 and is expected to complete in 2Q 2023. The 678-bed property will serve over 35,000 students from the nearby University of South Carolina.

In November 2021, we unveiled the 224-unit voco Times Square South in New York City and bookings have been encouraging. Formerly known as Hotel Central Times Square, the property underwent refurbishment since 2Q 2021 and was rebranded as voco, an upscale brand under IHG

Hotels & Resorts. The guestrooms were renovated and facilities including the bar, lobby, lounge and meeting room, have been modernised, giving the property a new lease of life.

In 2021, we also continued to receive recognition for our commitment to uphold high standards of sustainability, corporate governance and investor engagement. We achieved the coveted title of 'Global Sector Leader – Hotel' in the 2021 Global Real Estate Sustainability Benchmark (GRESB) for our outstanding leadership in sustainability. For corporate governance, we came in first place under the 'REITs and Business Trusts' category at the Singapore Governance and Transparency Index 2021. ART was noted for our sustainability management and disclosure policies. On the investor engagement front, we clinched the 'Best Crisis Management (mid to large cap)' award at the IR Magazine Forum & Awards – South East Asia 2021 and were acknowledged for our best practices in proactively engaging our investors throughout the COVID-19 pandemic.

Q: What is your view on the recovery of ART and the travel sector in 2022? What are your top priorities for the year?

Chairman: While we expect some mobility restrictions to remain in place in the near term, several governments around the world have adopted an endemic approach and are committed to reopening their economies. This greater confidence is largely attributed to the continued progress made in vaccinations and the increased knowledge of the pandemic.

During the second half of 2021, international travel arrivals jumped 90% y-o-y, driven by the Americas and Europe, which rebounded around 130% and 85% y-o-y respectively[2]. There is significant pent-up demand for travel, and we have seen a v-shaped recovery at our properties whenever restrictions are eased.

We expect the travel sector to make greater strides towards recovery with greater cross-border coordination and the continued easing of travel restrictions. Until international travel fully resumes to pre-COVID-19 levels, demand is expected to be largely driven by the domestic segment.

ART's geographically diverse portfolio, presence in large domestic markets and stable income streams allow us to mitigate any near-term travel restrictions while remaining well-positioned to capture the return of travel.

CEO: In 2022, we will continue to work with our lessees and operators to position our portfolio for greater growth and performance, while optimising our cost structure. We will also work with them to digitalise business operations and processes at our properties to achieve higher productivity.

We remain focused on our portfolio reconstitution strategy and continue to look for yield-accretive investment opportunities particularly in the longer-stay segment, working towards our desired target asset portfolio allocation in the medium-term.

As we grow ART's portfolio, sustainability remains at the core of everything we do. To strengthen our stewardship in sustainability, we formalised a Sustainability Committee comprising members from ART's senior management team as well as Ascott's operations and technical department heads. The committee will drive strategies and sustainability efforts across our global portfolio. ART is aligned with and actively contributes to the targets set out under CapitaLand's 2030 Sustainability Master Plan. These include working towards achieving the reduction targets for carbon emissions, energy and water consumption and waste generation, as well as an increased use of renewable energy. We are also committed to obtaining green certifications for 100% of our properties by 2030.

In January 2021, we were the first hospitality trust in Singapore to secure a green loan. Proceeds from the loan were used to finance lyf one-north Singapore, which is fitted with green, energy-efficient and smart building features and certified Green Mark Gold^{PLUS} by the Building and Construction Authority of Singapore. Looking ahead, we will continue to align our financing needs with our sustainability ambitions, to build a greener portfolio.

Maintaining a strong financial position is another of ART's key priorities. In line with our prudent and proactive capital management approach, about 74% of ART's debt was effectively on fixed rates as at 31 December 2021, and we will continue to raise this amount to 80% to further hedge against rising interest rates. We have also commenced the refinancing of debt due in 2022, and lenders continue to give us their strong support. We have a debt headroom of S$1.9 billion[3] and gearing ratio of 37.1%, which is well below the 50% gearing threshold set by the Monetary Authority of Singapore.

As we continue to develop new capabilities and position ART for future growth, we further reinforced our leadership and management bench in November 2021 by welcoming Ms Serena Teo as Deputy CEO of the Managers, who brings with her valuable expertise to the team.

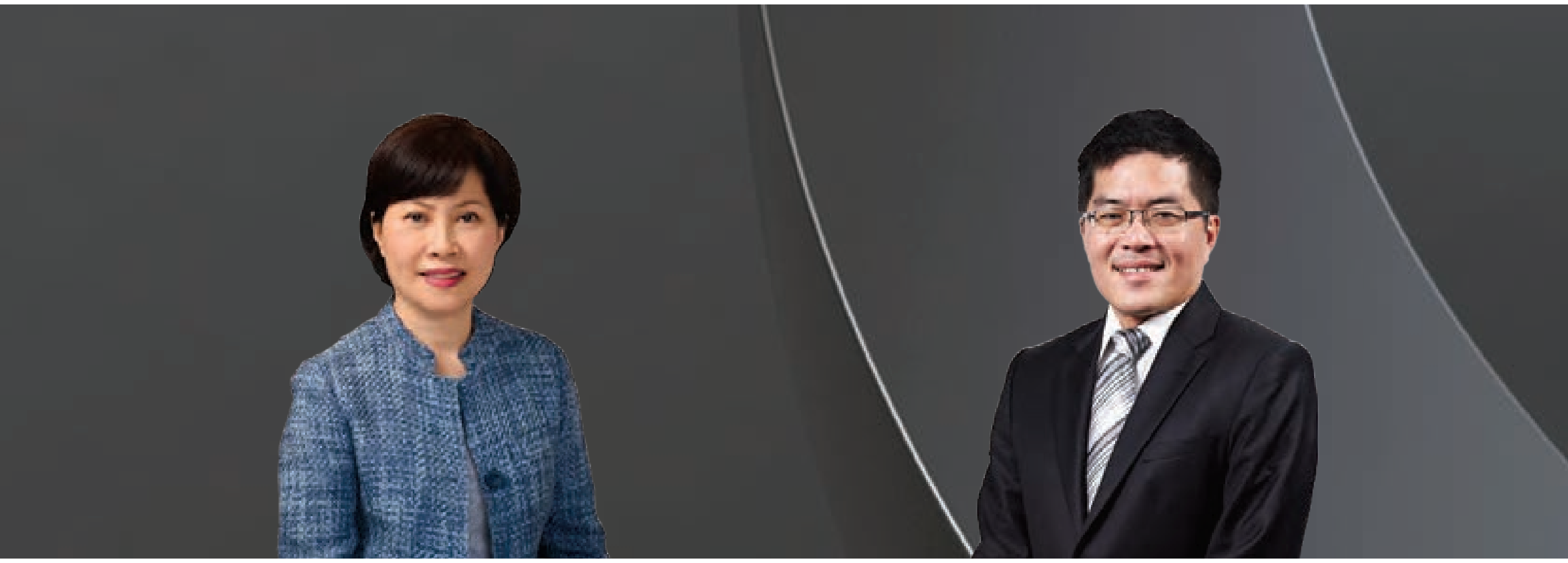
We remain steadfast in ensuring ART retains its strong fundamentals as we continue to strengthen and future-proof the portfolio. We stay committed in our core mission to deliver stable and sustainable returns to our Stapled Securityholders.

2 Source: UNWTO World Tourism Barometer Overview, January 2022
3 Refers to the amount of additional debt before reaching aggregate leverage of 50%.

Boards of Directors

TAN BENG HAI, BOB
Chairman
Non-Executive Independent Director

BEH SIEW KIM
Group Chief Executive Officer
Executive Non-Independent Director



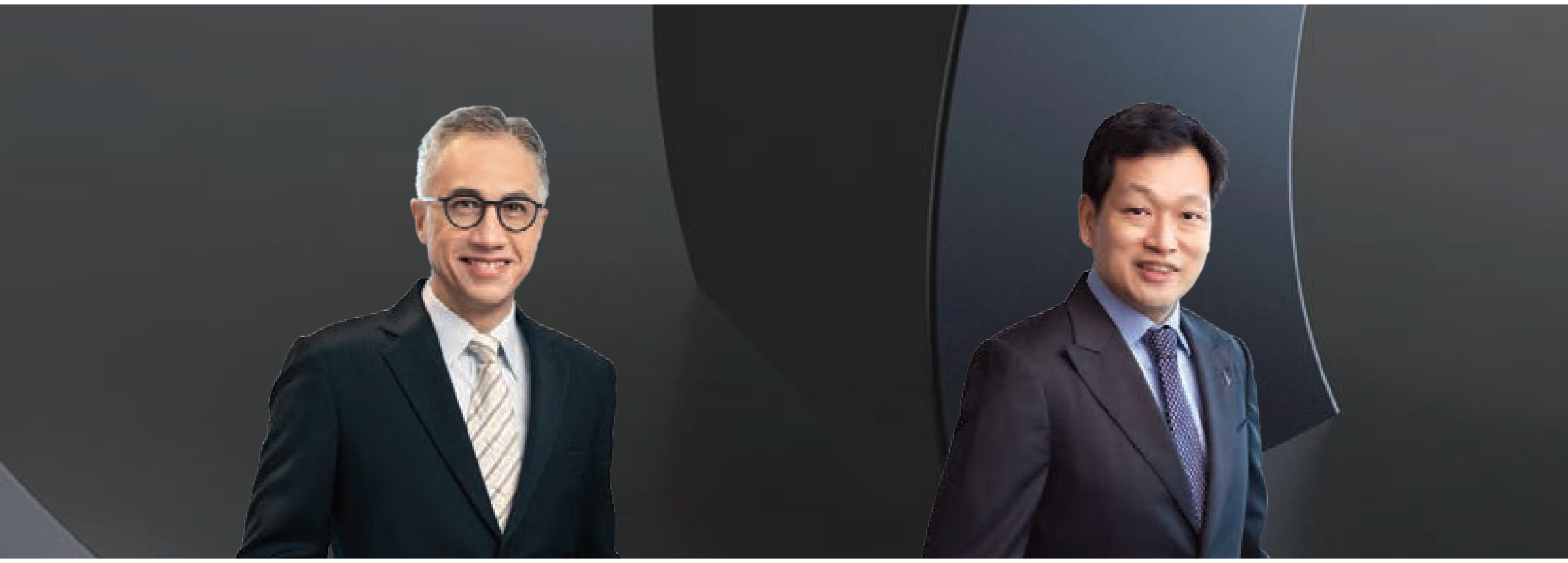
DEBORAH LEE SIEW YIN
Non-Executive Independent Director

LG ONG SU KIAT MELVYN
Non-Executive Independent Director

Ascott Residence Trust's leadership team has the in-depth experience and unwavering commitment to drive sustained growth.

SIM JUAT QUEE MICHAEL GABRIEL
Non-Executive Independent Director

CHIA KIM HUAT
Non-Executive Independent Director



LIM CHO PIN ANDREW GEOFFREY
Non-Executive Non-Independent Director

GOH SOON KEAT KEVIN
Non-Executive Non-Independent Director

Boards of Directors

TAN BENG HAI, BOB, 70

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 2021)
6 years 8 months

Board committee served on
- Nominating and Remuneration Committee (Chairman)

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

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, 51

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 2021)
4 years 8 months

Board committee served on
- Executive Committee (Member)

Background and working experience
- Chief Executive Officer, Ascott Residence Trust Management Limited (From May 2017 to present) and Ascott Business Trust Management Pte. Ltd. (From December 2019 to present)
- 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)

SIM JUAT QUEE MICHAEL GABRIEL, 66

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 2021)
5 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)

CHIA KIM HUAT, 55

Non-Executive Independent Director

- Bachelor of Law (Honours), 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 2021)
1 year 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 Limited

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, 64

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 2021)
1 year 6 months

Board committee served on
- Audit Committee (Member)

Present directorship in other listed company
- Metro Holdings Limited

Present principal commitments
- Assurity Trusted Solutions Pte Ltd (Director, AC Chair)
- Integrated Health Information Systems Pte Ltd (Director, AC Chair)
- 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 1994 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)

LIEUTENANT-GENERAL ONG SU KIAT MELVYN, 46

Non-Executive Independent Director

- Bachelor of Science (Economics) (Honours) from the London School of Economics and Political Science
- Master of Science (Development Studies) from the London School of Economics and Political Science

Date of first appointment as a Director
1 May 2021
Length of service as a Director (as at 31 December 2021)
8 months

Board committees served on
- Audit Committee (Member)
- Nominating and Remuneration Committee (Member)

Present directorship in other listed company
- ST Engineering Ltd

Background and working experience
- SAF Officer (1994 – Current)

LIM CHO PIN ANDREW GEOFFREY, 52

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 2021)
4 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 Investment Limited (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)
- CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust) (From 1 May 2017 to 9 October 2019)

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, 46

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 2021)
1 year 8 months

Board committees served on
- Executive Committee (Member)
- Nominating and Remuneration Committee (Member)

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

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

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 Committee. As Chief Executive Officer, she is responsible for spearheading the overall strategic planning and 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, investor relations and sustainability functions, and ensures that they are managed effectively.

Ms Beh has over 25 years of experience in corporate finance, mergers and acquisitions, financial management, and in real estate investments and fund management. Prior to joining the Managers, she had 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, Ms Beh had been actively involved in the deal analysis for investments and divestments, set-up of private equity funds, investor relations, as well as private and institutional financing.

Prior to joining the CapitaLand Group, Ms Beh held various finance and audit positions, as Vice President, Finance in SembCorp Industries Limited and as auditor in 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.

TEO JOO LING SERENA

Deputy Chief Executive Officer

Ms Teo was appointed as Deputy Chief Executive Officer on 15 November 2021 and she assists the Chief Executive Officer in all aspects of ART's business. Ms Teo brings with her over 25 years of work experience spanning both private and public sectors.

Prior to joining the Managers, Ms Teo had been with the Ascendas Group for over 12 years. She was the Head, Portfolio Management for the manager of Ascendas REIT and was responsible for formulating and executing business strategies to maximise the income and asset value of the REIT's properties. Her role also involved overseeing the property managers in the delivery of marketing and leasing, property management, lease management, customer care services and asset enhancement initiatives. Previously, Ms Teo also held various positions including Head of Operations & Services, Head of Group Strategy Management, Vice President of Real Estate Funds and Investment Manager of Ascendas India Development Trust.

Prior to Ascendas Group, Ms Teo was in the Singapore Economic Development Board and EDB Investments where she spent more than 10 years in the development of the semiconductors and other electronics industries in Singapore, as well as direct equity investments in communications, software and logistics companies. She started her career as an engineer in Chartered Semiconductors.

Ms Teo holds a Master in Business Administration from INSEAD and a Bachelor in Electrical and Electronic Engineering (Honours) degree from the National University of Singapore.

KANG SIEW FONG

Chief Financial Officer

Ms Kang heads the finance team of the Managers and oversees all matters relating to financial management and reporting, accounting, risk management, treasury and capital management. The finance team works with the investment and asset management team to review, evaluate and execute acquisitions, divestments and annual business plans, with the focus on optimising portfolio value and ensuring implementation in accordance with ART's investment strategies.

Ms Kang has over 25 years of experience in the finance profession. Prior to joining the Managers, Ms Kang had been 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, coordinating 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 heads the investment and asset management functions of the Managers, and oversees ART's 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 and Sustainability

Ms Wong heads the investor relations and sustainability functions of the Managers. She is responsible for providing strategic counsel to senior management and facilitating timely and effective communication with the investment community. In addition, she drives the sustainability efforts for ART, and is instrumental in elevating ART's commitment towards ESG and achieving its sustainability ambitions.

Ms Wong brings with her over 10 years of relevant experience. 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 financial advisory.

Ms Wong obtained her Bachelor of Business Management from the Singapore Management University, with majors in Finance (Wealth Management) and Marketing. Ms Wong also obtained the International Certificate in Investor Relations from the Investor Relations Society of UK and Advanced Certificate in Sustainability & Sustainable Businesses from the Singapore Management University.

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 7
- Financial Review: Pages 67 to 73
- Financial Statements: Pages 139 to 349

ORGANISATIONAL CAPITAL

- Corporate Governance: Pages 97 to 131
- Risk Management: Pages 92 to 96
- Sustainability Management: Pages 84 to 91

SOCIAL AND RELATIONSHIP CAPITAL

- Investor Relations: Pages 80 to 83
- Sustainability Management: Pages 84 to 91

MANUFACTURED CAPITAL

- Sustainability Management: Pages 84 to 91

ENVIRONMENTAL CAPITAL

- Sustainability Management: Pages 84 to 91

HUMAN CAPITAL

- Sustainability Management: Pages 84 to 91

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)

Reconstituting Our Portfolio

COVID-19 bears testament to the resilience of the longer-stay accommodation segment. To future-proof the portfolio and enhance the stability of our income streams, ART's investment mandate was expanded in January 2021 to include student accommodation properties.

In FY 2020 and FY 2021, ART divested six properties that had reached the optimal stage of their life cycles, unlocking about S$225 million in net gains for Stapled Securityholders. The proceeds of about S$580 million enhanced ART's liquidity and gave us greater financial flexibility to pare down debt, rejuvenate the portfolio and invest in higher-yielding assets.

In FY 2021, ART successfully recycled the capital and replaced the distributable income of the divested properties at higher yields. ART invested about S$780 million into 11 student accommodation and rental housing properties, expanding its asset allocation in the longer-stay segment from c.5% to c.16% in under a year. ART targets to increase its asset allocation in longer-stay accommodation to 25-30% in the medium term.

"Over the past two years, we have divested properties at an average exit yield of c.2% and invested at an average EBITDA yield of c.5%, creating value for our Stapled Securityholders.

We will continue to reconstitute our portfolio and increase our investment in longer-stay accommodation."

Divestments

Property	Location	Sale price	Premium over book value	Exit yield[1]	Divestment date
Citadines City Centre Grenoble	Grenoble, France	EUR8.1 million (c.S$13 million)	35%	c.5%	Mar 2021
Citadines Didot Montparnasse Paris	Paris, France	EUR23.6 million (c.S$38 million)	69%	c.5%	May 2021
Somerset Xu Hui Shanghai	Shanghai, China	RMB1.05 billion (c.S$217 million)	171%	c.2%	May 2021

1 Exit yield is computed based on 2019 Net Operating Income / Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA).

Investments

Property	Location	Purchase price	Land tenure	No. of units / beds	EBITDA yield	Acquisition date
Student accommodation in USA						
Paloma West Midtown	Georgia	USD95.0 million (c.S$126 million)	Freehold	183 / 525	c.5%	Feb 2021
Standard at Columbia (under development)	South Carolina	ART's total investment is USD55.2 million (c.S$73 million)[2]	Freehold	247 / 678	c.6.2%[3]	Announced in Jun 2021; construction expected to complete in 2Q 2023
Wildwood Lubbock	Texas	USD70.0 million (c.S$94 million)	Freehold	294 / 1,005	c.5.1%	Sep 2021
Seven07	Illinois	USD83.25 million (c.S$112 million)	Freehold	218 / 548	c.4.5%	Nov 2021
The Link University City	Pennsylvania	USD65.5 million (c.S$90 million)	Freehold	126 / 251		Dec 2021
Latitude at Hillsborough	North Carolina	USD64.0 million (c.S$88 million)	Freehold	180 / 523	c.4.9%	Dec 2021
Uncommon Wilmington	North Carolina	USD54.0 million (c.S$74 million)	Freehold	150 / 493		Dec 2021
Latitude at Kent	Ohio	USD29.5 million (c.S$40 million)	Leasehold (expiring Dec 2117)	126 / 384		Feb 2022
Rental housing in Japan						
Alpha Square Kita 15 jo	Sapporo		Freehold	127		Jun 2021
Big Palace Minami 5 jo	Sapporo	JPY6.78 billion (c.S$85 million)	Freehold	158	c.4.%	Jun 2021
City Court Kita 1 jo	Sapporo		Freehold	126		Jun 2021

2 ART and Ascott jointly invested in this development to own 45% stake each, with a third-party partner owning the remaining 10% stake which ART and Ascott will acquire when the property's performance stabilises. The USD55.2 million stated here comprises ART's investment in the initial 45% stake, estimated cost of the additional 5% stake which ART will acquire at fair market valuation, and other deal-related expenses.

3 Based on ART's investment.

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 93 properties[1] with more than 17,000 units across 43 cities in 15 countries. With the expansion of ART's investment mandate in January 2021, the portfolio comprises serviced residences, hotels/business hotels, rental housing and student accommodation properties, serving a spectrum of guests with varying accommodation needs.

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 USA and Vietnam. Many of these countries have large domestic markets, which serve as a key source of demand for ART before international borders fully reopen. 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.

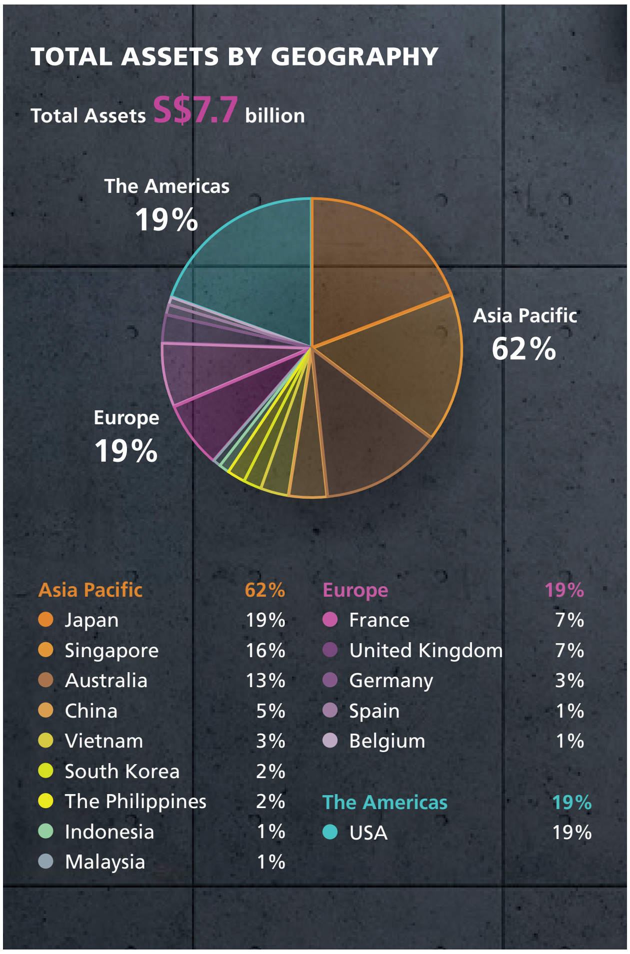
As at 31 December 2021, approximately 62% of ART's total assets are in Asia Pacific, 19% are in Europe and 19% in the Americas. Having a geographically diversified presence offers resilience to ART as the pace of recovery from the pandemic remains varied across markets. With the addition of seven US student accommodation properties in FY 2021, ART's presence in the US has increased y-o-y and could grow further as ART continues to expand its footprint in student accommodation. Notwithstanding, ART's portfolio will remain anchored in our core region, Asia Pacific.

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 coliving property in one-north, Singapore, carries our Sponsor's lyf brand, which caters to the millennial and millennial-minded market.

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

AWARDS

Ascott was crowned 'World's Leading Serviced Apartment Brand' at the Grand Final of World Travel Awards 2021 and named 'Leading Serviced Apartment Brand' in Asia, Europe, Middle East and Oceania at the regional World Travel Awards 2021. Several ART properties were also recognised as 'Leading Serviced Apartments 2021' in their respective countries, including Somerset Grand Hanoi, Citadines Toison d'Or Brussels, Citadines Arnulfpark Munich and Citadines Ramblas Barcelona[2].



1 As at 31 December 2021, including Somerset Liang Court Property Singapore and Standard at Columbia which are under development.
2 For the full list of awards won by Ascott, please refer to https://www.discoverasr.com/en/the-ascott-limited/awards.

OUR BUSINESS MODEL

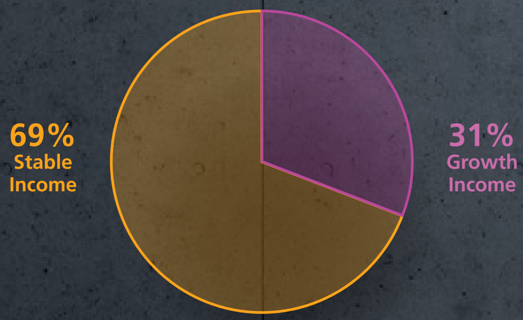
ART's range of lodging types offers it the flexibility to cater to both leisure and corporate markets with short and long stay needs. In the absence of transient demand when borders were closed, ART's serviced residences continued to serve long-stay corporate guests and some of its hotels were block booked for self-isolation or alternative sources of business. The rental housing and student accommodation properties, due to their long leases of one to two years, were largely unaffected and continued to register high occupancies of over 90%. In FY 2021, the average length of stay for ART's properties on management contracts was approximately four months.

The demand for accommodation remains largely driven by the domestic and leisure segments in most markets, as travel restrictions have not been fully lifted. In some countries, the return of business and industrial activities has spurred travel demand from the corporate, project group, and meetings, incentives, conventions and exhibitions (MICE) segments, as well as a pick-up in expatriate relocations.

For FY 2021, approximately 70% of ART's gross profit was from stable income sources (master leases, management contracts with minimum guaranteed income (MCMGI), rental housing and student accommodation) and 30% was from growth income sources (management contracts of serviced residences and hotels).

FY 2021 GROSS PROFIT BY CONTRACT TYPE

Gross Profit **S$173.3** million



Contract types with a fixed / minimum rent component

Master Leases

France	14%
Japan	13%
Singapore	10%
Germany	8%
Australia	4%
South Korea	2%

MCMGI

United Kingdom	2%
Spain	1%
Belgium	<1%

Management contracts of longer-stay assets

Rental Housing

Japan	10%

Student Accommodation

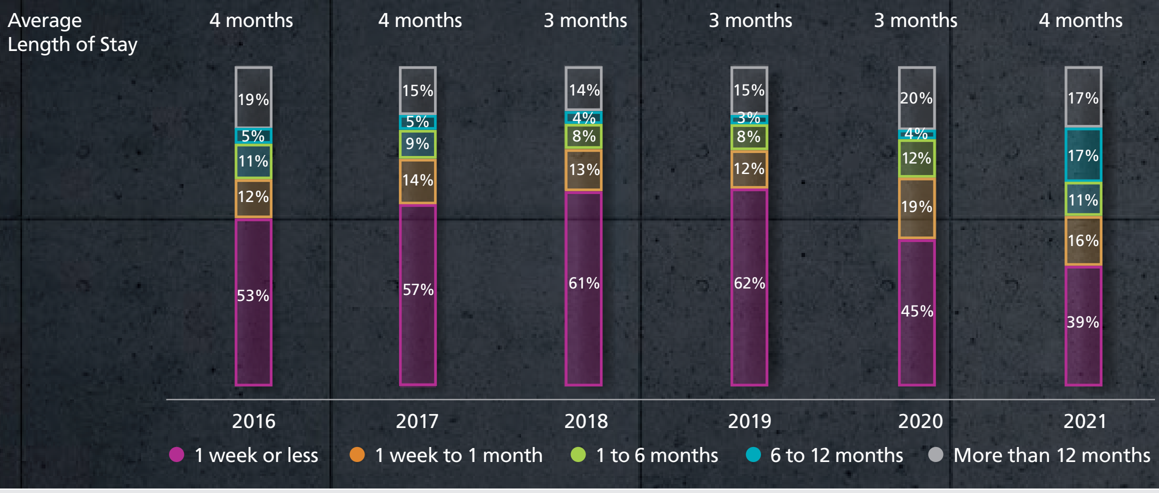
USA	5%

Management contracts of serviced residences and hotels

Australia	9%
Vietnam	6%
United Kingdom	5%
China	4%
USA	3%
The Philippines	2%
Indonesia	1%
Singapore	1%
Malaysia	–
Japan	<0%

PORTFOLIO INFORMATION BY LENGTH OF STAY[1]

(Portfolio Apartment Rental Income)



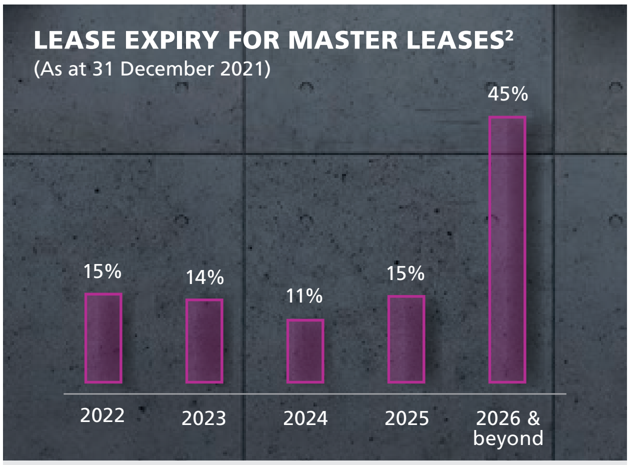
1 Historical information is prepared for illustrative purposes only and are not guarantees of future performance. Portfolio information excludes properties on master leases and properties under development.

MASTER LEASES

30 of our operating properties – 15 in France, five in Germany, three in Japan, four in Australia, two in South Korea and one in Singapore are on master leases. 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 and France have fixed and variable rent components.

In August 2021, the master lease for Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) was terminated. The property is currently managed by ART's Sponsor under a short-term management contract and ART will be exploring long-term options for the property. The master leases for Hotel WBF Kitasemba East and Hotel WBF Kitasemba West were also terminated as the lessee filed for civil rehabilitation, and will be converted to management contracts. Both properties remained temporarily closed in 2021[3]. The remaining WBF property, Hotel WBF Honmachi, remains under a master lease. There are two master leases expiring in 2022. The lease for Citadines Kurfürstendamm Berlin has been renewed on fixed rent terms based on an independent market review, and negotiations for the renewal of the lease for Ascott Orchard Singapore are currently underway. In addition, the master lease for Citadines Les Halles Paris was renewed ahead of its expiry in 2024 on fixed rent terms at pre-COVID-19 levels.

The weighted average remaining tenure of ART's master leases is about seven years. For master leases which were renewed in FY 2021, the weighted average lease expiry of the leases is approximately 11 years. The renewed master leases account for about 1% of ART's FY 2021 gross revenue. There were no income support payments for ART in FY 2021.



2 Percentage of gross rental income for master leases expiring during the respective periods over the total gross rental income for all master leases.

MANAGEMENT CONTRACTS

The remaining 61 of our operating properties are on management contracts, comprising four properties on management contracts with minimum guaranteed income and 57 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[4]). 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 MCMGI.

MANAGEMENT CONTRACTS WITH MINIMUM GUARANTEED INCOME

Four of our properties across Belgium, Spain and the United Kingdom are on management contracts with minimum guaranteed income.

Under the MCMGI arrangement, the property operators provide a minimum income guarantee to ART over the term of such management contracts which helps to ensure a stable income stream for ART if the properties do not generate the minimum income. The weighted average remaining term of these management contracts is around four years.

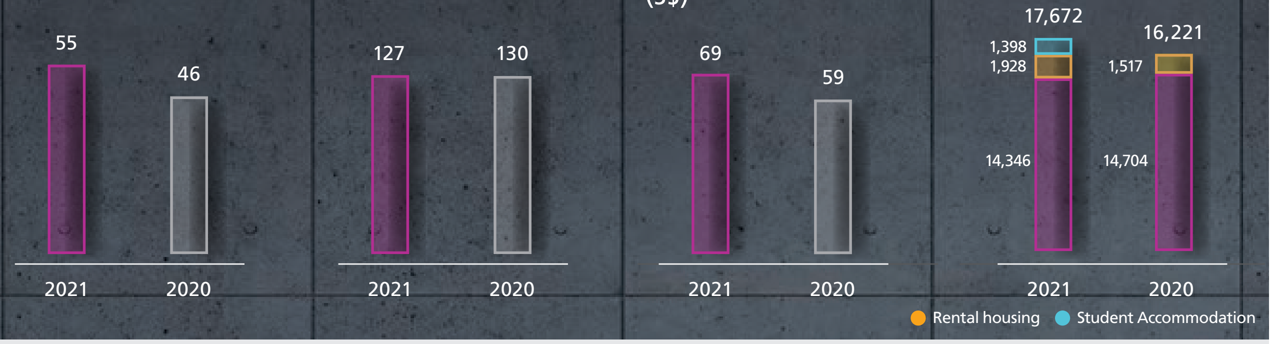
MANAGEMENT CONTRACTS WITHOUT MINIMUM GUARANTEED INCOME

57 of our properties across Australia, China, Indonesia, Japan, Malaysia, the Philippines, Singapore, the United Kingdom, the USA and Vietnam are on management contracts without minimum guaranteed income. Under these management contracts, the income stream is dependent on the underlying performance or revenue per available unit of the properties. ART's rental housing and student accommodation properties are under management contracts without minimum guaranteed income.

3 As at 31 December 2021, Hotel WBF Kitasemba East and Hotel WBF Kitasemba West constituted c.2% of ART's total operating units.
4 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.

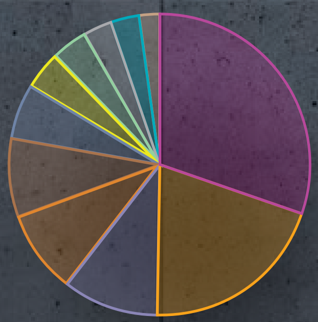
KEY STATISTICS OF ART'S PORTFOLIO[3]

PORTFOLIO OCCUPANCY (%) | **PORTFOLIO AVERAGE DAILY RATES (S$)** | **PORTFOLIO REVENUE PER AVAILABLE UNIT (S$)** | **NUMBER OF UNITS[4]**



3 Key statistics, other than the number of units, pertain to operational properties only and exclude rental housing, student accommodation and properties on master leases.
4 Includes properties under development.

FY 2021 PORTFOLIO INFORMATION BY INDUSTRY[5]



INDUSTRY	
Industrial	30%
Government & Non-governmental Organisations (NGOs)	20%
Manufacturing	11%
Consumers	9%
Real Estate / Lodging	8%
Financial Institutions	6%
Media & Telecommunications	4%
Energy & Utilities	4%
Information Technology	3%
Others	3%
Healthcare	2%

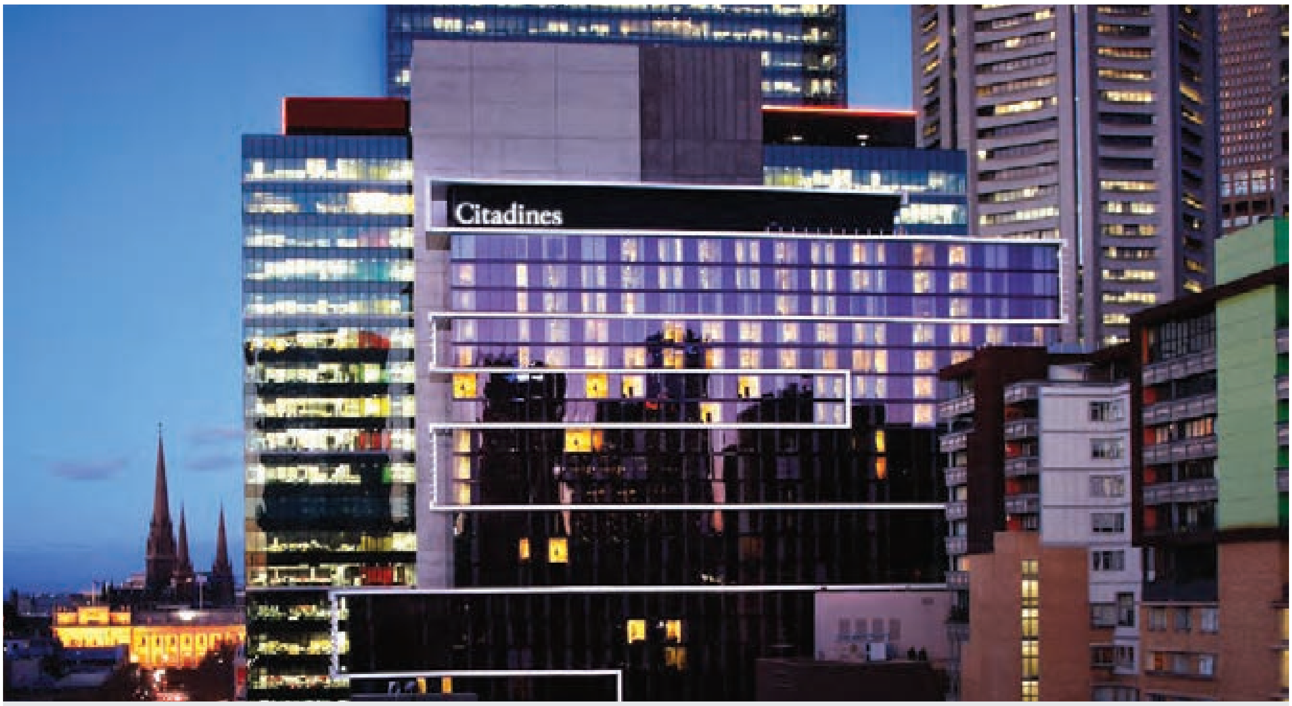
5 Based on rental income from corporate accounts of properties under Ascott management contracts only.

FY 2021 TOP 10 CORPORATE CLIENTS[5]

Corporate Client	Industry[6]	% of Total Apartment Rental Income
Government entities and embassies of various countries	Government & NGOs	3.0%
CapitaLand	Real estate	0.9%
Qantas	Consumers	0.5%
Toyota	Manufacturing	0.4%
Mitsubishi	Industrial	0.4%
Airbus	Industrial	0.2%
Osm Maritime	Industrial	0.2%
Denso	Industrial	0.2%
Honda	Manufacturing	0.2%
Intel	Information Technology	0.2%
Scanmar	Industrial	0.1%
Total		**6.3%**

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

Australia



Citadines on Bourke Melbourne

13	2,740	S$95.7	S$21.9	S$966.6
PROPERTIES	**UNITS**	**million TOTAL REVENUE** (FY 2021)	**million TOTAL GROSS PROFIT** (FY 2021)	**million VALUATION** (as at 31 December 2021)

As one of ART's key markets, Australia contributed 13% of total gross profit for FY 2021.

ART's Australia portfolio comprises one leasehold and 12 freehold properties situated across Brisbane, Sydney, Melbourne and Perth. Of the 13 properties in Australia, there are four serviced residences under master leases, two serviced residences and seven hotels under management contracts.

MASTER LEASES

ART has four serviced residences under 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. Strategically located in Sydney's second largest business district of Macquarie Park is the 111-unit *Quest Macquarie Park Sydney,* which 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 at least 18 years[1].

1 Including extension period at lessees' option.

MANAGEMENT CONTRACTS

ART has two serviced residences under management contracts. The 85-unit *Citadines St Georges Terrace Perth* is conveniently located in Perth's CBD, along St Georges Terrace while 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.

ART also has seven hotels under management contracts. The 150-unit *Citadines Connect Sydney Airport* is a limited-service business hotel situated adjacent to the Quest Mascot serviced residence and within proximity to the Sydney Airport. 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 only 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 to the city's key attractions and landmarks.

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

2021 REVIEW

The Australian economy grew 1.5% in 2021[2]. GDP increased in 1H 2021 but declined 1.9% in 3Q 2021 amid lockdowns across several states, including New South Wales, Victoria and Queensland. Authorities in Brisbane, Perth and Melbourne imposed snap lockdowns while Sydney was subject to a 106-day long lockdown which lasted from 26 June to 11 October 2021. The strict lockdowns arose from the government's initial 'COVID-zero' approach toward the pandemic. For the most part of the year, the country's borders were closed to international travellers and domestic interstate travel was restricted during periods of resurgence.

In immunising its population, Australia was slower than most other developed countries, having only begun its vaccination rollout in February 2021. As the population's vaccination rate picked up, the government gradually eased restrictions and border controls in 4Q 2021.

Demand for accommodation rose and fell in tandem with Australia's travel restrictions. To address the absence of international and transient travel, alternative sources of business were pursued at ART's properties. Three of the hotels - Novotel Sydney Central, Pullman Sydney Hyde Park and Pullman and Mercure Melbourne Albert Park, were block booked by the government, which helped to support occupancies and provide a stable stream of income throughout the year.

Citadines on Bourke Melbourne was impacted by the restrictions as interstate travel came to a standstill. In addition, the softer performance y-o-y was also attributable to the property having received block bookings from the military in FY 2020.

When restrictions were eased, pent-up demand from domestic corporate and leisure segments was observed. For FY 2021, RevPAU of the properties under management contracts increased 30% y-o-y in AUD terms mainly due to the stronger performance of the 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.

2 Source: Australian Bureau of Statistics (2021)

Pullman Sydney Hyde Park

2022 OUTLOOK

Australia's economy had built up strong momentum prior to the Omicron outbreak and is forecasted to continue its growth trajectory to expand 4.1% in 2022[3]. While the spread of the Omicron variant may result in slower growth in 1Q 2022, it is expected to have a smaller impact on economic activity than previous waves of COVID-19[4].

As seen from the earlier lockdowns in Australia, domestic demand returned swiftly when travel restrictions were eased. A similar rebound is envisaged post-Omicron. Domestic travel in Australia is projected to return to around pre-pandemic levels in 2022-23. The optimism is supported by the pent-up demand for interstate travel and the expectation that future lockdowns, if any, are likely to be more isolated and infrequent compared to the past. Leisure travel is expected to recover faster than business travel[5].

The outlook for international travel is also rosier. In February 2022, Australia reopened to vaccinated international travellers, almost two years after a near-complete border closure. Restrictions were also earlier lifted for immunised returning citizens in November 2021 after 80% of Australia's eligible population had been fully vaccinated. International students, some foreign workers and family members of citizens and permanent residents were allowed to return in mid-December 2021[6].

Given the country's high vaccination rate, the Australian government has shifted towards an endemic approach and remains committed to reopening its economy despite the short-term Omicron slowdown. ART expects demand for its properties to return when the COVID-19 situation stabilises. In the near term, some of ART's hotels may take time to fully ramp up, as they transit from the block bookings to welcoming public guests.

3 Source: International Monetary Fund (2022)
4 Source: Reserve Bank of Australia (2022)
5 Source: Tourism Research Australia (2021)
6 Source: Washington Post (2022)

Gross Rental Income (AUD'000)

	FY 2021	FY 2020
Citadines on Bourke Melbourne	**5,313**	8,219
Citadines Connect Sydney Airport	**2,027**	1,794
Citadines St Georges Terrace Perth	**1,997**	1,620
Quest Campbelltown	**1,473**	1,610
Quest Macquarie Park Sydney	**1,379**	1,559
Quest Mascot	**1,500**	1,946
Quest Sydney Olympic Park	**1,898**	1,951

Hotel Revenue (AUD'000)

	FY 2021	FY 2020
Courtyard by Marriott Sydney North-Ryde	**2,630**	3,187
Novotel Sydney Central	**17,261**	10,536
Novotel Sydney Parramatta	**4,882**	4,546
Pullman and Mercure Brisbane King George Square	**16,955**	12,794
Pullman and Mercure Melbourne Albert Park	**17,167**	15,978
Pullman Sydney Hyde Park	**16,619**	12,963

Revenue Per Available Unit (AUD)

	FY 2021	FY 2020
Citadines on Bourke Melbourne	**38**	58
Citadines Connect Sydney Airport	**37**	32
Citadines St Georges Terrace Perth	**61**	50
Courtyard by Marriott Sydney North-Ryde	**25**	31
Novotel Sydney Central	**121**	60
Novotel Sydney Parramatta	**41**	38
Pullman and Mercure Brisbane King George Square	**58**	50
Pullman and Mercure Melbourne Albert Park	**96**	66
Pullman Sydney Hyde Park	**120**	76

Citadines Connect Sydney Airport

Belgium

Citadines Toison d'Or Brussels

2 PROPERTIES	324 UNITS	S$5.6 million TOTAL REVENUE (FY 2021)	S$0.5 million TOTAL GROSS PROFIT (FY 2021)	S$61.1 million VALUATION (as at 31 December 2021)

Citadines Sainte-Catherine Brussels

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

2021 REVIEW

For the full year of 2021, Belgium's economy grew by 5.6%[1]. GDP growth remained low in 1Q 2021 as restrictive measures remained in place for most of the quarter, before accelerating from 2Q 2021 with the gradual relaxation and flexibility of health measures.

Belgium has made healthy progress in inoculating its population since the start of its vaccination rollout. By the end of 2021, it had hit its target population vaccination rate of 70%, successfully achieving its minimum threshold for herd immunity[2].

As Belgium gradually reopened its borders to travellers and began to relax almost all its COVID-related measures in 3Q 2021, the Belgium corporate market saw strengthened recovery with several corporate group stays recorded that summer. Citadines Sainte-Catherine Brussels, which was temporarily closed in 1H 2021, reopened in June 2021 to strong demand from the leisure and staycation segments. For FY 2021, the RevPAU of the properties increased 30% y-o-y in EUR terms due to improved performance. Gross rental income was lower y-o-y due to lower income top-up.

2022 OUTLOOK

In 2022, Belgium's real GDP growth is expected to reach 3.1%[3]. As private consumption and business investments recover in Belgium, they are expected to drive a robust economic rebound during the year[4].

In March 2022, Belgium downgraded its coronavirus barometer from Code Orange to Code Yellow, removing the vast majority of its COVID-19 restrictions as the number of new infections and hospitalisations declined[2]. It follows in the footsteps of other European countries which progressively lifted their COVID-19 restrictions in the face of the Omicron variant[5].

In 2021, many European markets achieved a stronger than expected summer season in terms of tourism performance. Following the European Union's (EU) introduction of individual-based travel restrictions in February 2022, which focus on travellers' vaccination, test and recovery status as opposed to their country of departure, easier travel movement is expected into Belgium and within the region[6].

In 1Q 2022, a seasonally softer period for travel, demand for accommodation is expected to be muted. Notwithstanding, the minimum guaranteed income under the MCMGI arrangement will provide ART's Belgium properties with downside protection while positioning them to ride the EU's travel sector recovery in 2022. The long stays will also support occupancies while offering the properties the opportunity to yield when demand improves.

Gross Rental Income (EUR'000)

	FY 2021	FY 2020
Citadines Sainte-Catherine Brussels	**1,223**	1,965
Citadines Toison d'Or Brussels	**1,910**	2,121

Revenue Per Available Unit (EUR)

	FY 2021	FY 2020
Citadines Sainte-Catherine Brussels	**21**	13
Citadines Toison d'Or Brussels	**31**	27

1 Source: National Bank of Belgium (2022)
2 Source: The Brussels Times (2021, 2022)
3 Source: International Monetary Fund (2022)
4 Source: Organisation for Economic Development (OECD) (2021)
5 Source: Politico (2022)
6 Source: Euronews (2021)

China

Somerset Heping Shenyang

5 PROPERTIES	1,066 UNITS	S$26.7 million TOTAL REVENUE (FY 2021)	S$6.9 million TOTAL GROSS PROFIT (FY 2021)	S$303.1 million VALUATION (as at 31 December 2021)


Citadines Zhuankou Wuhan

China is one of ART's key markets which contributed 4% to the total gross profit for FY 2021. Following the divestment of *Somerset Xu Hui Shanghai* in 2021, ART now owns five serviced residences under management contracts in China. Catering primarily to the long-stay segment, ART's China properties have an average length of stay of over seven months.

Somerset Grand Central Dalian is a 195-unit property situated in the central business district of the Dalian Development Area; *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.

2021 REVIEW

In 2021, China's economy grew 8.1%, its highest annual growth in a decade, helped by robust exports to economies hit by COVID-19[1].

China's COVID-19 caseloads remained mostly low throughout the year due to its strict adherence to a 'zero-tolerance' strategy and swift vaccination rollout. Except in areas experiencing a resurgence, travel was generally permitted within China. International borders were closed during the year.

To combat the Delta variant in 3Q 2021, the Chinese authorities imposed localised movement restrictions in affected provinces. As the Omicron variant surfaced toward the end of 2021, China similarly tightened restrictions in affected areas. Despite the outbreaks, the performance of ART's China properties remained resilient as they catered predominantly to long-staying corporate guests and project groups. This provided a stable occupancy base when demand for transient travel softened.

In FY 2021, the RevPAU of the China properties decreased 11% y-o-y in RMB terms due to the divestments of Ascott Guangzhou in December 2020 and Somerset Xu Hui Shanghai in May 2021. Excluding the divestments, FY 2021 RevPAU increased 11% y-o-y as the portfolio benefitted from China's economic growth. Business travel picked up as recovery progressed in China's key manufacturing and industrial activities, and the return of in-person events and conventions also provided some uplift.

2022 OUTLOOK

In 2022, the China government expects the economy to expand by about 5.5%. While China's economy rebounded strongly in 2021, there were signs of slowing growth amid a property downturn and weakening consumption. In response, the central bank of China had started cutting interest rates, and local governments had expedited infrastructure spending to spur economic growth[1].

In managing the pandemic, China shifted from its 'zero-tolerance' stance towards a 'dynamic zero-COVID' approach in November 2021. Under this new approach which accords greater flexibility, China seeks to prevent domestic outbreaks through timely interventions. Instead of locking down entire cities or provinces when there are infections, targeted lockdown measures will be introduced among specific communities[2].

The China Tourism Academy forecasts tourism revenue to near USD600 billion in 2022, an increase of about 25% y-o-y. A total of almost 4 billion domestic trips are projected in 2022, nearly 70% of that in 2019[3].

While the global COVID-19 situation continues to be uncertain, ART's China properties are expected to remain resilient given the long average length of stay of its guests and focus on the corporate segment. Corporate bookings at ART's properties are expected to pick up as Omicron infections subside, supported by a resumption in business activity and relocation demand.

1 Source: Reuters (2022)
2 Source: Channel NewsAsia (2022)
3 Source: Xinhuanet (2022)

Gross Rental Income (RMB'000)

	FY 2021	FY 2020
Citadines Xinghai Suzhou	**10,626**	7,254
Citadines Zhuankou Wuhan	**15,579**	11,378
Somerset Grand Central Dalian	**28,128**	24,822
Somerset Heping Shenyang	**18,729**	19,865
Somerset Olympic Tower Property Tianjin	**37,953**	38,298
Somerset Xu Hui Shanghai[1]	**14,417**	37,870

1 Somerset Xu Hui Shanghai was divested in May 2021.

Revenue Per Available Unit (RMB)

	FY 2021	FY 2020
Citadines Xinghai Suzhou	**170**	116
Citadines Zhuankou Wuhan	**159**	115
Somerset Grand Central Dalian	**369**	311
Somerset Heping Shenyang	**190**	201
Somerset Olympic Tower Property Tianjin	**457**	464
Somerset Xu Hui Shanghai[1]	**583**	607

Somerset Grand Central Dalian

France

Citadines Tour Eiffel Paris

15 PROPERTIES	1,486 UNITS	S$27.0 million TOTAL REVENUE (FY 2021)	S$24.8 million TOTAL GROSS PROFIT (FY 2021)	S$475.8 million VALUATION (as at 31 December 2021)

France is one of ART's key markets, contributing 14% to total gross profit for FY 2021. Following the divestments of *Citadines Didot Montparnasse Paris* and *Citadines City Centre Grenoble* in 2021, ART now owns 15 freehold serviced residences in France. All 15 properties are under master leases, with remaining lease terms varying between one to 11 years.

Nine of the serviced residences are in the French capital of Paris, and the remaining six are in the regional cities of Cannes, 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.

2021 REVIEW

The French economy grew 7% in 2021, a strong rebound from the 8% contraction in 2020 due to COVID-19. Despite the implementation of a national lockdown from April to May, France achieved quarter-on-quarter (q-o-q) growth in 2Q 2021. Growth picked up further in 3Q 2021 with GDP almost returning to pre-pandemic levels following the lifting of the lockdown in June and the easing of restrictions for vaccinated individuals[1].

In its fight against the COVID-19 pandemic, France was an early mover in its vaccination rollout which commenced in December 2020. As such, France was also one of the earlier countries to lift restrictions and reopen its borders.

In 1Q 2021, five of ART's properties were temporarily closed due to the imposition of movement restrictions but continued to receive fixed rents under the master lease arrangements. The properties later reopened in 2Q 2021 to capture the pent-up leisure demand during the summer holidays.

The EU Digital COVID Certificate came into force on 1 July 2021, allowing for safe and free travel movement for vaccinated individuals in the EU[1]. Subsequently in September, the French borders were opened to all international travellers, and vaccinated travellers were not required to self-test or quarantine upon arrival. The relaxation of border controls facilitated the overall demand for travel in 2H 2021, especially domestically and within Europe.

Throughout the year, long stays, corporate and cultural group bookings formed a resilient occupancy base to ART's portfolio in France, while events and conferences provided a boost to some regional properties.

Total revenue from France increased 8% y-o-y in FY 2021, in EUR terms. This was mainly due to an absence of rent abatement which was extended to the lessee in 2H 2020. The higher revenue was partially offset by the divestment of the two properties in 1H 2021 and change of rent structure from fixed to fixed and variable lease structure for nine of the properties which resulted in lower rental income.

2022 OUTLOOK

Following the strong rebound in 2021, the French economy is expected to grow a further 3.5% in 2022. Notwithstanding a surge in infections arising from the Omicron variant and supply shortages, the Bank of France expects the growth of the French economy to be positive in 1Q 2022[2].

The French government adopts an endemic approach in managing the pandemic and believes that the country's high vaccination rate of over 90% would curb a resurgence. While mobility restrictions were reintroduced to limit the spread of the Omicron variant in late December 2021, they were progressively eased a few weeks later when caseloads reached a plateau[3].

In 2021, France's travel and tourism sector grew about 35%, surpassing the global rate of recovery. In 2022, France is expected to see further y-o-y increase of 22%, underpinned by a strong rebound in international spending and continued rise in domestic travel[4].

Another bright spot for the travel sector is the EU's introduction of individual-based travel restrictions, which are based on a traveller's vaccination, test or recovery status. This replaced earlier restrictions which were based on the epidemiological situation of a traveller's country of departure[5]. The coordinated approach towards the reopening of travel is expected to facilitate easier movement within the EU.

ART's properties in France, which are on master leases with both fixed and variable rent components, are poised to benefit from the travel sector's recovery in 2022. The master lease for Citadines Les Halles Paris was renewed ahead of its expiry in 2024 on fixed rent terms at pre-COVID-19 levels, based on independent market review. The early renewal of the master lease facilitates the planned refurbishment of the property's apartment units and common areas, which will be carried out by the lessee by 2023.

1 Source: Reuters (2022)
2 Source: Bloomberg (2022)
3 Source: Channel NewsAsia (2022)
4 Source: World Travel & Tourism Council (2021)
5 Source: Euronews (2022)

Gross Rental Income (EUR'000)

	FY 2021	FY 2020
Citadines Antigone Montpellier	**560**	446
Citadines Austerlitz Paris[3]	**274**	209
Citadines Castellane Marseille[3]	**344**	352
Citadines City Centre Grenoble[1]	**124**	339
Citadines City Centre Lille[3]	**737**	559
Citadines Croisette Cannes	**273**	234
Citadines Didot Montparnasse Paris[2]	**431**	862
Citadines Les Halles Paris	**2,424**	2,293
Citadines Maine Montparnasse Paris[3]	**457**	395
Citadines Montmartre Paris[3]	**1,396**	991
Citadines Place d'Italie Paris	**1,512**	1,521
Citadines Prado Chanot Marseille[3]	**469**	352
Citadines Presqu'île Lyon	**803**	791
Citadines République Paris[3]	**526**	366
Citadines Tour Eiffel Paris[3]	**2,532**	1,921
Citadines Trocadéro Paris[3]	**1,606**	1,151
La Clef Louvre Paris	**1,179**	1,164

1 Citadines City Centre Grenoble was divested in March 2021.
2 Citadines Didot Montparnasse Paris was divested in May 2021.
3 The master lease for the property was converted from fixed to fixed and variable lease structure in FY 2021.

Citadines Place d'Italie Paris

Germany

Citadines City Centre Frankfurt

5 PROPERTIES	721 UNITS	S$15.2 million TOTAL REVENUE (FY 2021)	S$14.2 million TOTAL GROSS PROFIT (FY 2021)	S$245.4 million VALUATION (as at 31 December 2021)


Citadines Arnulfpark Munich

ART owns five serviced residences in Germany under master lease arrangements, with remaining lease terms varying between two and 18 years[1]. Under the master leases, ART receives fixed rents which are subject to annual indexation, thus enhancing the stability of ART's income.

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.

2021 REVIEW

Germany's economy grew 2.7% in 2021 as a result of higher exports and public spending[2]. At the start of 2021, COVID-19 restrictions impacted household demand and the economy contracted y-o-y. As restrictions were gradually lifted from mid-May and consumer demand levels rebounded, economic growth picked up in 3Q 2021 before renewed restrictions led to another contraction in 4Q 2021[3].

Germany's vaccination efforts partially mitigated the resurgent infections during the year. By the end of 2021, Germany had fully inoculated over 70% of its population[4].

When movement curbs were in place during the first few months of 2021, ART's properties built up a base of long stays which cushioned occupancies. Following the relaxation of travel restrictions in May 2021, the properties' operating performance recovered strongly, driven by robust summer demand from domestic and European travellers. In 4Q 2021, the properties continued to perform well, albeit some slowdown when the Omicron variant broke out.

Total revenue from Germany increased 1% y-o-y in FY 2021, in EUR terms.

2022 OUTLOOK

The German government expects the economy to grow by 3.6% and return to its pre-pandemic size in 2022[5]. The economy is expected to contract in 1Q 2022, however, as the government reintroduced restrictions to contain the spread of the Omicron variant in December 2021[2].

The economic outlook is expected to improve as the year progresses. Several European countries have progressively lifted their COVID-19 restrictions. Similarly, the German government intends to end most government-mandated COVID-19 restrictions in March 2022, given that infections have gradually subsided[2].

Prospects for the travel industry are also looking up in 2022. According to the World Travel and Tourism Council, bookings for intra-European travel have increased by more than 250%, and summer bookings are 80% higher than 2021 levels so far[6].

The German domestic travel market is expected to return to pre-pandemic levels in 2022, with both the business and leisure segments recovering faster than the other European countries[7]. With the progressive easing of travel restrictions within the EU, inbound travel is also expected to recover gradually over the next few years.

ART's properties in Germany, which are on master leases, are expected to continue generating stable income in 2022. The master lease for Citadines Kurfürstendamm Berlin was renewed ahead of its expiry in 2022, on fixed rent terms based on an independent market review.

Gross Rental Income (EUR'000)

	FY 2021	FY 2020
Citadines Arnulfpark Munich	1,425	1,430
Citadines City Centre Frankfurt	2,121	2,080
Citadines Kurfürstendamm Berlin	1,107	1,089
Citadines Michel Hamburg	1,772	1,737
The Madison Hamburg	2,677	2,566

2 Source: Reuters (2022)
3 Source: Wall Street Journal (2021)
4 Source: Our World in Data (2021)
5 Source: ABC News (2022)
6 Source: Schengen Visa Info (2022)
7 Source: McKinsey (2022)

Indonesia

Somerset Grand Citra Jakarta

2 **PROPERTIES**	406 **UNITS**	S$10.5 **million** **TOTAL REVENUE** (FY 2021)	S$2.6 **million** **TOTAL GROSS PROFIT** (FY 2021)	S$96.0 **million** **VALUATION** (as at 31 December 2021)

ART owns two leasehold serviced residences in Indonesia which are under management contracts and have an average length of stay of more than four 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 202-unit serviced residence located close to the Golden Triangle of Jakarta, and surrounded by offices, embassies, convention centres and shopping centres.

Ascott Jakarta

2021 REVIEW

In 2021, Indonesia's economy grew 3.7%. GDP growth dipped in 3Q 2021 when emergency COVID-19 measures were imposed, before accelerating in 4Q 2021 as consumption and exports increased when mobility restrictions were eased[1].

Despite efforts to inoculate its population, Indonesia made slow progress in its vaccine rollout due to a limited global supply. By the end of 2021, Jakarta was one of two provinces which had 100% of its target population receive at least one dose of the vaccine[2].

As Indonesia's international borders were largely closed during the pandemic, ART's properties catered mainly to long stays and domestic leisure guests. When the emergency movement curbs were imposed in 3Q 2021, demand for accommodation was curtailed as companies urged their overseas employees to return to their home countries. Staycation bookings were also affected. The long stays mitigated the fall in transient demand.

As restrictions were eased in September 2021, demand from the domestic leisure segment bounced back during the year-end holidays, providing a boost to both occupancies and rates. For FY 2021, the RevPAU of the properties increased 10% y-o-y, in IDR terms.

2022 OUTLOOK

Indonesia's economy is forecasted to grow by 5.6% in 2022[3], picking up from the pace of recovery in 2021. There is some uncertainty to the outlook, however, as tightening monetary and fiscal policies could pose challenges to Indonesia's growth[1].

In early 2022, Indonesia experienced its third wave of COVID-19 due to the spread of the Omicron variant. As caseloads declined, the government eased domestic travel restrictions for fully vaccinated travellers, removing the need for COVID-19 testing. The easing of the testing regime for domestic travel was part of Indonesia's transition to treating COVID-19 as endemic[4].

In addition, Indonesia also made calibrated moves to reopen its international borders. To revive its tourism sector, Indonesia reopened Bali to foreign travellers and established vaccinated travel lane arrangements between Singapore and various cities in Indonesia[4].

With long stays providing a healthy occupancy base, ART's properties remain resilient during a resurgence. They are also well-positioned to capture the return of travel as COVID-19 measures are progressively eased, both domestically and internationally.

Gross Rental Income (IDR'000)

	FY 2021	FY 2020
Ascott Jakarta	**65,749,521**	56,444,547
Somerset Grand Citra Jakarta	**44,641,479**	48,052,400

Revenue Per Available Unit (IDR'000)

	FY 2021	FY 2020
Ascott Jakarta	**870,794**	741,582
Somerset Grand Citra Jakarta	**615,559**	624,614

1 Source: Reuters (2022)
2 Source: Jakarta Globe (2021)
3 Source: International Monetary Fund (2022)
4 Source: The Straits Times (2022)

Japan

Citadines Central Shinjuku Tokyo

22	4,546	S$58.2	S$38.9	S$1,360.6
PROPERTIES	UNITS	million TOTAL REVENUE (FY 2021)	million TOTAL GROSS PROFIT (FY 2021)	million VALUATION (as at 31 December 2021)

Japan is one of ART's key markets which contributed 23% to the total gross profit for FY 2021. In line with its strategy to increase its asset allocation in longer-stay accommodation, ART expanded its rental housing portfolio with the acquisition of City Court Kita 1 jo, Big Palace Minami 5 jo and Alpha Square Kita 15 jo in Sapporo in FY 2021. Following these acquisitions, ART owns 22 freehold properties in Japan. Among the five hotels, three are under master leases. The remaining two hotels, three serviced residences and 14 rental housing properties are under management contracts.

MASTER LEASES

There are three hotels under 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. The 182-unit *Hotel WBF Honmachi* is located 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 three to 11 years.

MANAGEMENT CONTRACTS

There are three serviced residences, two hotels and 14 rental housing properties under 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 more than one month.

The 168-unit *Hotel WBF Kitasemba East* and 168-unit *Hotel WBF Kitasemba West* are situated in the Honmachi district of Osaka, in close proximity to Hotel WBF Honmachi.

ART's 14 rental housing properties are located across five cities - Fukuoka, Hiroshima, Osaka, Tokyo and Sapporo. All the properties are conveniently located close to public transportation and other lifestyle amenities. The rental housing properties have an average length of stay of over 12 months.

2021 REVIEW

Japan's GDP grew 1.6% in 2021, expanding for the first time in three years[1]. The growth was due to a jump in domestic consumption, in spite of the six-month long State of Emergency (SoE) from April to September 2021, which caused several businesses to remain shut amid strict city curfews.

During this period, demand for accommodation was dampened as international borders remained closed and domestic travel was discouraged. The absence of demand was mitigated by corporate long stays at ART's serviced residences, which provided a healthy occupancy base for the properties. ART's rental housing properties were largely unaffected due to their long average length of stay and continued to register high occupancy rates of over 95%.

In May 2021, Hotel WBF Honmachi and Sotetsu Grand Fresa Osaka-Namba were temporarily closed due to poor demand during the SoE and reopened in July 2021. Both properties continued to receive fixed rent under their master lease arrangements.

On 30 September 2021, the SoE was lifted as Japan continued to make significant progress in vaccinating its population and as caseloads began to see a steady decline. Following which, domestic leisure travel picked up particularly during the weekends and festive seasons. During the Tokyo 2020 Olympics in 3Q 2021, the two serviced residences in Tokyo received group bookings which resulted in strong RevPAU performance that quarter.

In FY 2021, the performance of ART's rental housing properties remained resilient. The RevPAU of the other properties under management contracts increased 12% y-o-y in JPY terms, primarily due to the strong performance of the serviced residences during the Olympic Games, partially offset by the divestment of Somerset Azabu East Tokyo in December 2020. Revenue from the master leases decreased 9% y-o-y due to the absence of revenue from Hotel WBF Kitasemba East and Hotel WBF Kitasemba West.

2022 OUTLOOK

Japan's economic growth is expected to accelerate to 3.3% in 2022, supported by government stimulus measures and easing global supply constraints[1]. The stronger growth outlook comes on the back of a robust expansion in 4Q 2021, as the exit from the SoE led to a rebound in consumption[2].

Japan's economic growth in 1Q 2022 could stall as quasi-emergency curbs were re-imposed in November 2021 to contain the spread of the Omicron variant[2]. In early March 2022, the curbs were lifted in some prefectures but extended in others, including Tokyo and Osaka, as Omicron caseloads in those areas remained elevated[3].

Despite the domestic restrictions, Japan continued to gradually ease its border controls. In March 2022, Japan reopened its borders to business travellers and foreign students, and raised its daily cap on arrivals. The quarantine period upon arrival had also been reduced to three days. Inbound travellers who had been vaccinated three times and had departed from countries where the virus situation was under control were exempted from having to quarantine[4].

Prior to the Omicron outbreak, the government was considering restarting its Go To Travel campaign in early 2022. First introduced in 2020, the campaign was well received and ART's properties enjoyed an uplift from the pent-up demand for travel. Coupled with the reopening of international borders, ART's serviced residences and hotels are expected to show greater recovery in 2022. The rental housing properties and properties under master leases are expected to provide stable income to ART, given their long leases and fixed rent components respectively.

1 Source: International Monetary Fund (2022)
2 Source: Reuters (2022)
3 Source: The Straits Times (2022)
4 Source: Xinhuanet (2022)

Gross Rental Income (JPY'000)

	FY 2021	FY 2020
Citadines Central Shinjuku Tokyo	**276,497**	250,899
Citadines Karasuma-Gojo Kyoto	**90,059**	71,353
Citadines Shinjuku Tokyo	**277,152**	187,855
Hotel WBF Kitasemba East[1]	**-**	97,617
Hotel WBF Kitasemba West[1]	**-**	97,300
Hotel WBF Honmachi	**115,584**	138,560
Sotetsu Grand Fresa Osaka-Namba	**740,000**	740,194
Sotetsu Grand Fresa Tokyo-Bay Ariake	**1,170,000**	1,170,000
Alpha Square Kita 15 jo[2]	**51,638**	-
Actus Hakata V-Tower	**249,555**	248,399
Big Palace Kita 14 jo	**106,633**	107,694
Big Palace Minami 5 jo[2]	**75,789**	-
City Court Kita 1 jo[2]	**63,300**	-
Gravis Court Kakomachi	**46,918**	47,193
Gravis Court Kokutaiji	**35,968**	35,213
Gravis Court Nishiharaekimae	**27,861**	27,801
Infini Garden	**532,356**	507,765
Roppongi Residences Tokyo	**180,842**	184,863
S-Residence Fukushima Luxe	**168,936**	170,273
S-Residence Hommachi Marks	**86,667**	90,455
S-Residence Midoribashi Serio	**81,032**	83,638
S-Residence Tanimachi 9 chome	**103,369**	100,348

1 There was no gross rental income in FY 2021 as the property was temporarily closed due to poor market demand.
2 The property was acquired in June 2021.

Revenue Per Available Unit (JPY)

	FY 2021	FY 2020
Citadines Central Shinjuku Tokyo	**2,727**	2,369
Citadines Karasuma-Gojo Kyoto	**1,990**	1,572
Citadines Shinjuku Tokyo	**4,746**	3,208

Rental Housing Rental Per Square Metre (JPY)

	FY 2021	FY 2020
Actus Hakata V-Tower	**2,434**	2,411
Alpha Square Kita 15 jo[2]	**2,211**	-
Big Palace Kita 14 jo	**2,074**	2,117
Big Palace Minami 5 jo[2]	**1,644**	-
City Court Kita 1 jo[2]	**2,048**	-
Gravis Court Kakomachi	**2,040**	2,030
Gravis Court Kokutaiji	**2,175**	2,163
Gravis Court Nishiharaekimae	**2,211**	2,229
Infini Garden	**1,391**	1,327
Roppongi Residences Tokyo	**4,197**	4,227
S-Residence Fukushima Luxe	**3,091**	3,052
S-Residence Hommachi Marks	**2,570**	2,653
S-Residence Midoribashi Serio	**2,622**	2,647
S-Residence Tanimachi 9 chome	**2,942**	2,848

Malaysia

Somerset Kuala Lumpur

1 **PROPERTY**	205 **UNITS**	S$2.2 **million** **TOTAL REVENUE** (FY 2021)	S$- **million** **TOTAL GROSS PROFIT** (FY 2021)	S$43.6 **million** **VALUATION** (as at 31 December 2021)

ART owns a 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 about two months.

Somerset Kuala Lumpur

2021 REVIEW

Malaysia's economy grew 3.1% in 2021. Hampered by strict containment measures, economic growth levels remained muted toward the end of 2Q 2021 and throughout 3Q 2021. As containment measures were eased in October 2021, economic activities gradually resumed and monthly GDP growth levels returned to positive territory in 4Q 2021, reflecting an improvement in the nation's economic recovery momentum[1].

Malaysia had been successful in its vaccination efforts since the commencement of its National COVID-19 Immunisation Programme, having fully inoculated close to 80% of its general population by the end of 2021[2].

From January to October 2021, a strict nationwide travel ban had been imposed in Malaysia. As such, Somerset Kuala Lumpur's occupancy was largely driven by staycation bookings from within Kuala Lumpur between 1Q to 3Q 2021.

Following the easing of interstate and inter-district travel restrictions in October 2021, domestic travel from both corporate and leisure segments picked up in pace. Somerset Kuala Lumpur also had an increase in long stay bookings, mainly from project groups and corporate relocations. In FY 2021, Malaysia's RevPAR decreased 23% y-o-y, in MYR terms.

2022 OUTLOOK

Malaysia's economy is projected to grow 5.7% in 2022, largely supported by its expansionary Budget 2022 and strong external demand from major trading partners. Bolstered by high vaccination rates and the continued easing of movement restrictions, business and consumer sentiments are expected to remain positive in the year ahead[3].

The outlook for Malaysia's travel industry is also expected to improve in 2022. According to the Malaysian Aviation Commission, passenger traffic is projected to jump six-fold in 2022, in lieu of increasing domestic travel demand and the easing of international border restrictions[4].

Malaysia's international borders have remained largely closed since the nation's first lockdown in March 2020. The government however plans to reopen the borders to support the nation's economic recovery. In early 2022, Malaysia resumed its vaccinated travel lane with Singapore, which was temporarily suspended, and formed a travel corridor with Indonesia. In April 2022, Malaysia will reopen its borders to fully vaccinated travellers. Visitors need not serve quarantine, and are only required to undergo pre-departure and upon-arrival tests[5].

Gross Rental Income (MYR'000)

	FY 2021	FY 2020
Somerset Kuala Lumpur	**6,615**	8,654

Revenue Per Available Unit (MYR)

	FY 2021	FY 2020
Somerset Kuala Lumpur	**88**	115

1 Source: Bank Negara Malaysia (2022)
2 Source: Our World in Data (2021)
3 Source: Ministry of Finance Malaysia (2022)
4 Source: Flight Global (2021)
5 Source: The Straits Times (2022)

The Philippines

Ascott Makati

2	480	S$14.6	S$3.3	S$126.9
PROPERTIES	**UNITS**	**million TOTAL REVENUE** (FY 2021)	**million TOTAL GROSS PROFIT** (FY 2021)	**million VALUATION** (as at 31 December 2021)

Somerset Millennium Makati

ART owns two serviced residences in the Philippines which are both under management contracts and have an average length of stay of over two 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 118-unit freehold property located in the shopping and business district of Makati City.

2021 REVIEW

The Philippine economy expanded 5.6% in 2021, buoyed by a strong showing in 4Q 2021 as the easing of mobility restrictions drove an increase in consumer spending and business activities. The full-year GDP growth was a sharp reversal from the 9.6% contraction in 2020[1].

In managing the virus, the Philippines imposed movement restrictions in areas experiencing a resurgence. In Manila, hard lockdowns were put in place from April to May 2021 and in August 2021 to contain the spread of the COVID-19 variant. For most of the year, international travel into the Philippines was limited to essential travel.

In 4Q 2021, the stricter restrictions were reduced to granular lockdowns, as a higher vaccination rate resulted in a decline in COVID-19 caseloads. Under the reduced restrictions, capacity limits for businesses and activities were eased, and domestic and international flights were increased.

Despite the challenging operating environment, ART's properties in the Philippines maintained healthy occupancy rates as alternative sources of business were secured. This included providing accommodation to returning citizens, as well as companies and government agencies with self-isolation needs. The properties also continued to serve long-stay guests and corporate accounts from key manufacturing and shipping industries.

In 4Q 2021, when domestic travel picked up, Ascott Makati enjoyed a pick-up in staycation bookings during the holidays. In FY 2021, the RevPAU of ART's properties in the Philippines increased 11% y-o-y, in PHP terms.

2022 OUTLOOK

The Philippines expects GDP growth to range between 7.0% and 9.0% in 2022, fueled by an accelerated vaccination drive that will allow the economy to reopen further[1]. The Philippines government has adopted an endemic approach and the economy is expected to make rapid recovery as mobility restrictions are eased.

While curbs were re-imposed in Manila and several provinces since the start of 2022 following the emergence of the Omicron variant, they were relaxed as infections ebbed. To further vaccinate its population, the government held its third and fourth vaccination drives in February and March 2022 respectively[2].

The tourism sector remains key to the Philippines, as it accounted for 13% of the Philippines' GDP in 2019, pre-pandemic[3]. The leisure sector is expected to rebound in 2022, anchored by domestic travel. The Philippines' Department of Tourism (DOT) forecasts the number of domestic trips in 2022 to reach 90% that of 2019[4]. To encourage locals to travel domestically, the DOT established over 100 tourism circuits across the country[2].

In another positive step towards reopening, the Philippines removed quarantine requirements for returning Filipinos from February 2022, and citizens of 150 countries that have visa-free entry to the Philippines will be allowed to enter if they are vaccinated and test negative for COVID-19[1]. In March 2022, the Philippines also hosted a key travel event for international attendees arriving from different countries, under special green lanes[2]. In line with the reopening of the Philippines, ART's properties will progressively transit from providing accommodation to those on self-isolation to capturing the recovery of the travel segment.

Gross Rental Income (PHP'000)

	FY 2021	FY 2020
Ascott Makati	**407,479**	372,086
Somerset Millennium Makati	**101,499**	98,475

Revenue Per Available Unit (PHP'000)

	FY 2021	FY 2020
Ascott Makati	**2,807**	2,543
Somerset Millennium Makati	**2,225**	1,962

1 Source: Channel NewsAsia (2022)
2 Source: Philippine News Agency (2022)
3 Source: CNN Travel (2022)
4 Source: BusinessMirror (2022)

Singapore

lyf one-north Singapore

5	1,226[1]	S$27.9	S$19.2	S$1,150.1[2]
PROPERTIES	UNITS	million TOTAL REVENUE (FY 2021)	million TOTAL GROSS PROFIT (FY 2021)	million VALUATION (as at 31 December 2021)

Ascott Orchard Singapore

Singapore is one of ART's key markets, contributing 11% of total gross profit for FY 2021. Of the five properties in Singapore, there are two serviced residences and a hotel under management contract as well as a serviced residence under a master lease. The remaining serviced residence, *Somerset Liang Court Property Singapore*, is currently under development and is expected to complete in 2H 2025.

MASTER LEASE

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 and Somerset MRT stations. The property is under a master lease with a remaining lease term of less than a year, and negotiations for the renewal of the lease are currently underway.

1 Includes the 192-unit Somerset Liang Court Property Singapore, which is 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 2021 relates to the retained GFA, after the divestment of partial GFA in July 2020.

MANAGEMENT CONTRACTS

There are two serviced residences and a hotel under management contracts. *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. 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 324-unit property soft-opened in November 2021 and obtained its final Temporary Occupation Permit in January 2022. *Riverside Hotel Robertson 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 former Park Hotel Clarke Quay was previously under a master lease, and is currently managed by ART's Sponsor under a short-term management contract.

The properties under management contracts have an average length of stay of more than seven months.

DEVELOPMENT PROPERTY

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 of about 13,000 square metres 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 2H 2025.

2021 REVIEW

Singapore's economy grew 7.6% in 2021 due to broad-based recovery across industries as border restrictions were gradually eased. GDP growth initially declined in 2Q 2021 when Singapore entered Phase Two of its Heightened Alert measures in May 2021. In 2H 2021, growth picked up when the economy progressively reopened under Phase Three of Heightened Alert measures in mid-June and measures were further eased for vaccinated individuals in August[3].

Singapore was one of the early movers in vaccinating its population and made significant progress on the back of a strong governmental push. The high vaccination rate provided support for the government's decision to reopen its economy and international borders with the introduction of Vaccinated Travel Lanes (VTLs) in October 2021.

Prior to the launch of VTLs, Singapore's international borders were largely closed. While approved hotels and serviced residences were allowed to accept staycation bookings even under Phase Two of the restrictions, Singapore's small domestic population meant that demand for accommodation was limited.

To mitigate the absence of international travel, Citadines Mount Sophia Property Singapore and Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) were fully contracted by the government for most of the year, albeit at lower rates. At Ascott Orchard Singapore, long stays, corporate, staycation and VTL bookings were key drivers of its healthy performance during the year.

When lyf one-north Singapore soft-opened in November 2021, it received encouraging bookings from companies and educational institutions in the one-north area, which is home to numerous research and knowledge-based organisations, startups and business schools. The coliving property achieved a strong occupancy rate of about 96%, based on inventory available for sale during its first phase of opening.

In FY 2021, the RevPAU of ART's Singapore properties under management contracts decreased 48% y-o-y mainly due to the divestment of partial GFA of Somerset Liang Court Property Singapore in July 2020 and addition of lyf one-north Singapore, which has a lower room rate, in November 2021. On a same-store basis[4], RevPAU decreased 27% y-o-y.

Master lease revenue decreased 7% y-o-y mainly due to the absence of contribution from Park Hotel Clarke Quay. The master lease for the property was terminated and ART took possession of the property in August 2021 as the tenant failed to make payment on the sum demanded for in the notice of intended forfeiture. Excluding Park Hotel Clarke Quay, master lease revenue increased 9% y-o-y as rental relief was provided to the lessee of Ascott Orchard Singapore as part of the COVID-19 relief measures in 2020.

3 Source: Channel NewsAsia (2022)
4 Excluding Somerset Liang Court Property Singapore, Riverside Hotel Robertson Quay and lyf one-north Singapore

2022 OUTLOOK

Singapore's economy is forecasted to expand 3% to 5% in 2022, continuing its growth trajectory in 2021[3]. The economic impact of Omicron is expected to be mild and brief.

Growth prospects for the outward-oriented sectors, such as manufacturing and wholesale trade, are expected to remain strong, riding on the continued global economic rebound. On the other hand, aviation and tourism-related sectors are expected to take a longer time to recover, as recurring COVID-19 outbreaks could hamper global efforts to reopen for travel[3].

As at December 2021, Singapore Changi Airport's passenger numbers were about 15% of pre-pandemic levels, compared to 3% at the start of 2021. The increase was attributed to the introduction of VTLs. The Singapore government is committed to reopening its borders and anticipates further recovery in passenger traffic in 2022[5].

As Omicron cases peaked in February 2022, Singapore loosened its COVID-19 safety protocols while adding new vaccination travel lanes and streamlining border measures. These policy changes are steps that the government is taking to pivot its border measures towards allowing free travel for fully vaccinated travellers from all countries[3].

In the interim, ART's properties will continue to pursue long stays and other sources of corporate business to supplement VTL and staycation bookings. The return of events such as the Formula 1 Grand Prix and Singapore Airshow will also provide an uplift to the travel and hospitality industries.

5 Source: Ministry of Transport (2022)

Gross Rental Income (S$'000)

	FY 2021	FY 2020
Ascott Orchard Singapore	**13,163**	12,023
Citadines Mount Sophia Property Singapore	**3,594**	4,954
lyf one-north Singapore[1]	**350**	-
Park Hotel Clarke Quay	**7,075**	9,730
Riverside Hotel Robertson Quay	**2,745**	-
Somerset Liang Court Property Singapore[2]	**-**	6,449

1 lyf one-north Singapore was under development and soft-opened in November 2021, with about 40% of inventory available for sale during the first phase of opening.
2 Somerset Liang Court Property Singapore ceased operations and revenue recognition in July 2020 due to redevelopment.

Revenue Per Available Unit (S$)

	FY 2021	FY 2020
Citadines Mount Sophia Property Singapore	**64**	88
lyf one-north Singapore[3]	**23**	-
Riverside Hotel Robertson Quay[4]	**83**	-
Somerset Liang Court Property Singapore[2]	**-**	177

3 lyf one-north Singapore was under development and soft-opened in November 2021. RevPAU is based on total inventory.
4 The master lease for Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) was terminated and ART took possession of the property in August 2021. The property was thereafter reclassified from master lease to management contract. The RevPAU relates to the period from September 2021 to December 2021.

Citadines Mount Sophia Property Singapore

South Korea

ibis Ambassador Seoul Insadong

2	578	S$4.5	S$4.0	S$172.0
PROPERTIES	**UNITS**	**million TOTAL REVENUE** (FY 2021)	**million TOTAL GROSS PROFIT** (FY 2021)	**million VALUATION** (as at 31 December 2021)

ART owns two freehold hotels 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 eight 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 12 years.

2021 REVIEW

South Korea's economy grew by 4.0% in 2021, its fastest pace of economic expansion in 11 years. The growth was propelled by strong exports and construction activity, which mitigated declines in capital investment and a slower recovery in other sectors impacted by COVID-19[1].

South Korea had been successful in its vaccination efforts, having fully inoculated over 80% of its adult population by the end of 2021[2]. In November 2021, the South Korea government launched its three-phase plan for 'Living with COVID-19', gradually easing restrictions previously imposed on the country.

Despite South Korea's economic recovery and progressive easing of domestic measures, its travel sector remained hard-hit by the pandemic. For 2021, foreign visitors into South Korea decreased 60% from the previous year, falling below 1 million for the first time in over 30 years. Visitors from China and Japan, key source markets for South Korea, declined about 75% and 96% respectively[3].

ART's hotels were similarly challenged. Sotetsu Hotels The Splaisir Seoul Dongdaemun remained temporarily closed since April 2020 due to poor demand, before reopening in June 2021 as the property was block booked by the government for self-isolation. ibis Ambassador Seoul Insadong remained open and received bookings for staycations and self-isolation. In FY 2021, South Korea's gross revenue decreased 15% y-o-y in KRW terms, mainly due to lower variable rent from ibis Ambassador Seoul Insadong.

2022 OUTLOOK

Following a year of strong economic expansion in 2021, the South Korean economy is expected to extend its robust recovery momentum into 2022. South Korea's finance ministry forecasts a 3.1% growth in GDP, driven by balanced growth in domestic demand and exports[3].

As part of its 'Living with COVID-19' plan, the South Korean government had initially intended to end all COVID-19 restrictions by February 2022. However, a surge in Omicron cases led to the re-imposition of social distancing rules, which are expected to remain in place until at least March 2022[1].

To support the recovery in 2022, the South Korean government plans to introduce policies to boost private consumption, particularly to promote the tourism sector in 2022. A USD14.2 billion supplementary budget was also approved in February 2022, part of which would be used to fund the response to COVID-19 and support businesses hit by pandemic restrictions[1].

Travel-related policies to be implemented in 2022 include the abolishment of upper ceiling purchase amounts at duty-free stores nationwide, an increase in the number of international flight routes and an expansion of tax benefits for inbound tourists when they purchase goods within South Korea[3].

Gross Rental Income (KRW'000)

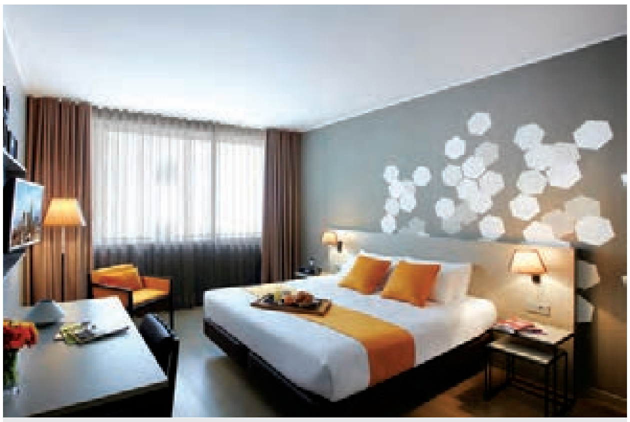
	FY 2021	FY 2020
Sotetsu Hotels The Splaisir Seoul Dongdaemun	**3,150,000**	3,312,433
ibis Ambassador Seoul Insadong	**641,655**	1,146,453

1 Source: The Business Times (2022)
2 Source: Channel NewsAsia (2022)
3 Source: Statistics Korea (2022)

Spain

Citadines Ramblas Barcelona

1 **PROPERTY**	131 **UNITS**	S$3.9 **million** **TOTAL REVENUE** (FY 2021)	S$1.5 **million** **TOTAL GROSS PROFIT** (FY 2021)	S$61.6 **million** **VALUATION** (as at 31 December 2021)



Citadines Ramblas Barcelona

ART owns a 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.

2021 REVIEW

Spain's economy grew 4.9% in 2021, reflecting its gradual recovery from the deep recession caused by COVID-19. Following an 11% decline in GDP in 2020, economic growth resumed for Spain in 2Q 2021 albeit remaining below pre-pandemic levels[1].

Spain's recovery was largely outlined by timely and decisive policy support which protected Spanish jobs and household incomes, alongside a successful vaccination campaign which limited the impact of infections on economic activity in 2021[1].

Citadines Ramblas Barcelona was temporarily closed during the first five months of 2021 due to poor market demand, and reopened on 1 June 2021 as movement restrictions were reduced and activity levels in the leisure segment started to pick up.

Following its reopening, Citadines Ramblas Barcelona displayed healthy occupancy levels in 3Q 2021, backed by strong domestic leisure demand in the summer season. Apart from leisure travellers, the property also served student and corporate groups, which helped to cushion the impact of the Omicron outbreak in December 2021. For FY 2021, the RevPAU of Citadines Ramblas Barcelona increased 177% y-o-y, in EUR terms.

2022 OUTLOOK

Spain's economy is projected to grow 5.8% in 2022[1]. While Spain's 2021 economic growth fell below the Eurozone average, its projected GDP outlook for 2022 has taken a more optimistic turn and is significantly above the Eurozone average of 3.9%. The European Commission forecasts that Spain would return to pre-pandemic levels in 4Q 2022[2].

Alongside other European countries, the Spanish government has begun rolling back COVID-19 restrictions in 2022. In February 2022, Spain lifted its nationwide outdoor mask mandate as the spread of the Omicron variant subsided[3].

In terms of travel restrictions, the Spanish government implemented relaxed entry rules on non-EU travellers between the age of 12 to 17 from 15 February 2022. The move is expected to attract increased international leisure travel demand from families travelling with children and teenagers, particularly from the United Kingdom, leading to an overall increase in booking rates for the year[4].

International travel to Spain accelerated in 4Q 2021 and Spain's travel sector is forecasted to come close to reaching its pre-pandemic size in 2022, bouncing back in the spring after the Omicron slowdown[5]. Prior to the pandemic, Spain was the second-most visited country. Given that Citadines Ramblas Barcelona is under a MCMGI, the minimum guaranteed income will provide downside protection as the property captures the recovery of the Spanish tourism sector in the year ahead.

Gross Rental Income (EUR'000)

	FY 2021	FY 2020
Citadines Ramblas Barcelona	**2,293**	2,268

Revenue Per Available Unit (EUR)

	FY 2021	FY 2020
Citadines Ramblas Barcelona	**36**	13

1 Source: International Monetary Fund (2021, 2022)
2 Source: Euractiv (2022)
3 Source: Reuters (2022)
4 Source: Schengen Visa Info (2022)
5 Source: Reuters (2022)

The United Kingdom

Citadines Trafalgar Square London

4	600	S$25.0	S$12.5	S$499.2
PROPERTIES	**UNITS**	**million TOTAL REVENUE** (FY 2021)	**million TOTAL GROSS PROFIT** (FY 2021)	**million VALUATION** (as at 31 December 2021)

The United Kingdom (UK) is one of ART's key markets, contributing 7% of the total gross profit for FY 2021. Of the four serviced residences in the 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 about two months.

MANAGEMENT CONTRACTS

There are three serviced residences under management contracts. *Citadines Barbican London* is a 129-unit property situated close to the Barbican Arts Centre and Musuem of London; *Citadines Holborn-Covent Garden London* comprises 192 units and is centrally located, close to the financial district of London and *Citadines Trafalgar Square London* is 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 a serviced residence under a MCMGI. It is a 92-unit property situated close to embassies and the renowned shopping and dining districts of Chelsea and Knightsbridge.

2021 REVIEW

In 2021, the UK economy grew 7.5%, recovering from a 9.4% contraction in 2020[1]. After exiting its third national lockdown, the UK economy saw positive GDP growth in 2Q 2021 as lockdown restrictions were gradually lifted from March 2021. Owing to rising infection rates and global supply shortages in 3Q 2021, UK's economy experienced slower recovery and trailed behind the other G7 countries in 3Q 2021[2].

1 Source: CNBC (2022)
2 Source: Channel NewsAsia (2022)

Under the country's lockdown system in 1Q 2021, restrictions were imposed on hotels in the UK. Despite this, ART's serviced residences remained operational throughout as they catered to existing long-stay guests. By pursuing long stays with student groups and corporates, the properties were able to enjoy a stable occupancy base and generate positive cashflow. At Citadines South Kensington London, the impact of the lockdown was partially mitigated by the minimum guarantee under its MCMGI arrangement.

The UK was an early mover in its vaccination drive which commenced in December 2020. Having attained a high vaccination rate early in the year, the UK government lifted the lockdown measures from March 2021 and economic recovery gradually picked up.

Driven by strong pent-up demand for travel during the summer holiday period, the UK saw a rise in domestic leisure travel and travel within Europe. In July 2021, the EU lifted travel restrictions for 25 countries and rolled out the EU Digital COVID Certificate. Additionally, it opened its international borders to vaccinated residents in July 2021 and subsequently to all international visitors in November 2021, facilitating international travel for the UK in 2H 2021.

Riding the recovery, ART's properties registered four successive quarters of RevPAU improvement in FY 2021. For the full year, the RevPAU of ART's four UK properties jumped 46% y-o-y in GBP terms.

2022 OUTLOOK

In late 2021, the UK experienced a wave of Omicron infections and the government introduced "Plan B" measures to slow the spread of the virus. The Omicron-related measures had a mild impact on economic output in 4Q 2021 and were lifted shortly after in January 2022. Despite the resilience of the UK economy to Omicron, the Bank of England expects GDP growth to slow to 3.75% in 2022, mainly due to inflationary pressures and rising interest rates[1].

The UK government advocates an endemic approach in managing COVID-19. In February 2022, continuing its path to a full reopening, the UK was the first major economy to abolish all COVID-19 rules, including the requirement to self-isolate after testing positive[2].

On the international travel front, the UK removed all testing requirements for vaccinated international passengers in February 2022[2]. Another bright spot for the travel sector is the EU and UK's introduction of individual-based travel restrictions, which are based on a traveller's vaccination, test or recovery status. This replaced earlier restrictions which were based on the epidemiological situation of a traveller's country of departure[3]. The coordinated approach towards the reopening of travel is expected to facilitate easier movement within the region.

The World Travel & Tourism Council forecasts a healthy recovery for the UK's travel and tourism sector this year, and for the sector's GDP contribution to rise to GBP 192 billion, closing the gap to pre-pandemic levels[4]. The outlook for ART's UK portfolio is encouraging. While the properties experienced some slowdown during the Omicron outbreak, corporate and project group bookings have since picked up.

Gross Rental Income (GBP'000)

	FY 2021	FY 2020
Citadines Barbican London	**2,371**	1,858
Citadines Holborn-Covent Garden London	**3,542**	2,928
Citadines South Kensington London	**2,922**	2,860
Citadines Trafalgar Square London	**4,531**	3,635

Revenue Per Available Unit (GBP)

	FY 2021	FY 2020
Citadines Barbican London	**48**	32
Citadines Holborn-Covent Garden London	**48**	32
Citadines South Kensington London	**63**	43
Citadines Trafalgar Square London	**60**	43

3 Source: Euronews (2022)
4 Source: World Travel & Tourism Council (2022)

The United States of America

Uncommon Wilmington

10	2,402	S$56.6	S$12.3	S$1,166.4
PROPERTIES	UNITS	million TOTAL REVENUE (FY 2021)	million TOTAL GROSS PROFIT (FY 2021)	million VALUATION (as at 31 December 2021)

The United States of America (USA) is one of ART's key markets. In FY 2021, the USA contributed 7% of ART's gross profit. Of the 10 USA properties, there are three hotels and six student accommodation properties under management contracts. The remaining property is a student accommodation under development.

MANAGEMENT CONTRACTS

All three hotels in the USA portfolio are located in New York. *Element New York Times Square West*, a 411-unit leasehold limited-service hotel and *voco Times Square South* (formerly Hotel Central Times Square), a 224-unit freehold limited-service hotel that was refurbished and rebranded in 2021, are strategically located in Midtown Manhattan. They are 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. The hotels have an average length of stay of less than one month.

Acquired in 2021, ART's student accommodation properties are strategically located and serve reputable universities with strong athletics programmes, large student populations and steady enrolment growth. They have an average length of stay of about 12 months.

Latitude on Hillsborough and Uncommon Wilmington are both located in North Carolina. *Latitude on Hillsborough* is a freehold townhome student accommodation with 523 beds across 180 units. It is situated in the city of Raleigh, one of the fastest-growing cities in the USA and serves the students of North Carolina State University, which is about 2 kilometres away. *Uncommon Wilmington* is a freehold townhome development with 493 beds across 150 units located in the city of Wilmington. It is located about 1.5 kilometres from the University of North Carolina Wilmington, a short three-minute drive to campus.

Paloma West Midtown is a freehold property with 525 beds across 183 units located in the heart of Atlanta, Georgia. It is in close walking proximity to the Georgia Institute of Technology.

Seven07 is a freehold property with 548 beds across 218 units located in the city of Champaign, Illinois, less than 200 metres away from the University of Illinois.

The Link University City is a freehold property comprising 251 beds across 126 units situated in Philadelphia, Pennsylvania. Located in the heart of Philadelphia's University City, it is a short walk from both the University of Pennsylvania and Drexel University as well as uCity Square, a life science and technology hub with retail, residential, clinical, office and laboratory space.

Wildwood Lubbock is a freehold property with 1,005 beds across 294 units located in the city of Lubbock, Texas. It is situated 2.7 kilometres from the campus boundary of Texas Tech University.

The acquisition of *Latitude at Kent* was completed in February 2022. The leasehold property is located in Kent, Ohio and has 384 beds across 126 units. It is the newest private student accommodation asset located closest to the Kent State University, across the street from the university's major faculties and facilities.

DEVELOPMENT PROPERTY

Standard at Columbia is a 247-unit freehold student accommodation development in downtown Columbia, South Carolina with a GFA of about 42,100 square metres. ART and its Sponsor, Ascott, jointly invested in the development to own 45% stake each, with a third-party partner owning the remaining 10% stake which ART and Ascott will acquire when the property's performance stabilises. Construction of the 678-bed property commenced in 3Q 2021 and is expected to complete in 2Q 2023.

2021 REVIEW

The USA economy expanded by 5.7% in 2021[1]. The strong growth momentum was largely fueled by monetary and fiscal policies as well as the successful rollout of COVID-19 vaccinations.

As COVID-19 infections and hospitalisations dwindled in several states toward the end of 1Q 2021, domestic travel increased in 2Q 2021 and 3Q 2021. Subsequently, visa approvals for international students increased and the USA ended its year-and-a-half-long pandemic travel ban in November 2021 by progressively reopening its borders to vaccinated travellers on its restricted list[2].

In 1H 2021, block bookings at Sheraton Tribeca New York Hotel and long stays from healthcare personnel at Element New York Times Square West aided greatly in cushioning occupancies. In April 2021, the former Hotel Central Times Square commenced its renovation but remained operational.

As the USA reopening progressed, ART's hotels received strong domestic leisure demand and bookings from corporate groups and transient travellers. The properties also saw an uptick in bookings from international travellers. Subsequently launched under its new brand in November 2021, voco Times Square South received encouraging bookings in 4Q 2021. With a strong pick-up in 2H 2021, the RevPAU of ART's USA hotels rose 40% y-o-y in USD terms in FY 2021.

In a strategic pivot to enhance the portfolio's income stability, ART expanded its investment mandate in January 2021 to include student accommodation and subsequently announced the acquisition of eight such properties during the year. With longer leases, a largely-local student population and high occupancy rates despite the pandemic, the student accommodation sector in the USA is counter-cyclical and provides diversification beyond traditional hospitality assets. The performance of ART's operating student accommodation properties was resilient, even as COVID-19 variants surfaced, registering close to 100% occupancy in FY 2021 as universities resumed on-campus classes and activities.

1 Source: CNBC (2021)
2 Source: USA Today (2021)

2022 OUTLOOK

Economic growth in the USA is projected at 4.0% in 2022[3]. Despite the economic uncertainties, lower COVID-19 infection rates and reduced travel restrictions are expected to spur traveller confidence.

The World Travel & Tourism Council expects the USA travel and tourism sector to rebound strongly this year, accounting for almost USD2 trillion in USA GDP and exceeding pre-pandemic levels by over 6%. Domestic travel spending within the USA is forecasted to reach more than USD1.1 trillion in 2022, surpassing pre-pandemic levels by 11%[4].

In November 2021, the New York governor announced a comprehensive USD450 million "Bring Back Tourism, Bring Back Jobs" recovery package, part of which would go towards supporting the state's tourism industry and the rollout of a global tourism promotion campaign[5]. ART's hotels are expected to benefit from these initiatives and continue their recovery trajectory as the Omicron wave subsides.

ART's student accommodation properties were largely unaffected by the Omicron outbreak as universities remained open. The properties are close to 100% pre-leased for the academic year 2021, and pre-leasing for academic year 2022 remains healthy. In FY 2022, ART is expected to enjoy stable, full-year contributions from the operational student accommodation properties, six of which were acquired in September 2021 and after.

Gross Rental Income (USD '000)

	FY 2021	FY 2020
Element New York Times Square West	**13,066**	6,348
Latitude on Hillsborough[1]	**38**	-
Paloma West Midtown[2]	**5,830**	-
Seven07[3]	**800**	-
Sheraton Tribeca New York Hotel	**16,772**	8,758
The Link University City[1]	**30**	-
Uncommon Wilmington[1]	**34**	-
voco Times Square South	**3,061**	8,440
Wildwood Lubbock[4]	**1,880**	-

1 The property was acquired in December 2021.
2 The property was acquired in February 2021.
3 The property was acquired in November 2021.
4 The property was acquired in September 2021.

Revenue Per Available Unit (USD)

	FY 2021	FY 2020
Element New York Times Square West	**87**	42
Sheraton Tribeca New York Hotel	**120**	61
voco Times Square South	**37**	103

Rent Per Bed (USD)

	FY 2021	FY 2020
Latitude on Hillsborough[1]	**799**	-
Paloma West Midtown[2]	**1,110**	-
Seven07[3]	**952**	-
The Link University City[1]	**1,514**	-
Uncommon Wilmington[1]	**780**	-
Wildwood Lubbock[4]	**624**	-

3 Source: International Monetary Fund (2022)
4 Source: World Travel & Tourism Council (2022)
5 Source: Governor New York (2022)

Vietnam

Somerset Chancellor Court Ho Chi Minh City

4	761	S$20.8	S$10.7	S$222.6
PROPERTIES	**UNITS**	**million TOTAL REVENUE** (FY 2021)	**million TOTAL GROSS PROFIT** (FY 2021)	**million VALUATION** (as at 31 December 2021)

Somerset Hoa Binh Hanoi

Vietnam is one of ART's key markets, with four leasehold serviced residences contributing 6% of the total gross profit for FY 2021. Operating under management contracts, the four properties have an average length of stay of more than nine 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.

2021 REVIEW

For the full year of 2021, Vietnam's GDP grew by 2.6%[1]. The Vietnam economy was strong in the first half of 2021, largely fueled by rapid growth in exports. Following a protracted COVID-19 Delta wave in mid-2021, Vietnam's growth slowed in 2H 2021 as consumer spending, construction activity and manufacturing production were impacted by lockdown measures[2].

In comparison to other countries, Vietnam lagged in its vaccination progress. When the Delta wave first hit, movement controls were put in place and travel was discouraged, with only limited domestic flights available.

Subsequently in early July 2021, Ho Chi Minh City and Hanoi were placed under stricter lockdown measures which lasted through 3Q 2021. During the lockdown, accommodation providers were not allowed to receive short stay bookings, and approval from the authorities had to be sought for new mid and long-stay bookings. International borders remained largely closed throughout.

Notwithstanding the limited market demand, long stays, corporate guests and project groups continued to provide resilience to ART's serviced residences. While there was an uptick in 4Q 2021 when the lockdown measures were eased progressively, the RevPAU of ART's Vietnam properties declined 20% y-o-y in FY 2021, in VND terms.

2022 OUTLOOK

Growth of the Vietnam economy is expected to accelerate in 2022 as the government has moved away from its zero-COVID strategy. The World Bank expects Vietnam's GDP to grow 5.5% in 2022. This GDP forecast envisions a recovery in the country's services sector driven by strengthening consumer and investor confidence levels, and for its manufacturing sector to benefit from a steady demand for exports[3]. Vietnam's high vaccination rate of more than 90% of its adult population provides cause for further optimism in 2022[4].

Demand for ART's properties in Vietnam is expected to remain muted in early 2022 as it is a seasonally quieter period for travel. Furthermore, reduced domestic travel is to be expected between Hanoi and Ho Chi Minh City following a rise in Omicron cases.

After the February Tet holidays, demand for travel is expected to pick up as Vietnam has lifted all international flight restrictions and eased self-isolation requirements for vaccinated travellers. From March 2022, Vietnam will be reopening its borders to foreign visitors after a two-year closure[4].

The Vietnam National Administration of Tourism targets to welcome 65 million domestic and foreign visitors in 2022, with the domestic segment making up 90% of the visitors[5]. This represents an increase in visitors of over 60% from 2021.

Gross Rental Income (VND'million)

	FY 2021	FY 2020
Somerset Chancellor Court Ho Chi Minh City	**93,741**	103,982
Somerset Grand Hanoi	**144,184**	163,778
Somerset Ho Chi Minh City	**62,297**	76,460
Somerset Hoa Binh Hanoi	**43,259**	58,271

Revenue Per Available Unit (VND'000)

	FY 2021	FY 2020
Somerset Chancellor Court Ho Chi Minh City	**921**	1,062
Somerset Grand Hanoi	**620**	793
Somerset Ho Chi Minh City	**819**	993
Somerset Hoa Binh Hanoi	**444**	623

1 Source: Nikkei Asia (2021)
2 Source: IHS Markit (2021)
3 Source: World Bank (2022)
4 Source: Channel NewsAsia (2022)
5 Source: The Saigon Times (2022)

REVENUE AND GROSS PROFIT

ART's revenue of S$394.4 million for the financial year ended 31 December 2021 (FY 2021) comprised S$98.4 million (25% of total revenue) from properties under master leases, S$15.0 million (4%) from properties under management contracts with minimum guaranteed income and S$281.0 million (71%) from properties under management contracts.

Revenue for FY 2021 increased by S$24.5 million as compared to the previous financial year ended 31 December 2020 (FY 2020).

The increase in revenue was mainly due to higher revenue of S$31.7 million from the existing properties, additional contribution of S$15.1 million from the properties acquired in FY 2021 and full-year contribution from Quest Macquarie Park Sydney (acquired in February 2020). The increase was partially offset by a decrease in revenue of S$22.3 million from the divestments in FY 2020 and FY 2021 (namely, divestment of Somerset Liang Court Proeprty Singapore in July 2020, Ascott Guangzhou and Somerset Azabu East Tokyo in December 2020, Citadines City Centre Grenoble in March 2021, Citadines Didot Montparnasse Paris and Somerset Xu Hui Shanghai in May 2021).

ART's portfolio occupancy was 55% in FY 2021. Revenue Per Available Unit (RevPAU) increased by 17%, from S$59 in FY 2020 to S$69 in FY 2021.

ART's gross profit of S$173.3 million for FY 2021 comprised S$88.3 million (51% of total gross profit) from properties under master leases, S$5.4 million (3%) from properties under management contracts with minimum guaranteed income and S$79.6 million (46%) from properties under management contracts.

ART's stable income sources (which include master leases, management contracts with minimum guaranteed income, rental housing and student accommodation properties) contributed about 70% of ART's gross profit for FY 2021.

For the properties under master leases, revenue and gross profit were lower due to an absence of revenue from Hotel WBF Kitasemba East and Hotel WBF Kitasemba West, reclassification of Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) from 'master lease' category to 'management contract' category, divestment of two properties in France, lower variable rent from the master leases due to COVID-19 impact and the change in rent structure of French master leases from fixed to fixed and variable rent structure. These decreases were partially offset by the absence of rent abatement provided to the master lessees in France and Singapore in FY 2021.

Hotel WBF Kitasemba East and Hotel WBF Kitasemba West in Osaka remained closed due to poor market demand. The master lease for Park Hotel Clarke Quay was terminated and ART took possession of the property in August 2021 as the tenant failed to make payment on the sum demanded for in the notice of intended forfeiture. Actual contribution from the property for 2H 2021 was included under the 'management contract' category.

Given the impact of COVID-19 on ART's operating performance, the master lease agreements of 15 France properties, which expired in 2020 and 2021, were extended for two to three years. Under the revised rent structure, the master lease rent comprised 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), revenue and gross profit were lower as compared to last year due to lower income top-up from the property manager.

Revenue from management contracts was higher due to the contribution from the rental housing and student accommodation properties acquired in FY 2021 and stronger performance from most countries due to recovery from COVID-19, partially offset by the decrease in revenue arising from the divestments in FY 2020 and FY 2021.

ART's inclusion into the FTSE EPRA Nareit 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 80.5% (2020: 78.6%) for developed markets and 19.5% (2020: 21.4%) 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 2021 Revenue (million)	FY 2021 Gross Profit (million)	FY 2020 Revenue (million)	FY 2020 Gross Profit (million)
Master Leases					
Australia	AUD	6.3	5.8	7.1	6.5
France	EUR	16.9	15.5	15.7	13.6
Germany	EUR	9.5	8.8	9.4	8.5
Japan	JPY	2,038.0	1,775.7	2,243.2	1,997.1
Singapore	S$	20.2	17.6	21.8	19.0
South Korea	KRW	3,791.7	3,375.6	4,458.9	3,996.9
Management Contracts with Minimum Guaranteed Income					
Belgium	EUR	3.5	0.3	4.5	0.9
Spain	EUR	2.5	0.9	2.4	0.9
The United Kingdom[1]	GBP	2.9	1.9	2.9	1.7
Management Contracts					
Australia	AUD	87.4	15.7	75.9	8.6
China	RMB	129.0	33.1	179.3	57.3
Indonesia	IDR	111,672.8	27,249.5	105,868.9	20,612.1
Japan	JPY	2,692.7	1,394.0	2,465.3	1,142.5
Malaysia	MYR	6.8	(0.1)	8.8	0.6
The Philippines	PHP	529.7	120.7	495.9	54.6
Singapore	S$	7.7	1.6	12.8	6.4
The United Kingdom[1]	GBP	10.6	4.9	8.6	2.0
The United States of America	USD	42.4	9.2	23.9	(5.0)
Vietnam[2]	VND	358.6	184.9	422.7	215.8

1 As ART's portfolio in United Kingdom was significantly impacted after the lockdown in March 2020, the management contracts with minimum guaranteed income for three of the properties which expired on 30 April 2020 were converted to management contracts from May 2020. For comparison purposes, the revenue and gross profit amounts for FY 2020 have been reclassified from the 'Management Contracts with Minimum Guaranteed Income' category to 'Management Contracts' category.
2 Revenue and gross profit figures for Vietnam are stated in billions.

	FY 2021		FY 2020	
	Revenue (S$'million)	Gross Profit (S$'million)	Revenue (S$'million)	Gross Profit (S$'million)
Master Leases				
Australia	6.4	5.9	6.7	6.1
France	27.0	24.8	24.6	21.2
Germany	15.2	14.2	14.7	13.4
Japan	25.1	21.8	28.9	25.8
Singapore	20.2	17.6	21.8	19.0
South Korea	4.5	4.0	5.2	4.6
Subtotal	**98.4**	**88.3**	**101.9**	**90.1**
Management Contracts with Minimum Guaranteed Income				
Belgium	5.6	0.5	7.0	1.3
Spain	3.9	1.5	3.7	1.5
The United Kingdom	5.5	3.4	5.1	2.9
Subtotal	**15.0**	**5.4**	**15.8**	**5.7**
Management Contracts				
Australia	89.3	16.0	71.8	8.1
China	26.7	6.9	35.7	11.4
Indonesia	10.5	2.6	10.0	2.0
Japan	33.1	17.1	31.7	14.7
Malaysia	2.2	–	2.9	0.2
The Philippines	14.6	3.3	13.7	1.5
Singapore	7.7	1.6	12.8	6.4
The United Kingdom	19.5	9.1	15.2	3.6
The United States of America	56.6	12.3	33.0	(7.0)
Vietnam	20.8	10.7	25.4	12.9
Subtotal	**281.0**	**79.6**	**252.2**	**53.8**
Total	**394.4**	**173.3**	**369.9**	**149.6**

PORTFOLIO RECONSTITUTION

In January 2021, ART expanded its investment strategy to include student accommodation properties to enhance the income stability and diversification of the portfolio.

Despite COVID-19, ART continued to reconstitute its portfolio to create value for Stapled Securityholders by investing in longer-stay accommodation properties and divesting properties that have reached their optimal stage of life cycle.

Since January 2021, ART expanded its asset allocation in longer-stay properties with the acquisition of three rental housing properties and eight student accommodation properties.

As at February 2022, the portfolio of rental housing properties and student accommodation properties made up about 16% of ART's total portfolio value.

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. In FY 2021, Citadines City Centre Grenoble, Citadines Didot Montparnasse Paris and Somerset Xu Hui Shanghai were divested at 35%, 69% and 171% above their respective book values. Total net proceeds from these six divestments amounted to about S$580 million.

The divestment proceeds were deployed to partially fund the yield-accretive acquisitions in FY 2021, replacing distribution income from the divested assets.

In June 2021, ART announced that it will jointly invest and develop a freehold student accommodation property located in South Carolina with its Sponsor. Construction of the student accommodation property commenced in 3Q 2021 and is expected to complete in 2Q 2023.

ART's maiden development project, lyf one-north Singapore, soft opened in November 2021. Strong occupancy was achieved during its first phase of opening. The final Temporary Occupation Permit for this property was obtained in January 2022. The redevelopment of Somerset Liang Court Property Singapore is underway and expected to complete in 2H 2025.

As at 31 December 2021, ART's development activities comprise less than 10% of its deposited property, within the Monetary Authority of Singapore's development limit.

The refurbishment and rebranding of Hotel Central Times Square in New York, USA was completed and the property was launched as voco Times Square South in November 2021.

PRIVATE PLACEMENT

On 20 September 2021, ART raised S$150.0 million through a private placement of 152,594,100 new Stapled Securities to institutional and other investors. The proceeds from the private placement have been fully utilised as follows:

(a) S$57.8 million was used to partially fund the acquisition of a student accommodation property in USA - Wildwood Lubbock in Texas;

(b) S$87.8 million was used to partially fund the acquisition of four student accommodation properties in USA - Seven07 in Illinois, The Link University City in Pennsylvania, Latitude on Hillsborough and Uncommon Wilmington in North Carolina;

(c) S$1.9 million was used to pay the professional and other fees and expenses in connection with the private placement; and

(d) S$2.5 million was used for general corporate and/or working capital purposes.

DISTRIBUTIONS

The total distribution to Stapled Securityholders for FY 2021 was S$137.3 million, 46% higher as compared to FY 2020. To share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of COVID-19, ART distributed divestment gains of S$45.0 million to Stapled Securityholders. The distribution per Stapled Security (DPS) for FY 2021 was 4.32 cents.

Excluding the divestment gains distributed in FY 2021 and FY 2020, the DPS rose 85% y-o-y due to our improved operating performance and active portfolio management.

In FY 2021, 100% of distribution income (other than gains from the sale of real estate properties) was paid out to Stapled Securityholders, demonstrating a firm commitment to deliver stable distributions.

In order to ensure fairness to holders of the existing Stapled Securities prior to the issuance of the new Stapled Securities under the private placement, ART paid, in lieu of the scheduled semi-distribution, an advanced distribution of 0.545 cents per Stapled Security for the period from 1 July 2021 to 19 September 2021 (prior to the date on which the new Stapled Securities were issued pursuant to the private placement). The advanced distribution was paid on 9 November 2021.

Breakdown of total distribution to Stapled Securityholders for FY 2021 is as follows:

Distribution	For 1 January 2021 to 30 June 2021	For 1 July 2021 to 19 September 2021	For 20 September 2021 to 31 December 2021	For 1 July 2021 to 31 December 2021
Distribution rate per Stapled Security	2.045 cents	0.545 cents	1.726 cents	2.271 cents
Payment Date	27 August 2021	9 November 2021	1 March 2022	

ASSETS

ART's total asset value stood at S$7.7 billion as at 31 December 2021, 7% higher as compared to S$7.2 billion as at 31 December 2020. The increase in total assets was mainly due to higher valuation of the portfolio, as the properties recovered in operating performance, and the acquisitions made during the year.

CHANGE IN VALUE OF INVESTMENT PROPERTIES, FREEHOLD LAND AND BUILDINGS, INVESTMENT PROPERTIES UNDER DEVELOPMENT AND ASSETS HELD FOR SALE

The net change in fair value of investment properties, freehold land and buildings, 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 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, freehold land and buildings, investment properties under development and assets held for sale.

As at 31 December 2021, independent full valuations were carried out by Colliers (except for the six hotel properties in Australia, three rental housing properties in Japan acquired in June 2021 and the three student accommodation properties in USA acquired in December 2021). For the six hotel properties in Australia, the valuations were carried out by CBRE Valuations Pty Limited.

For the three rental housing properties in Japan acquired in June 2021 and the three student accommodation properties in USA acquired in December 2021, the valuations were carried out by the respective valuers in the table below:

Name of property	Valuer appointed
Japan	
Alpha Square Kita 15 jo	Savills Japan Co.,Ltd.
Big Palace Minami 5 jo	Cushman & Wakefield K.K.
City Court Kita 1 jo	Asset Valuation Partners
The United States of America	
The Link University City	Newmark Valuation & Advisory, LLC
Uncommon Wilmington	Newmark Knight Frank Valuation & Advisory, LLC
Latitude on Hillsborough	Newmark Knight Frank Valuation & Advisory, LLC

In determining the fair value of the Group's portfolio, the discounted cash flow method, direct capitalisation method and residual land value method were used.

The Group's portfolio was revalued at S$7.0 billion, resulting in a surplus of S$147.3 million which was recognised in the Consolidated Statement of Total Return in FY 2021. The surplus resulted mainly from higher valuation of the properties in Europe, Japan and USA in view of the improving outlook and stronger operating performance of the properties. The net impact on the Consolidated Statement of Total Return was S$120.8 million (net of tax and non-controlling interests).

FUNDING AND BORROWINGS

As at 31 December 2021, 72% of ART's total debt was funded by bank borrowings and the balance 28% 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 2021, ART's outstanding borrowings was S$2,728.9 million (2020: S$2,462.5 million) with an effective interest rate of 1.6% per annum (2020: 1.8% per annum). Approximately 74% of the total borrowings were effectively on fixed interest rates to hedge against rising interest rates.

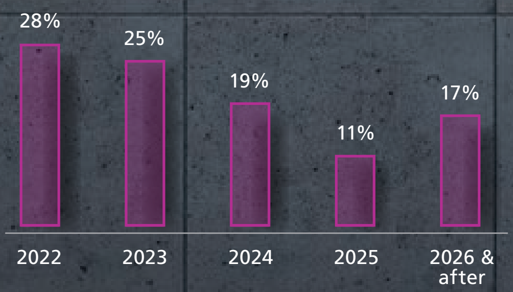
As at 31 December 2021, ART's gearing was 37.1% (2020: 36.3%) and its debt headroom was S$1.9 billion[2], providing it with greater access to growth opportunities and increased capacity for more development and conversion projects. The gearing of Ascott Reit as at 31 December 2021 was 37.3% (2020: 36.4%), 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 37.1% is still within a manageable range in the short-term and the Managers will remain disciplined in managing the leverage profile of ART.

2 Before reaching aggregate leverage of 50%.

ART holds derivative financial instruments to hedge its currency and interest rate risk exposures. The fair value of derivatives for FY 2021 comprised of financial derivative assets and financial derivative liabilities of S$30.8 million and S$1.8 million respectively. The net assets amount of S$29.0 million represented 0.7% of the net assets of ART as at 31 December 2021.

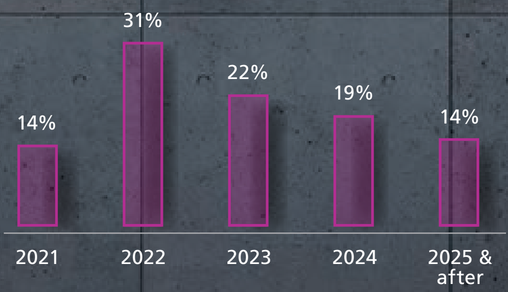
DEBT MATURITY PROFILE

As at 31 December 2021



	2021
Maturity	**S$'million**
2022	764.2
2023	696.9
2024	513.1
2025	292.0
2026 & after	462.7
TOTAL	**2,728.9**[1]

As at 31 December 2020



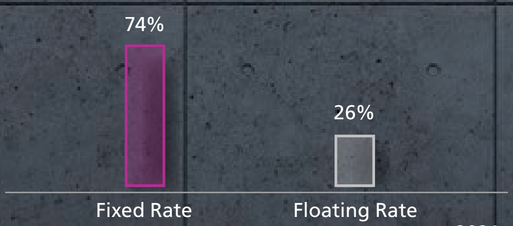
	2020
Maturity	**S$'million**
2021	333.0
2022	769.9
2023	546.8
2024	456.0
2025 & after	356.8
TOTAL	**2,462.5**[1]

1 Net of unamortised transaction costs.

Out of ART's total borrowings, 28% falls due in 2022, 25% falls due in 2023, 19% falls due in 2024, 11% falls due in 2025 and the balance falls due in 2026 and after. The Managers have commenced discussions to refinance the loan facilities due in 2022, ahead of their maturity dates.

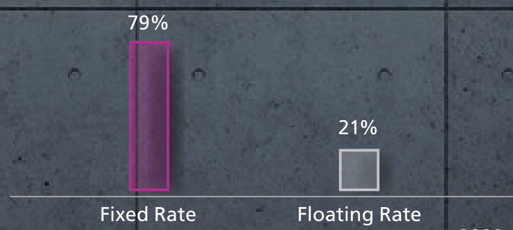
FIXED VERSUS FLOATING RATE PROFILE

As at 31 December 2021



		2021
	S$'million	**%**
Fixed Rate	2,011.9	74
Floating Rate	717.0	26
TOTAL	**2,728.9**[1]	**100**

As at 31 December 2020



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

1 Net of unamortised transaction costs.

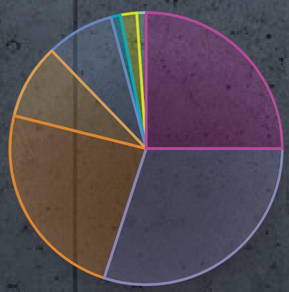
The fixed rate loans take into account the interest rate swaps and cross currency interest rate swaps which were entered into to convert floating rate loans to fixed rate loans. As at 31 December 2021, S$2,011.9[3] million or 74% of ART's borrowings were on fixed interest rates, including S$610.8[3] million due for refinancing in 2022, in line with the maturity dates of the underlying loans.

The lower proportion of borrowings on fixed interest rates was due to a short-term floating rate loan taken up for the financing of the new student accommodation properties. Upon the refinancing of the loan, the proportion of borrowings on fixed interest rates is expected to be around 80%.

3 Net of unamortised transaction costs.

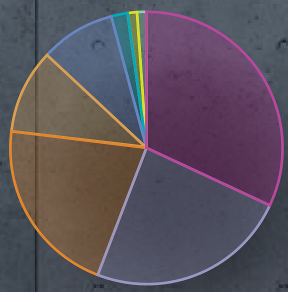
DEBT BY CURRENCY PROFILE

As at 31 December 2021



Currency	S$'million	2021 %
JPY	693.3	25
SGD	818.5	30
USD	642.2	24
AUD	244.0	9
EUR	226.2	8
KRW	36.6	1
GBP	39.2	2
RMB	26.4	1
VND	2.5	-
TOTAL	2,728.9[1]	100

As at 31 December 2020



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

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 48% of ART's assets denominated in foreign currency were hedged.

CASH FLOW

As at 31 December 2021, ART's cash and cash equivalents was S$346.3 million, a decrease of S$140.4 million over last year. The major cash flow movements were as follows:

	S$'million
Cash generated from operations	150.1
Net drawdown of bank borrowings	332.3
Net proceeds on disposal of subsidiaries	204.0
Proceeds from issue of new Stapled Securities, net of issue expenses	148.1
Net proceeds on disposal of investment properties and assets held for sale	48.6
Acquisition of investment properties	(664.0)
Distributions to Stapled Securityholders and perpetual securities holders	(156.0)
Capital expenditure on investment properties under development	(69.2)
Payment of interest and income tax	(56.4)
Capital expenditure on investment properties	(32.1)
Loan to joint venture	(14.0)
Refund of deposit received for divestment of subsidiaries	(8.7)
Payment of lease liabilities	(8.4)
Acquisition of property, plant and equipment	(5.7)
Payment of transaction costs on borrowings	(4.6)

Portfolio Listing

ART's portfolio comprises 93 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 Rd, 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

Portfolio Listing

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 (Xianlong Business Centre Zone C) Wuhan Economic and Technological 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
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 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 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
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

Portfolio Listing

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
Germany					
Citadines City Centre Frankfurt	Europa-Allee 23, 60327 Frankfurt am Main, Germany	165	Freehold	-	55.6
Citadines Arnulfpark Munich	Arnulfstrasse 51, 80636 München, Germany	146	Freehold	-	34.0
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	202	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

Portfolio Listing

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
Alpha Square Kita 15 jo	2-5, Kita 15 jo Higashi 1-chome, Higashi-ku, Sapporo-shi, Hokkaido	127	Freehold	-	25.5
Big Palace Kita 14 jo	4-1-6 Kita 14 jo Nishi, Kita-ku, Sapporo, Japan	140	Freehold	-	17.3
Big Palace Minami 5 jo	3-1, Minami 5 jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido	158	Freehold	-	28.3
City Court Kita 1 jo	6-3, Kita 1 jo Higashi 1-chome, Chuo-ku, Sapporo-shi, Hokkaido	126	Freehold	-	31.4
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	118	Freehold	-	12.7

Portfolio Listing

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
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	80 Nepal Park, Singapore 139409	324	60	2078	62.4[1]
Riverside Hotel Robertson Quay	1 Unity Street, Singapore 237983, Singapore	336	99	2105	325.0
Somerset Liang Court Property Singapore[2]	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, Longdon WC2N 5EA, United Kingdom	187	Freehold	-	130.9

1 The Agreed Property Value at Acquisition of S$62.4 million refers to the price of the site acquired through a tender bid.
2 (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.

Property Name	Address	Number of Units	Tenure (Years)	Tenure Expiry Date (Year)	Agreed Property Value at Acquisition (S$'million)
The United States of America (USA)					
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
Sheraton Tribeca New York Hotel	370 Canal Street, New York, New York 10013, The United States of America	369	99	2112	218.0
voco Times Square South	343 West 36th Street, New York, New York 10018, The United States of America	224	Freehold	-	148.4
USA Student Accommodation					
Latitude on Hillsborough	5701 Hillsborough Street, Raleigh, North Carolina 27606, The United States of America	180	Freehold	-	87.5
Paloma West Midtown	800 Marietta Street NW, Atlanta, Georgia 30318, The United States of America	183	Freehold	-	126.3
Seven07	707 South Fourth Street, Champaign, Illinois 61820, The United States of America	218	Freehold	-	112.4
Standard at Columbia[3]	1401 Assembly Street, Columbia, South Carolina 29201, The United States of America	247	Freehold	-	73.4
The Link University City	3600 Lancaster Avenue, Philadelphia, Pennsylvania 19104, The United States of America	126	Freehold	-	89.5
Uncommon Wilmington	2421 Playa Way, Wilmington, North Carolina 28403, The United States of America	150	Freehold	-	73.8
Wildwood Lubbock	1701 N Quaker Avenue, Lubbock, Texas 79416, The United States of America	294	Freehold	-	93.8
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

3 Currently under development and the number of units may be subject to change. The Agreed Property Value comprises ART's investment in the initial 45% stake, estimated cost of the additional 5% stake which ART will acquire at fair market valuation, and other deal related expenses.

INVESTOR RELATIONS

We are committed to proactive, timely and transparent communication with stakeholders, including potential and existing retail and institutional investors, sell-side analysts and the media. Our commitment is underpinned by our Investor Relations Policy, which states the guiding principles of our approach and can be accessed on ART's corporate website (https://investor.ascottresidencetrust.com/investor_relations_policy.html).

ART makes disclosures on an immediate basis as required under the Listing Manual, or as soon as possible where immediate disclosure is not practicable. This is to ensure that all stakeholders have the essential knowledge to make informed investment decisions. All announcements, press releases and presentation slides relating to ART's latest corporate developments are promptly disclosed via SGXNet and made available on ART's corporate website (https://www.ascottresidencetrust.com/). Information such as ART's stock data, factsheet, publications, tax refund procedures and a list of frequently asked questions, can be found in the Investor Relations section of the website.

ART makes it a practice to release its financial results and business updates within 30 days from the end of each quarter. To provide more comprehensive updates on ART's financial and operational performance, post-results briefings are held for the media, analysts and investors.

In 2021, in view of the continued COVID-19 restrictions, we hosted and participated in a myriad of virtual engagements. We reached out to more than 2,000 analysts and investors, via both group and one-on-one formats, so that meaningful interaction could be carried out in a safe and comfortable manner. These engagements facilitated timely two-way communication on matters such as the evolving COVID-19 situation, as well as ART's activities, and perspectives on outlook. In particular, we engaged the investment community on ART's expansion of investment mandate to include student accommodation and its strategic pivot into the longer-stay lodging segment. At the same time, the meetings allowed us to obtain a better understanding of the views and concerns of our stakeholders, which in turn enabled ART to continuously level up in terms of disclosures and communication to investors.

As investor emphasis on sustainability management has been growing, we engaged the investment community in a number of virtual events centred around the theme of sustainability. During the webinars, we shared ART's sustainability targets and initiatives, as well as our plans and progress. Investors are also able to read up more about ART's sustainability management and practices in the Sustainability section of the corporate website.

The following are examples of virtual events which ART organised and participated in –

- the Annual General Meeting (AGM) held in April 2021 via live webcast, where the Managers and Board of Directors reported on the achievements and FY 2020 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 communication with the investment community on ART's performance and business strategies;
- roadshows with institutional investors in relation to the launch of the private placement in September 2021;
- 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 for events such as the IFC global webinar on green building finance, the SGX-CFA Sector Analysis webinar on the REIT landscape in Singapore, and the JLL Hotels Future forum.

A full list of ART's investor relations activities is tabled under the 2021 Investor Relations Calendar on page 81.

ACCOLADES

In 2021, ART continued to receive recognition for its efforts in investor engagement and corporate governance. On the investor engagement front, ART clinched the title of 'Best Crisis Management (mid to large cap)' at the IR Magazine Forum & Awards - South East Asia 2021. The Managers were acknowledged for best practices in proactively engaging investors during the COVID-19 pandemic. Testament to our commitment in upholding high standards of corporate governance, ART was conferred the top spot in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2021, after three years of placing third.

2021 INVESTOR RELATIONS CALENDAR

Events		2021
1st Quarter	DBS Vickers Pulse of Asia Conference 2021	7 January
	FY 2020 post-results briefing to media and analysts	27 January
	FY 2020 post-results investor meeting hosted by JP Morgan	27 January
	Lunch Presentation with Phillip Securities	9 March
	S-REIT Corporate Day 2021: Hospitality Day jointly hosted by SGX, Daishin Securities and Phillip Securities	17 March
	JP Morgan ASEAN Travel Day	30 March
2nd Quarter	Pre-Annual General Meeting with retail investors	13 April
	Pre-Annual General Meeting with SIAS members	14 April
	Annual General Meeting	19 April
	1Q 2021 post-business updates briefing to analysts	29 April
	1Q 2021 post-business updates investor meeting hosted by CIMB	30 April
	Daiwa-SGX Corporate Day	17 May
	BNP Paribas Singapore REIT Day	18 May
	REIT Symposium 2021 Online Edition	22 May
	SGX-Yuanta Securities non-deal roadshow	29 June
3rd Quarter	1H 2021 post-results briefing to media and analysts	27 July
	1H 2021 post-results investor meeting hosted by Maybank Kim Eng	27 July
	Citi-SGX-REITAS REITs & Sponsors Forum 2021	26 August
	Citi-CapitaLand Group & Listed Trusts Corporate Day 2021	7 September
	Investor meetings for the private placement	9 September
	SGX-Credit Suisse Real Estate Day	27 September
4th Quarter	JLL Hotels Future Forum	6 October
	3Q 2021 post-business updates briefing to analysts	1 November
	3Q 2021 post-business updates investor meeting hosted by UOB Kay Hian	1 November
	IFC global webinar: "Green Building Finance: A Zero Carbon Fuel"	2 November
	REITAS-SGX webinar with financial bloggers: "Impact of Industry & Sustainability Trends on Hospitality & Industrial REITs"	3 November
	SGX-CFA Sector Analysis webinar: "REIT Landscape in Singapore"	11 November
	SGX-RHB conference: "Finding Resilience on the Path to Recovery"	17 November
	DBS Vickers Singapore Hospitality (Revival) Corporate Day	18 November
	CapitaLand Investment & REITs Taiwan Corporate Day	19 November

FINANCIAL CALENDAR

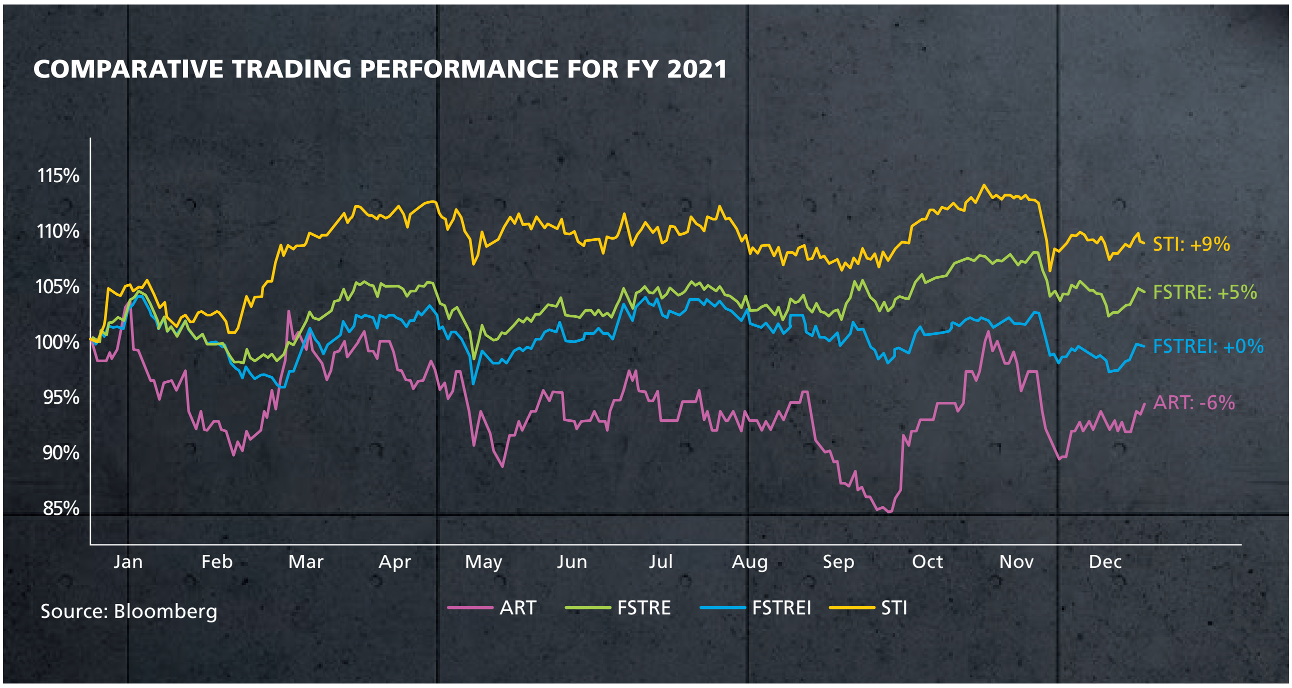
Financial Year Ended 31 December 2021	
First Quarter Business Updates	29 April 2021
First Half Results Announcement	27 July 2021
Payment of Distribution to Stapled Securityholders (six months ended 30 June 2021)	27 August 2021
Third Quarter Business Updates	29 October 2021
Payment of Advanced Distribution to Stapled Securityholders (period from 1 July 2021 to 19 September 2021)	9 November 2021
Full Year Results Announcement	28 January 2022
Payment of Distribution to Stapled Securityholders (period from 20 September 2021 to 31 December 2021)	1 March 2022
Annual General Meeting	22 April 2022

Financial Year Ended 31 December 2022 (subject to changes by the Managers without prior notice)	Tentative Dates
First Quarter Business Updates	April 2022
First Half Results Announcement	July 2022
Payment of Distribution to Stapled Securityholders (six months ended 30 June 2022)	August 2022
Third Quarter Business Updates	October 2022
Full Year Results Announcement	January 2023
Payment of Distribution to Stapled Securityholders (six months ended 31 December 2022)	February 2023
Annual General Meeting	April 2023

TRADING PRICE PERFORMANCE

Events	2021	2020
Opening price on the first trading day of the year (S$)	1.070	1.330
Closing price on the last trading day of the year (S$)	1.030	1.080
Highest closing price (S$)	1.130	1.360
Lowest closing price (S$)	0.920	0.685
Average closing price (S$)	1.026	0.995
Average daily trading volume (stapled securities)	5,436,267	7,721,677
Total trading volume (stapled securities)	1,364,502,910	1,945,862,574

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

Sustainability at the Core of Everything We Do

"ART is aligned with and actively contributes to the targets set out under CapitaLand's 2030 Sustainability Master Plan.

As we expand ART's footprint globally, we ensure that sustainability remains at the core of what we do. From ensuring that sustainability is factored in our investments, to working with our operators and lessees to green our properties globally, and stepping up our sustainable financing efforts, we aim to continue contributing to the environmental and social well-being of the communities.

In 2021, we were recognised for our outstanding leadership in sustainability in the 2021 Global Real Estate Sustainability Benchmark (GRESB). In our first participation in GRESB, ART was named 'Global Sector Leader - Hotel', and clinched the top rank in the 'Asia Pacific Hotel – Listed' category. ART was also awarded a 4-star rating in GRESB 2021 and scored 'A' for public disclosure.

In August 2021, ART came in first place in the Singapore Governance and Transparency Index under the REITs and Business Trusts category.

In January 2021, ART was the first hospitality trust in Singapore to secure a green loan. Proceeds from the green loan were used to finance ART's maiden development project and coliving property, lyf one-north Singapore.

As at 31 December 2021, about 33% of ART's properties were green-certified. ART continues to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage.

To strengthen our sustainability stewardship, we have formalised a Sustainability Committee to manage and implement ART's sustainability objectives and strategies. Aligned with CapitaLand's 2030 Sustainability Master Plan, we will continue to work towards greening our entire portfolio by 2030 and transiting to a low-carbon business."

Ms Beh Siew Kim,
Chief Executive Officer

GRESB REAL ESTATE sector leader 2021

Global Sector Leader – Hotel
Global Real Estate Sustainability Benchmark 2021

Ranked 1st in REITs and Business Trusts category
Singapore Governance and Transparency Index 2021

THREE KEY PILLARS DRIVING OUR SUSTAINABILITY EFFORTS

BUILD
Portfolio Resilience and Resource Efficiency

ENABLE
Thriving and Future-Adaptive Communities

ACCELERATE
Sustainability Innovation and Collaboration

Anchored by strong Governance and sustainable financial performance

GENERATING VALUE IN SIX CAPITALS

Manufactured Capital
Environmental Capital

Social and Relationship Capital
Human Capital

Financial Capital
Organisational Capital

Measured by Return on Sustainability & global benchmarks

BUILD

33%
of ART's global portfolio[1] achieved green building certification

39%
carbon emissions intensity reduction[3] since 2008

ENABLE

About
48:52
males : females[2]

Ascott's vendors and suppliers acknowledged to abide by the CapitaLand Supply Chain Code of Conduct

ACCELERATE

First hospitality trust in Singapore to secure a green loan of
S$50 million
for lyf one-north Singapore

Retained ISO 14001 and ISO 45001 certification in
13 countries
for more than a decade

1 Refers to the gross floor area of ART's properties by m².
2 Computation of workforce statistics are based on employees of ART (including our subsidiaries) and the Managers.
3 Computation of intensity data is for the first nine months of the 2021 and excludes new properties which are in operation for less than 12 months, properties undergoing asset enhancement programmes and third-party operated properties.

BOARD STATEMENT

At ART, sustainability is at the core of everything we do. We are committed to growing in a responsible manner, delivering long term economic value, and contributing to the environmental and social well-being of our communities. ART's material environmental, social and governance (ESG) factors are aligned with CapitaLand's 2030 Sustainability Master Plan, and reviewed by the ART's Boards together with management every two years.

The CapitaLand 2030 Sustainability Master Plan steers our efforts on a common course to maximise impact through building a resilient and resource efficient real estate portfolio, enabling thriving and future-adaptive communities, and accelerating sustainability innovation and collaboration. Ambitious ESG targets have been set which include carbon emissions reduction targets validated by the Science Based Targets initiative (SBTi).

ART's Boards are responsible for overseeing ART's sustainability efforts, and take ESG factors into consideration in determining their strategic direction and priorities. The Boards also approve the executive compensation framework based on the principle of linking pay to performance. ART's business plans are translated to both quantitative and qualitative performance targets, and executed through sustainable corporate practices.

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 ART Sustainability Report 2021 and CapitaLand Investment Limited Global Sustainability Report 2021.

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 230 cities and over 30 countries. The Master Plan focuses on three key pillars to drive CapitaLand's sustainability efforts in the ESG pillars, enabling the Group to create a larger positive impact for the environment and society.

- Build portfolio resilience and resource efficiency,
- Enable thriving and future-adaptive communities as well as
- Accelerate sustainability innovation and collaboration

Five pathways were identified to achieve the Group's sustainability objectives, 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 usage, waste management, energy consumption, carbon emission, and health and safety. These measurements along with social indicators are key to driving performance improvement across our operating properties and development projects.

4. **Monitoring and reporting progress 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 stakeholders**
   It is key to building awareness among our employees, investors, customers and communities, 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, we had our 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 also launched the inaugural CapitaLand Sustainability X Challenge (CSXC), the first sustainability focused innovation challenge by a Singapore headquartered real estate company that globally sources for emerging sustainability technologies and solutions in the built environment. 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 may arise from its portfolio of diverse asset types and global geographical presence.

CapitaLand is also 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 Investment's Global Sustainability Report 2021 will be published by 31 May 2022.

It will continue to be prepared in accordance with the Global Reporting Initiative Standards: Core option. We will 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 (UN SDGs), and the Sustainability Accounting Standards Board (SASB). We also plan to enhance our climate-related disclosure and implementation in line with the Taskforce for Climate-related Financial Disclosure (TCFD). It will continue to be externally assured to AA1000 Assurance Standard. The report will cover the Group's global portfolio and employees, including its listed real estate investment trusts (REITs) and business trusts, unless otherwise indicated.

This sustainability chapter references selected GRI standards[4] to report specific information and covers ART's properties from 1 January to 31 December 2021 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 in its Sustainability Report 2021 by 31 May 2022.

BOARD, TOP MANAGEMENT AND STAFF COMMITMENT AND INVOLVEMENT

CapitaLand's sustainability management comes under the purview of the CapitaLand Sustainability Council. The Sustainability Council comprises selected CapitaLand Investment Board's independent 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. It was chaired by one of CapitaLand Investment Board's independent directors and member of its Executive Resource and Compensation Committee and Risk Committee. The work teams comprise representatives from CapitaLand business units and corporate functions. Each business unit has its own Environmental, Health and Safety (EHS) Committee to drive initiatives in countries where the Group operates with support from various departments.

To strengthen its sustainability stewardship, ART has formalised a Sustainability Committee which comprises the CEO and Heads of Department of ART's Managers, and the Heads of Department of the operations and technical teams of its Sponsor. A Sustainability Working Committee has also been formed to provide support to the Sustainability Committee.

Through the Sustainability Committee, ART's Boards are 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.

4 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

STRATEGIC SUSTAINABILITY MANAGEMENT STRUCTURE

CapitaLand's Sustainability Management Structure

CapitaLand's Board of Directors

CapitaLand Sustainability Council
Strategic oversight of ESG policies and integration

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

ART's Sustainability Management Structure

ART's Boards of Directors

ART Sustainability Committee
Chaired by CEO of ART's Managers and comprising HODs of ART's Managers, and the HODs of operations and technical teams of ART's Sponsor

Management and implementation of ART's sustainability objectives and strategies

ART Sustainability Working Committee
Headed by Head, Investor Relations & Sustainability and comprising representatives from various functions

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
Residents and tenants

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

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.

Guided by CapitaLand's 2030 Sustainability Master Plan, ART, as part of the Group, elevated its commitment to global sustainability in the built environment, identifying and reviewing material issues that are most relevant and significant to us and our stakeholders. With the restructuring of CapitaLand into CapitaLand Investment and CapitaLand Development, these ESG material issues are prioritised based on the likelihood and potential impact of issues affecting business continuity of CapitaLand Investment, which ART is part of. For external stakeholders, priority is given to issues important to the society and applicable to CapitaLand Investment. For more information on stakeholder engagement, please refer to the upcoming ART Sustainability Report 2021 and CapitaLand Investment Global Sustainability Report 2021.

MATERIAL ESG FACTORS/INDICATORS

KEY MATERIAL ISSUES
- Climate change and carbon reduction
- Energy efficiency
- Water management

MEDIUM PRIORITY
- Waste management
- Biodiversity

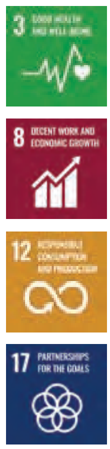
KEY MATERIAL ISSUES
- Occupational health and safety
- Human capital
- Stakeholder engagement
- Supply chain management
- Diversity (Board and staff)

MEDIUM PRIORITY
- Human rights

KEY MATERIAL ISSUES
- Products and services (including 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 Framework were referenced in this report, and the value we create is mapped 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 our CapitaLand 2030 Sustainability Master Plan (SMP) targets, and where CapitaLand Investment can achieve the greatest positive impact. For more information, please refer to the ART Sustainability Report 2021 and CapitaLand Investment Global Sustainability Report 2021 which will be published by 31 May 2022.

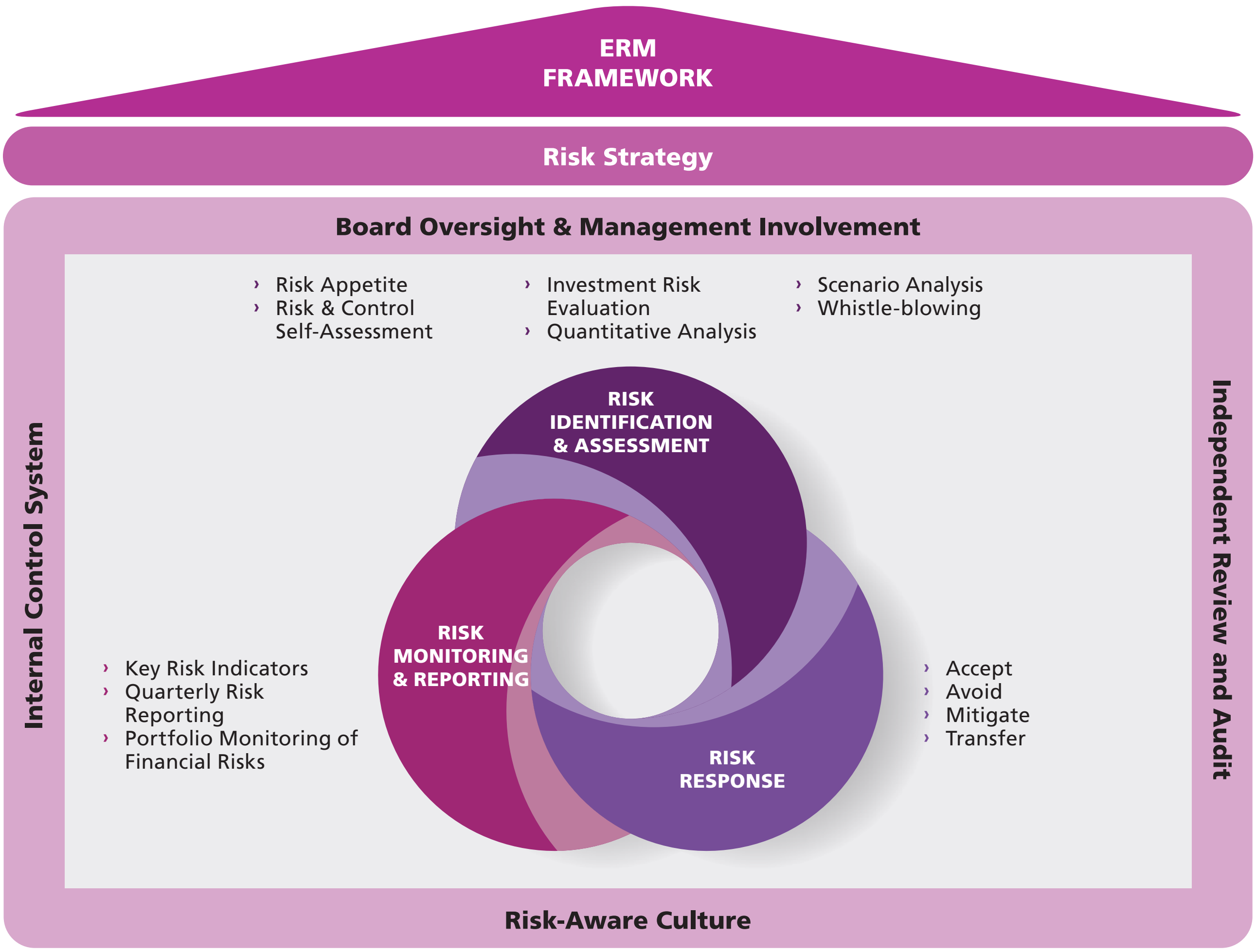
SMP Pillars and Focus Areas	Our Commitments	2021 Value Created	
BUILD Portfolio Resilience and Resource Efficiency • Low Carbon Transition • Water Conservation and Resilience • Waste Management and Circular Economy	• Transit to low-carbon business and reduce energy consumption through improved energy efficiency and increased use of renewable energy • Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern • Green our portfolio by 2030 • Strengthen climate resilience of our portfolio by addressing climate related risks and opportunities throughout the real estate lifecycle	• 33% of ART's global portfolio achieved green certification[1] • 39% reduction in carbon emissions intensity since 2008[3] • Continued to enhance the implementation and reporting of TCFD recommendations	**Environmental Capital** **Manufactured Capital** 
ENABLE Thriving and Future-Adaptive Communities • Dynamic Human Capital • Healthy and Safe Buildings • Proactive Customer Relationship Management • Robust Supply Chain Management	• 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 • 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 staff, guests and residents, tenants, contractors, suppliers and the communities that use our properties	Global workforce (more than 1,400 staff)[2] About **60** nationalities About **60%** of ART's global workforce was aged between **30** and **50** Males and females at a ratio of about **48:52** About **40** training hours per staff **0** work-related fatality and permanent disability	**Human Capital** **Social and Relationship Capital** 

SMP Pillars and Focus Areas	Our Commitments	2021 Value Created	
ENABLE Thriving and Future-Adaptive Communities	• 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 • Requires third-party service providers and vendors to adhere to anti-bribery and anti-corruption provisions • ART is committed to activities that are aligned with our focus on community investment. We engage our stakeholders in raising awareness in the areas of philanthropy, environment, health and safety, as well as promote sustainability amongst our guests, residents, and tenants	• No reported incident relating to discrimination, child labour or forced labour	**Human Capital** **Social and Relationship Capital**
ACCELERATE Sustainability Innovation and Collaboration • Sustainable Operational Excellence • Sustainable Finance • Sustainability Innovation and Technology	• Maintain safe, accessible, vibrant and quality real estate developments to enhance the lives of our guests and residents, tenants and members of the community • Integrate ART's ESG performance with financial metrics • Actively embrace innovation to ensure commercial viability without compromising the environment for future generations	• Retained ISO 14001 and ISO 45001 certification in 13 countries for more than a decade • Inaugural CapitaLand Sustainability X Challenge received 270 innovations from over 25 countries. CapitaLand is currently piloting 6 innovative projects from the USA, Singapore and China in the area of improving building energy and water efficiency as well as indoor air quality • 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 Financial Review section on pages 67 to 73 of this Annual Report	**Manufactured Capital** **Organisational Capital** **Financial Capital**

The Managers of ART believe in maintaining a robust risk management framework to proactively identify, assess and respond to material risks that can impact our objective to deliver stable distributions and sustainable total returns to Stapled Securityholders. By pursuing a risk strategy of optimising opportunities within the approved risk appetite levels, as opposed to minimising risks, we position ART for long-term sustainable results.

ENSURING BEST-IN-CLASS RISK MANAGEMENT STANDARDS AND APPROACHES TO OPTIMISE OPPORTUNITIES

The Managers' Enterprise Risk Management (ERM) Framework is adapted from the International Organization for Standardization (ISO) 31000 International Risk Management Standards and is benchmarked against other relevant best practices and guidelines and reviewed annually to ensure its continued relevance and practicality. It sets out the required environmental and organisational components needed to identify, assess, respond, monitor and report material risks in an integrated, systematic and consistent manner as depicted below.



BOARD OVERSIGHT AND SENIOR MANAGEMENT INVOLVEMENT

The Board of Directors of the Managers (the Boards), assisted by the Audit Committee (AC), approve ART's risk appetite which determines the nature and extent of material risks ART is willing to take to achieve its strategic and business objectives.

The Boards also oversee the ERM Framework, regularly review the Group's risk profile, material risks and mitigation strategies, and ensure the adequacy and effectiveness of the risk management framework and policies.

The Managers' senior management team directs and monitors the implementation and practice of ERM across ART.

A ROBUST INTERNAL CONTROL SYSTEM

Various specialist support functions serve as the second line of defence and are responsible for the design and implementation of effective internal controls using a risk-based approach.

REGULAR INDEPENDENT REVIEW AND AUDIT

Internal Audit and External Audit serve as the third line of defence. They review the adequacy and effectiveness of the design and implementation of the risk management and internal control systems, so as to provide reasonable assurance to the AC on its adequacy and effectiveness.

DEVELOPING A STRONG RISK-AWARE CULTURE

The Managers work closely with the risk management department at CapitaLand Investment (CLI) as well as various specialist support functions to ensure risk management practices are implemented consistently.

Risk workshops are conducted regularly to ensure these practices are embedded in our decision-making and business processes.

The Managers' senior management reinforces the risk-aware culture by setting the 'tone at the top', leading by example, and communicating our risk strategy.

ART'S MATERIAL RISKS AND OPPORTUNITIES

A Group-wide Risk and Control Self-Assessment (RCSA) exercise is conducted annually to identify the material risks, including new and emerging events, that ART faces in delivering our strategic objectives, its mitigating measures and the opportunities. From the 2021 RCSA results, the measures taken to mitigate material risks and opportunities to capitalise on are set out below:

Material Risks	Key Mitigating Actions	Opportunities
Business Interruption Exposure to sudden and major disaster events such as pandemics, terrorist attacks, fires, prolonged power outages or other major infrastructure or equipment failures which can cause business interruption and significantly disrupt operations at the properties Business disruptions arising from the COVID-19 pandemic have resulted in potential structural disruptions to some real estate asset classes, particularly in the lodging sector It has also drawn stakeholders' attention to the diversification and resilience in ART's supply chain	› 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 › Build collaborative relationships and work closely with supply chain contractors, vendors and suppliers to achieve environmental and social goals through CLI's Supply Chain Code of Conduct › Continue to place the well-being of our customers as top priority by adopting contactless technologies and innovative technology solutions to enhance 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 contactless digital touchpoints for guests and launch of 'Discover ASR' mobile app	› Ride on the digital adoption trend and ongoing business digitalisation to innovate and improve product offerings to our customers › Opportunities to reposition or repurpose our assets to meet the new norms

Material Risks	Key Mitigating Actions	Opportunities
Climate Change Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion Transitional risks including potentially more stringent regulations and increased expectations from stakeholders	› Regularly review ART's mitigation and adaptation efforts, which include - future proofing our portfolio against changing climatic conditions from the design stage and - improving the operational efficiency of our properties, setting targets for carbon emissions, water, energy and waste efficiency › Assessment of the detailed physical risks in the evaluation of any new acquisitions › Incorporate shadow internal carbon price and compute a Return on Sustainability (ROS) in the evaluation of new investment/capital expenditure decisions. This helps to price in climate-related costs and opportunities, support low-carbon investments, prepare for stringent climate legislation, and avoid stranded assets › CLI has a well-established Group environmental management system which is externally certified to ISO 14001 › For more information, please refer to CLI's Global Sustainability Report 2021, to be published by 31 May 2022	› Build a resilient portfolio and achieve resource efficiency, enhancing ART's reputation as a Trust committed to sustainability › Accelerate sustainability innovation and collaboration with tenants, supply chain contractors, vendors and suppliers
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 an ethical culture at all levels of CLI › Adopt a zero-tolerance stance against fraud, bribery and corruption (FBC) in the conduct of business and reinforce the importance of integrity – one of CLI's core values › Communicate the commitment to integrity from the top through policies and practices, such as FBC Risk Management Policy, Whistle-blowing Policy, Ethics and Code of Business Conduct Policies and Anti-Money Laundering and Countering the Financing of Terrorism Policy and mandatory FBC eLearning	
Safety, Health and Well-being Increased expectations from stakeholders to provide a safe and healthy environment, including well-being, at our assets and operations	› Regularly review ART's mitigation efforts which include work-related safety targets applicable to both ART and our supply chains › CLI has a well-established Group health and safety management system which is externally certified to ISO 45001 › For more information, please refer to CLI's Global Sustainability Report 2021, to be published by 31 May 2022	
Competition Keen industry competition from 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 customer-centric initiatives and loyalty programmes › Focus on building key enablers that give ART a competitive advantage amidst the competition and digital disruptions, such as embarking on digital transformation in our processes, enhancing our data analytics capabilities to speed up data-driven decisions › Incorporate ESG considerations in ART's business to reinforce our leading position as a sustainable Trust › Leverage in-house team of industry analysts to keep ART on top of latest market trends	› Rely on strong experience in the hospitality market

Material Risks	Key Mitigating Actions	Opportunities
Cyber Security and Information Technology 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	› The outsourced Information Technology (IT) function from CLI executes its Cyber Security Strategy through ongoing review of existing/ evolving threat landscapes, and instituting measures to minimise vulnerability exposure and manage threat vectors › Ongoing mandatory staff IT Security Awareness Training to counter human intervention in the information security chain › Periodically review and update Group-wide 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 Disaster Recovery Plan exercise to ensure timely recoverability of business-critical IT systems › Engage independent security providers to conduct vulnerability assessments to further strengthen the IT systems › Enhanced protection controls are put in place for crown jewel systems in which personal data resides	› Building a resilient cyber infrastructure and network enables us to harness the full potential of innovation and digital transformation of our business processes
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 as well as key financial and property markets	› Adopt a disciplined approach to financial management › Diversify our portfolio across asset classes and geographies in accordance with Board-approved country limits › Focus on markets where ART or its Sponsor, The Ascott Limited (Ascott) has operational scale and the underlying economic fundamentals are more robust › Actively monitor macroeconomic trends, policies and regulatory changes in key markets	› Access investment opportunities globally to enhance portfolio diversification
Financial Exposure to financial risks involving liquidity, foreign currency and interest rates given ART's diversified portfolio of businesses Volatility of cash flow negatively impacting planned cash generation and cash usage profile Volatility of foreign currencies and interest rates resulting in realised/unrealised losses	› 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 details, please refer to the Financial Risk Management section on page 269 of this Annual Report	› Managing our financial risks well gives confidence to our investors

Material Risks	Key Mitigating Actions	Opportunities
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 › The 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	› Seek opportunities to expand into the longer-stay accommodation segment such as rental housing and student accommodation
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	› A robust project management mechanism put in place to ensure timely delivery of projects that meet stipulated requirements and standards
Regulatory and Compliance Non-compliance to applicable local laws and regulations, including relevant data protection and privacy 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 day-to-day operations › Leverage in-house specialised teams such as compliance and tax to provide advisory services and updates on latest changes to laws and regulations › Establish group-wide procedures and policies to address the requirements of the applicable data protection and privacy laws through policies such as the Personal Data Protection Policy, Group Data Breach Reporting & Management Policy, Group Vendor Management Policy, Group Data Governance Policy and PDPA Group Compliance Manual	› Keeping abreast of the changing regulatory landscape allows us to focus on the potential improvements in the various compliance areas

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)[1].

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 coordinated and carried out 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 2004 (BTA), the Business Trusts Regulations 2005 (BTR), the Securities and Futures Act 2001 (SFA), written directions, notices, codes and other guidelines that the 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 84 to 91 of this Annual Report and in ART's Sustainability Report 2021, which will be published in May 2022.

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.

1 Copies of the Trust Deeds for the time being in force shall be made available for inspection at the registered offices of the Reit Manager and the Trustee-Manager at all times during usual business hours. Prior appointment would be appreciated.

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

(a) strategic pipelines of property assets through CapitaLand Group;

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

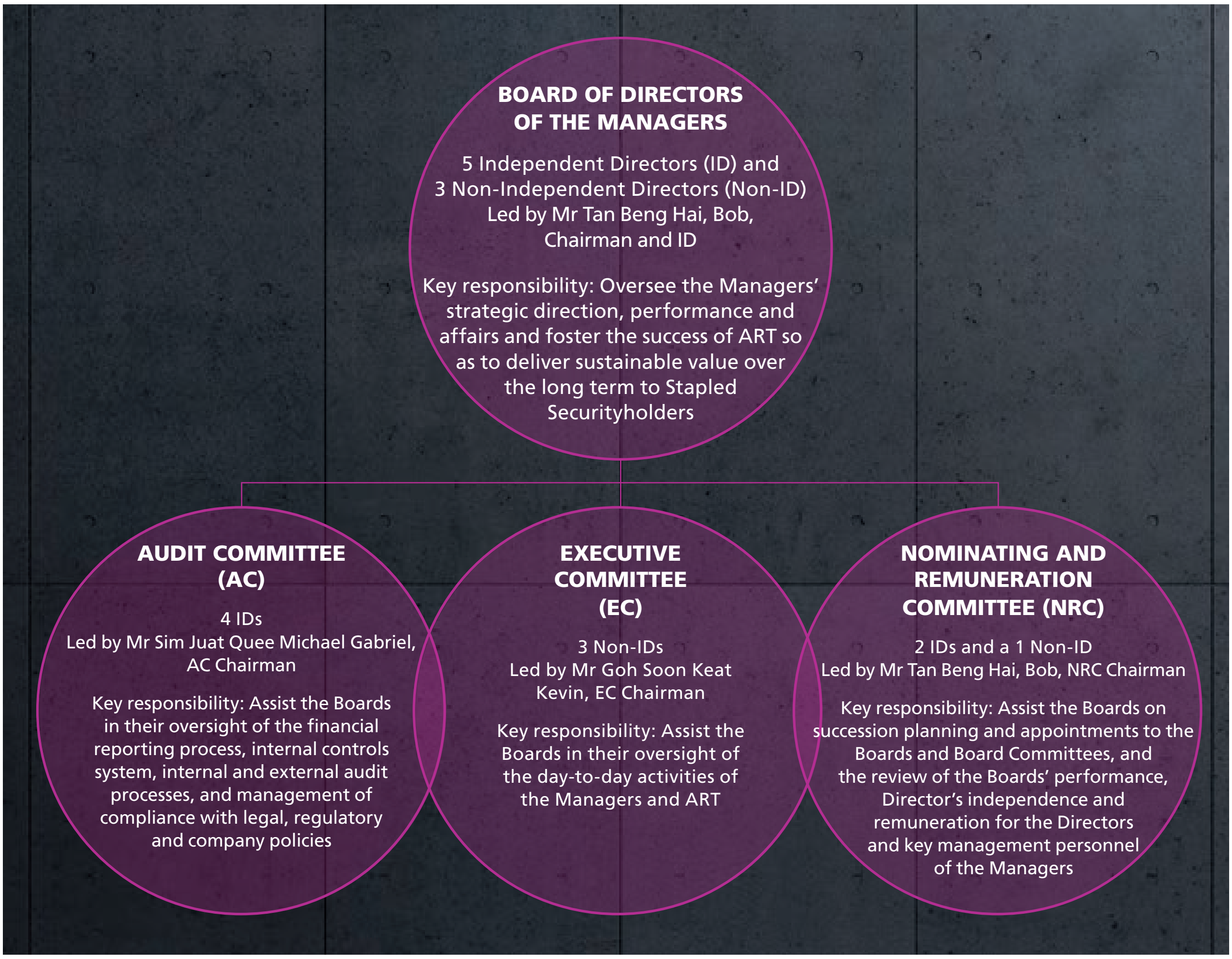
(c) fund raising and treasury support; and

(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 as at the date of this report is set out below:



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) 2021 with reference to the Code of Corporate Governance 2018 (Code).

Throughout FY 2021, 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 multiple accolades for its excellence in corporate governance and efforts to uphold high standards of transparency in its disclosures. In FY 2021, ART was conferred the top spot in the Singapore Governance and Transparency Index within the REITs and Business Trusts category, after placing third for three consecutive years. ART has been included by the SGX-ST in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

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 (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 Nominating and Remuneration Committee ensures that the Managers have in place a training and professional development 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 contribute by recommending suitable training and development programmes to the Boards. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars including those conducted by the Singapore Institute of Directors (SID), and the Directors are encouraged to attend such training at the Company's expense. During FY 2021, some of the training attended by the Directors included the SID Listed Entity Directors' Programme, the Executive and Director Remuneration, SID Directors Conference 2021, REITAS Conference 2021 and Key Regulatory Updates by KPMG. Sharing and information sessions were also organised as part of Board meetings, where guest speakers and Management team members presented on key topics to the Boards. The Directors also regularly receive reading materials on topical matters or subjects as well as updates on regulatory changes and their implications.

In line with the Managers' commitment to sustainability, as well as environmental and social responsibility in ART's business strategies and operations, the Managers will be arranging for the Directors to undergo training on sustainability matters. First-time Directors will also be required to undergo such training.

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). In addition, the Nominating and Remuneration Committee (NRC) was established with effect from 30 October 2021. Prior to the establishment of the NRC, the Boards as a whole performed the equivalent functions.

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 130 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 by the Boards, through the NRC, and 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.

The Boards are also regularly apprised of ART's sustainability efforts and performance, including but not limited to environment and climate change related initiatives.

All of the above allow 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 promote 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 four AC meetings were held in FY 2021. 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 2021 is set out on page 130 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 eight 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 14 to 19 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 138 of this Annual Report.

The Boards, through the NRC, 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, through the NRC, 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 NRC also reviews 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. Thereafter, the NRC's recommendation is presented to the Boards for approval.

The Boards, through the NRC, have carried out the assessment of the independence of the IDs for FY 2021 (save for Mr Zulkifli Bin Baharudin, who stepped down with effect from 20 April 2021) and the paragraphs below set out the outcome of the assessment. Each of the IDs had recused himself or herself from the deliberations of the Board and NRC 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 the Stapled Group and CLI and its subsidiaries (CLI Group). In addition, SingPost engages CLI Group to manage SingPost Centre. All of these transactions with the Stapled Group and CLI Group are conducted in the ordinary course of business, on arm's length basis, on normal commercial terms and market rates. Mr Tan's role in SingPost is non-executive in nature and he is not involved in the business operations of SingPost.

Mr Tan also serves as a non-executive director of Sembcorp Marine Ltd (Sembcorp Marine), a subsidiary of Temasek Holdings (Private) Limited (Temasek). Temasek is deemed to be a substantial Stapled Securityholder through its direct and indirect interests in CLI, which is a substantial Stapled Securityholder of ART. Mr Tan's role in Sembcorp Marine is non-executive in nature and he is not involved in the day-to-day conduct of the business of Sembcorp Marine. This corporation is an independently managed company under Temasek and the role does not require him to nor result in him having to act in accordance with any instructions, directions or wishes of Temasek in relation to the corporate affairs of ART and the Managers.

Mr Tan is also a member of the Corporate Governance Advisory Committee and a member of the Securities Industry Council of MAS. This role generates no conflict of interest in respect of his role as a Director. Mr Tan's role in MAS is non-executive in nature and he is not involved in the business operations of MAS.

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 ID. Mr Tan will recuse himself from participating in the 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 2021, CLI 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, on normal commercial terms and market rates. Mr Sim's role in JTC is non-executive in nature and he is not involved in the business operations 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 ID. Mr Sim will recuse himself from participating in the Boards' deliberation on any transactions that could potentially give rise to a conflict of interest.

Mr Chia Kim Huat
Mr Chia is currently the regional head, Corporate and Transactional Group of Rajah & Tann Singapore LLP (Rajah & Tann), which provides legal services to some of the subsidiaries of CLI Group. Mr Chia is considered as having a business relationship with the related corporation of the Managers. The engagement of Rajah & Tann

to provide legal services to CLI Group was made by the management teams within CLI Group and he is not involved in the process, negotiations or approval of such engagement by the CLI Group. These services were carried out in the ordinary course of business, on arm's length basis and based on normal commercial terms.

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 the relationship 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 Chia 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 Board is therefore 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 ID. Mr Chia will recuse himself from participating in the Boards' deliberation on any transactions that could potentially give rise to a conflict of interest.

Ms Deborah Lee Siew Yin
Ms Lee is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual and does not have 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. The Boards 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 ID. Ms Lee will recuse herself from participating in the Boards' deliberation on any transactions that could potentially give rise to a conflict of interest.

LG Ong Su Kiat Melvyn
LG Ong is a non-executive director of ST Engineering Ltd, a subsidiary of Temasek. Temasek is deemed to be a substantial Stapled Securityholder through its direct and indirect interests in CLI, which is a substantial Stapled Securityholder of ART. This corporation is an independently managed company under Temasek and the role does not require him to nor result in him having to act in accordance with any instructions, directions or wishes of Temasek in relation to the corporate affairs of ART and the Managers.

LG Ong is also a board member of JTC. CLI Group made the 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, on normal commercial terms and market rates. LG Ong's role in JTC is non-executive in nature and he is not involved in the business operations of JTC.

The Boards have considered the conduct of LG Ong in the discharge of his duties and responsibilities as a Director, and is of the view that the relationship 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, LG Ong 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 LG Ong has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that LG Ong is an ID. LG Ong will recuse himself from participating in the 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 2021, each of Mr Tan, Mr Sim, Mr Chia, Ms Lee and LG Ong 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 2021.

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 CLI 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 Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat, Ms Deborah Lee Siew Yin and LG Ong Su Kiat Melvyn 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.

Board Diversity

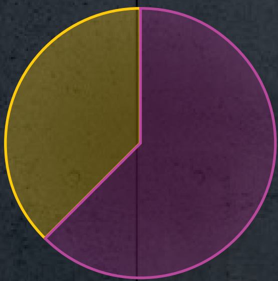
The Boards embrace diversity and have formally adopted a Board Diversity Policy. The Board Diversity Policy provides for the Boards to comprise talented and dedicated Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds, with due consideration to diversity factors, 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 NRC, in carrying out its duties of determining the optimal composition of the Boards in its Board renewal process, identifying possible candidates and making recommendations of board appointments to the Boards, considers 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 eight members who are corporate and business leaders, and are professionals with varied backgrounds, expertise and experience including in accounting and finance, banking and capital markets, real estate and construction, innovation and technology, investments, mergers and acquisitions, legal, as well as hospitality ownership and management.

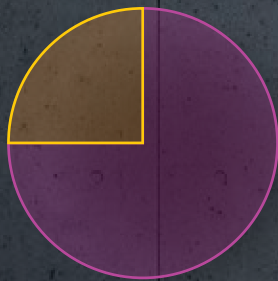
The current Boards have two female members, one of whom is also the CEO. For further information on the Boards' work in this regard, please refer to "Board Membership" under Principle 4 in this Report.

BOARD INDEPENDENCE



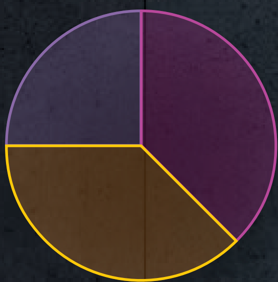
	No. of Directors
Independent Director	5
Non-Independent Director	3

BOARD GENDER DIVERSITY



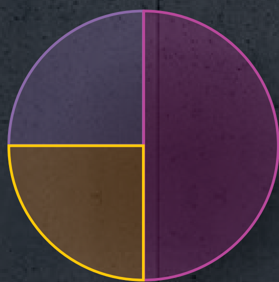
	No. of Directors
Male	6
Female	2

AGE SPREAD



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

TENURE MIX



	No. of Directors
0 to 3 years	4
>3 to 5 years	2
>5 to 7 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 eight 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 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. With effect from 30 October 2021, it has established the NRC, which makes recommendations to the Board on all appointments to the Board and Board Committees. All Board appointments are made based on merit and approved by the Boards.

The NRC comprises three non-executive directors, two of whom (including the chairman of the NRC) are IDs. There were no NRC meetings held in FY 2021 but the NRC has met in January 2022 and February 2022 respectively.

The NRC has also reviewed and approved various matters within its remit via circulating papers.

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

(a) reviewing and making recommendations to the Boards on the structure, size and composition of the Boards and the Board Committees and formulating succession plans for Directors and the CEO;

(b) reviewing the performance of the Boards, Board Committees and individual Directors and the results of such evaluation annually;

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

(d) considering and making recommendations to the Board on the appointment and re-appointment of directors.

The NRC's duties and responsibilities in relation to remuneration matters are set out on page 112 of this Annual Report.

Board Composition and Renewal

The Boards, through the NRC, 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 comprise members who have 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. In undertaking its duty of reviewing and making Boards appointment recommendations to the Boards, the NRC considers different time horizons for purposes of succession planning. The NRC evaluates the Boards' competencies on a long-term basis and identify competencies which may be further strengthened in the long term to achieve ART's strategy and objectives. As part of medium-term planning, the NRC seeks to refresh the membership of the Boards progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance. The NRC also considers contingency planning to prepare for sudden and unforeseen changes. In reviewing succession plans, the NRC has in mind ART's strategic priorities and the factors affecting the long-term success of ART. 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 NRC aims to maintain the optimal composition of the Boards by considering the trends affecting ART, reviewing the skills needed and identifying gaps, including considering whether there is an appropriate level of diversity of thought. 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, for good governance and 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 by the NRC of the Boards' composition as well as when a Director gives notice of his or her intention to retire or resign. The outcome of that review is reported to the Boards. 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 on a yearly basis up to a period of nine years (inclusive of the initial two three-year terms served) by the NRC in arriving at a recommendation to the Boards.

The NRC identifies suitable candidates for appointment to the Boards. Searches for possible candidates are conducted through contacts and recommendations. In this regard, external search consultants may be retained from time to time to assist the NRC in identifying candidates. 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 NRC also considers the qualities of the candidates, in particular whether they are aligned to the strategic directions and values of ART. In addition, the NRC assesses the candidates' ability to commit time to the affairs of ART, taking into consideration their other current appointments. The NRC uses a skills matrix to determine the skills gaps of the Boards and if the expertise and experience of a candidate would complement those of the existing members of the Boards.

Board Changes
As part of the Boards' renewal process, Mr Zulfiki Bin Baharudin and Mr Lee Chee Koon stepped down from the Boards with effect from 20 April 2021 while LG Ong Su Kiat Melvyn joined the Boards as Non-Executive Independent Director and member of the AC with effect from 1 May 2021. Upon the establishment of the NRC on 30 October 2021, Mr Tan Beng Hai, Bob was appointed as chairman of the NRC and LG Ong and Mr Goh Soon Keat Kevin were appointed as members of the NRC.

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). As LG Ong has prior experience as a director of issuers listed on the SGX-ST, he is 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 NRC conducts 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.

There is also no alternate director to any of the Directors. In keeping with the principle that a Director must be able to commit time to the affairs of the Manager, the NRC has adopted the principle that it will generally not approve the appointment of alternate directors to the Directors.

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 2021, all non-executive Directors had undergone the self-assessment and provided the confirmation.

On an annual basis and, where appropriate when there is a change of circumstances involving a Director, the NRC assesses each Director's ability to commit time to the affairs of the Managers. In the assessment, the NRC takes 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 14 to 19 of this Annual Report and their attendance record for FY 2021 is set out on page 130 of this Annual Report. In particular, the CEO does not serve on any listed company board outside of the Stapled Group. For FY 2021, the Directors achieved high meeting attendance rates and have contributed positively to discussions at Board and Board Committee meetings. Based on the above, the NRC has 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.

The Boards, taking into consideration the NRC's assessment, have noted that each Director has been adequately carrying out his or her duties and responsibilities as a Director.

Principle 5: Board Performance

The Managers believe that oversight from strong and effective Boards goes 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.

The Boards undertake, with the assistance of the NRC, a process to evaluate the effectiveness of the Boards as a whole and that of each of its Board Committees and individual Directors for every financial year. As part of the process, a questionnaire is sent to the Directors. The evaluation results are aggregated and reported to the NRC, and thereafter the Boards. The findings are considered by the Boards and follow up action is taken where necessary with a view to enhancing the effectiveness of the Boards, Board Committees 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 2021, the outcome of the evaluation was satisfactory and the Boards as a whole, and each of the Board Committees, received 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 2021, 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

All fees and remuneration payable to Directors, key management personnel (including the CEO) and staff of the Managers are paid by the Managers.

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.

The Boards have established the NRC to review the Board remuneration framework and determine the specific remuneration for the Directors. The NRC also reviews the compensation framework and remuneration for the Stapled Group's executives and approves the specific remuneration packages for the key management personnel.

Guided by its terms of reference, the NRC oversees the development and succession planning for the CEO. This includes overseeing the process for selection of the CEO and conducting an annual review of career development and succession matters for the CEO.

Remuneration Policy for Key Management Personnel
The remuneration framework and policy are designed to support the implementation of the Stapled Group's business strategy and deliver sustainable returns to Stapled Securityholders. The principles governing the remuneration policies of the Managers's key management personnel are as follows:

Business Alignment
› Focus on generating recurring 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

These remuneration 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 emphasised by linking total remuneration to the achievement of corporate and individual goals and objectives. The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair, and has access to remuneration consultants for advice on remuneration matters as required.

In reviewing policies on remuneration and determining the remuneration packages for key management personnel, the NRC, through an independent remuneration consultant, takes into consideration appropriate compensation benchmarks within the industry, so as to ensure that the remuneration packages payable to key management personnel are competitive and in line with the objectives of the remuneration policies. It also considers the compensation framework of CLI as a point of reference. The Managers are subsidiaries of CLI which also holds a significant stake in ART. The association with the CLI Group puts the Managers in a better position to attract and retain better qualified management talent. Additionally, it provides an intangible benefit to the Managers such that it allows the 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 2021, Willis Towers Watson was appointed as independent remuneration consultant to provide professional advice on executive remuneration. Willis Towers Watson is a leading global advisory, broking and solutions company with over 45,000 employees serving more than 140 countries and markets. The consultant is not related to the Managers, their controlling shareholder, related corporations or any of its Directors.

Remuneration of Key Management Personnel

Remuneration of 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 the key management personnel should be aligned with those of Stapled Securityholders and that the remuneration framework should link 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. 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.

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

- **Financial:** This includes targets relating to profitability and distributions, capital structure, as well as financial and risk management;
- **Execution:** This includes targets relating to asset performance, service excellence and investor relations;
- **Future Growth:** This includes targets relating to assets enhancements and portfolio reconstitution; and
- **Sustainability**: This includes targets relating to sustainable corporate practices, succession planning and talent retention.

These Balanced Scorecard targets are approved by the Boards and 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 payout quantum for each key management personnel under the BSBP, the NRC considers the overall business performance and individual performance as well as the affordability of the payout to the Managers.

C. Stapled Security-based Components:

Stapled Security awards were granted in FY 2021 pursuant to the Managers' Performance Stapled Security Plan (PSSP) and the Restricted Stapled Security Plan (RSSP) (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 satisfied out of existing 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 Stapled Securities received under the Stapled Security Plans worth up to at least one year of basic salary.

Stapled Securities vested pursuant to the Stapled Security Plans may be clawed back in circumstances where the relevant participants were involved in financial misstatement, misconduct, fraud or malfeasance to the detriment of the Stapled Group.

Managers' Performance Stapled Security Plan (PSSP)
In FY 2021, 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.

Under the PSSP, 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 NRC has 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.

For FY 2021, the relevant award for assessment of the performance achieved by the Stapled Group is the award granted in FY 2019 where the qualifying performance period was FY 2019 to FY 2021. Based on the NRC's assessment that the performance achieved by the Stapled Group has 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 Security awards granted under the PSSP in FY 2020 and FY 2021, the respective qualifying performance periods have not ended as at the date of this Report.

Managers' Restricted Stapled Security Plan (RSSP)
In FY 2021, 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 NRC has 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 Security awards granted under the RSSP in FY 2021, based on the NRC's assessment that the performance achieved by the Stapled Group has met the pre-determined performance targets for FY 2021, the resulting number of Stapled Securities released has been adjusted accordingly to reflect the performance level.

The Stapled Security Plans of the Managers are performance-based and vest over a period of three years. Coupled with interlocking annual grants, this ensures ongoing alignment between remuneration and sustainable business performance in the longer term.

D. Employee Benefits:
The benefits provided are comparable with local market practices.

At present, there are five key management personnel. Each year, the NRC evaluates 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 NRC considers 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 his own performance and remuneration.

Provision 8.1 of the Code requires an issuer to disclose 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). 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 making available, however, 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, which are set out in the Key Management Personnel's Remuneration Table on page 131 of this Annual Report. The Managers are of the view that the practice of disclosing the afore-mentioned information and the other disclosures on this Report is consistent with the intent of Principle 8 of the Code and provides sufficient information and transparency to the Stapled Securityholders on the Managers' remuneration policies and the level and mix of remuneration, the procedure for setting remuneration and the relationship between remuneration, performance and value creation. In addition, the remuneration of 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 CLI (CLI Subsidiary). The CLI Subsidiary provides the services through its employees and employees of CLI 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 CLI Subsidiary and CLI Group, is not included as part of the disclosure of remuneration of key management personnel of the Managers in this Report.

The Boards, together with the NRC, 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 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 2021, a one-time Special CLI Founders Performance Share Plan (Special PSP Award) was granted by the CLI Group to selected senior executives within the group (including the Managers) to commemorate its listing, foster a "founders' mindset" in driving transformation and retain talent. The grant has a five-year vesting period with defined performance parameters which are linked to CLI. Subject to the performance achieved, the award may vest at the end of the third year and/or fifth year. In addition, such compensation is in the long-term interests of ART as ART is a key part of CLI's business and ecosystem (and it is also the largest Stapled Securityholder of ART), and Management's actions to grow ART and drive ART's performance will also have a positive impact on CLI, thus reinforcing the complementary nature of the linked performance between ART and CLI. The cost of this one-time award will be borne by the Managers and it is not expected to form a significant part of the key management personnel's remuneration over a five-year period. In addition, as can be seen in the "Key Management Personnel's Remuneration Table for FY 2021" a proportion of the Management's remuneration is paid in the form of Stapled Securities, which further incentivises the Management to take actions which are beneficial to the Stapled Securityholders. Accordingly, the Special PSP Award will not result in the Management prioritising the interest of CLI over that of ART given that the bulk of their remuneration is determined based on the evaluation of the performance of ART and a proportion of their remuneration comprises Stapled Securities. In addition, it should be further noted that under the SFA, the Reit Manager and the Directors of the Reit Manager are required to act in the best interest of ART and give priority to the interest of ART over the interests of the shareholders of the Reit Manager and under the BTA, the Trustee-Manager is required to also act in the best interest of ART and give priority to the interest of ART over its own interest, and this would further mitigate any potential conflicts of interests. Save for the Special PSP Award, the NRC will continue to assess and reward the key management personnel based on the performance of ART. Accordingly, the Managers are of the view that there would not be any conflicts of interest arising from the arrangement, nor would the arrangement result in any misalignment of interest with those of Stapled Securityholders.

In FY 2021, 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 2021, 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 are paid by the Managers and the FY 2021 fees, together with a breakdown of the components, are set out in the Non-Executive Directors' Remuneration Table on page 131 of this Annual Report.

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 Non-Executive Directors' fee structure and Directors' fees are reviewed and benchmarked against the REIT industry and 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 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 CLI Group also do not receive any Directors' fees.

The non-executive Directors' fees are paid in cash (about 80%) and in the form of Stapled Securities (about 20%), save that (i) a non-executive Director (not being an employee of the CLI Group) who steps down from the Boards during a financial year will be paid fees fully in cash and; (ii) LG Ong's fees are paid fully in cash to a government agency, The Directorship & Consultancy Appointments Council. 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. The payment of Non-Executive Directors' fees in Stapled Securities is satisfied out of the Stapled Securities held by the Managers. No individual Director is involved in any decision of the NRC relating to his or her own remuneration.

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 the 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.

As with previous years, an independent remuneration consultant, Willis Towers Watson, was engaged in FY 2021 to provide professional advice on Board remuneration, with a view to ensuring the fee structure remains in line with market. The framework for the non-executive Directors' fees has remained unchanged from that of the previous financial year.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Managers maintain adequate and effective systems of risk management and internal controls (including financial, operational, compliance and information technology (IT) controls) 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 the 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, which incorporates the Stapled Group's 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 Risk Management section on pages 92 to 96 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 2021 give a true and fair view of the Stapled Group's operations and finances. They have also received assurance from the CEO, the CFO 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 within 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, for FY 2021, the Boards received half-yearly 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 established 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 2021. 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 2021. 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 scope and results of the internal audit and the adequacy and effectiveness of the Managers' internal audit 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 and terms of engagement 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 2021, 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 fees paid or payable to the external auditors for FY 2021 amounted to S$2,879,000, of which audit (and audit-related) fees amounted to S$2,801,000 and non-audit fees amounted to S$78,000.

The AC holds at least four scheduled meetings in a year and met four times in FY 2021. At all scheduled AC meetings in FY 2021, the CEO and the CFO were in attendance. ART announces its financial statements on a half-yearly basis and provides quarterly business updates in between such announcements or as and when necessary. Accordingly, during the AC meetings in January 2021 and July 2021, among other things, the AC reviewed the half-yearly financial statements, including the relevance and consistency of the accounting principles adopted and any significant financial reporting issues, and recommended the half-yearly financial statements and corresponding announcements to the Boards for approval. During the AC meetings in April 2021 and October 2021, the AC reviewed, among other things, the quarterly business and financial updates presented by Management. Such business updates contain, among other things, information on ART's key operating and financial metrics. In FY 2021, 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 2021, the AC met with the external auditors and internal auditors once 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 2021, 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 2021.

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 internal audit function supported by CLI's Internal Audit Department (CLI IA). CLI 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 CLI 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 CLI IA as it operates at the CLI Group level. While this is a deviation from Provision 10.4 of the Code which requires the AC to decide on the appointment, termination and remuneration of the head of the internal audit function, CLI 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 internal audit function through reviewing the internal audit process from time to time and may make recommendations to the Boards for any changes to the internal audit process. The AC also reviews to ensure that the internal audit 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 internal audit function to assure its proper functioning. In respect of FY 2021, the AC has carried out a review of the internal audit function and is satisfied that the internal audit function performed by CLI IA is adequately resourced, effective and independent.

CLI IA plans its internal audit 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 2021, the AC reviewed the results of audits performed by CLI IA based on the approved audit plan. The AC also reviewed reports on whistle blower complaints reviewed by CLI IA to ensure independent and thorough investigation and adequate follow up. The AC also received reports on Interested Person Transactions reviewed by CLI IA that they were on normal commercial terms and are not prejudicial to the interests of ART and its minority Stapled Securityholders.

CLI IA is adequately resourced and staffed with persons with the relevant qualifications and experience. CLI 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). CLI 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 internal audits are performed by competent professionals, CLI IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CLI 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. CLI 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 FY 2021, ART's AGM was convened and held on 19 April 2021 (AGM 2021) by way of 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) and in accordance with the checklist jointly issued by ACRA, MAS and Singapore Exchange Regulation, which gave guidance to listed and non-listed entities on the conduct of general meetings amid the evolving COVID-19 situation (Checklist).

The alternative arrangements put in place for the conduct of the AGM 2021 included attendance at the AGM 2021 via electronic means under which Stapled Securityholders could observe and/or listen to the AGM 2021 proceedings 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. All Directors (including the CEO who is also a Director) attended the AGM 2021 either in-person or via electronic means. A record of the Directors' attendance at the AGM 2021 can be found in the record of their attendance at general meeting(s) and Board and Board Committee meetings for FY 2021 set out on page 130 of this Annual Report.

The upcoming AGM to be held on 22 April 2022 (AGM 2022) will also be convened and held by way of electronic means pursuant to the COVID-19 Temporary Measures Order and in accordance with the Checklist. Stapled Securityholders will be entitled to submit questions in advance of and/or live at the AGM 2022 through the live chat function via the audio-visual platform, and vote at the AGM 2022 live by themselves or their duly appointed proxy(ies) (other than the chairman of the meeting) via electronic means or by appointing the chairman of the meeting as their proxy to vote on their behalf, to facilitate interaction between the Boards, Management and Stapled Securityholders. Further details on the alternative arrangements put in place for the conduct of the AGM 2022 are set out in the Managers' notice of annual general meeting dated 31 March 2022.

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. Nevertheless, for AGM 2021 which was convened and held pursuant to the COVID-19 Temporary Measures Order and the Checklist, Stapled Securityholders could only appoint the chairman of the meeting as their proxy to attend, speak and vote on their behalf at the general meeting.

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 (printed copies are available upon request) and notice of the general meeting from the Website. More than the legally required notice period for general meetings is generally provided. The notice of the general meeting is also available 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. 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.

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 given the opportunity to ask questions by submitting them to the chairman of the meeting. 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. Under normal circumstances, Directors and Management interact with Stapled Securityholders after the AGMs conducted in physical format. Due to the COVID-19 situation in Singapore and in order to minimise the risk of community spread of COVID-19, in respect of AGM 2021 (which was convened and held pursuant to the COVID-19 Temporary Measures Order and the Checklist) although Stapled Securityholders were not able to physically attend the meeting, they were able to submit questions to the chairman of the meeting in advance of the meeting and substantial and relevant questions were addressed before the meeting via publication on ART's website and on the SGXNet.

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. Nevertheless, for AGM 2021 which was convened and held pursuant to the COVID-19 Temporary Measures Order and the Checklist, Stapled Securityholders voted by appointing the chairman of the meeting as their proxy to vote on their behalf. 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 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 general meetings 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.

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.

For FY 2021, the Managers provided Stapled Securityholders with full unaudited half year and full year financial statements within the relevant periods prescribed by the Listing Manual. These half year and full year financial statements were reviewed and approved by the Boards prior to release to Stapled Securityholders by announcement on SGXNet. The release of half year and full year financial statements were accompanied by news releases issued to the media and which were also made available on SGXNet. In presenting the half year and full year 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 announcement of half year and full year financial statements in FY 2021, in keeping with the Managers' commitment to provide its Stapled Securityholders with information promptly, the Managers also provided Stapled Securityholders, on a voluntary basis, with quarterly business updates in between the announcement of half-yearly financial statements. Such business updates contain, among other things, information on the Stapled Group's key operating and financial metrics. In addition to the release of financial statements and business updates, 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 80 to 83 of this Annual Report.

The Managers also have in place a corporate communications function supported by CLI'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 approach, environmental policies and stakeholder engagements can be found on pages 84 to 91 of this Annual Report and in ART's Sustainability Report 2021 which will be published in May 2022.

ADDITIONAL INFORMATION

Executive Committee

In addition to the AC and the NRC, 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	› 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 CLI 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 2021 are disclosed on page 350 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 CLI and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CLI 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 CLI 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 CLI 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 CLI 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 one-month period immediately preceding, and up to the time of the announcement of ART's half year and full year financial statements. Prior to the commencement of each relevant 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, Directors and certain employees identified as "Key Insiders" are prohibited from dealing in the securities of ART, except during the open trading window (being one calendar month commencing from the relevant date of announcement of ART's results), provided that they are not in possession of undisclosed material or price-sensitive information. Employees and Capital Markets Services Licence Appointed Representatives (CMSL Representatives) of the Managers are also 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 2021, 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 CLI Group's intranet, which is accessible by all employees of the Managers. The scope of the code is also published on ART's website and may be accessed at https://www.ascottresidencetrust.com/about-us/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 undergo training and adhere to CLI'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 has been put in place by the Managers which sets out the procedures for the Managers' employees and parties who have dealings with the Managers to make a report on misconduct or wrongdoings relating to the Managers and their officers. Procedures are put in place to provide such employees and parties with independent, 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 Managers ensure that the identity of the whistle-blower is kept confidential. 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 Managers are committed to ensuring protection of the whistle-blower against detrimental or unfair treatment. The AC maintains oversight and monitoring of whistle-blowing reports made in good faith 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 CLI 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 CLI 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, allows 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.

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 Managers have in place a policy on the prevention of money laundering and terrorism financing and remain 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.

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 2004) in respect of the financial year ended 31 December 2021 (FY 2021), which is set out on pages 132 to 138 of this Annual Report.

Composition of Board Committees in FY 2021

Board Members	Audit Committee	Executive Committee#	NRC^
Tan Beng Hai, Bob, C[1]	-	-	C
Beh Siew Kim, CEO	-	M	-
Zulkifli Bin Baharudin[2]	M	-	-
Sim Juat Quee Michael Gabriel	C	-	-
Chia Kim Huat	M	-	-
Deborah Lee Siew Yin	M	-	-
LG Ong Su Kiat Melvyn[3]	M	-	M
Lee Chee Koon[4]	-	C	-
Lim Cho Pin Andrew Geoffrey	-	M	-
Goh Soon Keat Kevin[5]	-	C	M

Denotes: C – Chairman M - Member CEO - Chief Executive Officer
\# Given the nature and scope of the work of the EC, their business was discussed/transacted primarily through conference call, correspondence and informal meetings.
^ Nominating and Remuneration Committee (NRC) was established with effect from 30 October 2021.
1 Mr Tan Beng Hai, Bob was appointed as chairman of the NRC with effect from 30 October 2021.
2 Mr Zulkifli Bin Baharudin stepped down as Non-Executive Independent Director with effect from 20 April 2021 and relinquished his role as member of the AC on the same day.
3. LG Ong Su Kiat Melvyn was appointed as Non-Executive Independent Director and member of the AC with effect from 1 May 2021 (which was after the AGM) and member of the NRC with effect from 30 October 2021.
4 Mr Lee Chee Koon stepped down as Non-Executive Non-Independent Director with effect from 20 April 2021 and relinquished his role as chairman of the EC on the same day.
5 Mr Goh Soon Keat Kevin was appointed as chairman of the EC with effect from 20 April 2021 and member of the NRC with effect from 30 October 2021.

Attendance Record of Meetings of Stapled Securityholders, Boards and Board Committees in FY 2021[1]

	Boards[5]	Audit Committee	AGM	EGM
No. of Meetings Held	**5**	**4**	**1**	**N.A.**
Board Members				
Tan Beng Hai, Bob	100%	-	100%	
Beh Siew Kim	100%	-	100%	
Zulkifli Bin Baharudin[2]	100%	100%	100%	
Sim Juat Quee Michael Gabriel	100%	100%	100%	
Chia Kim Huat	100%	100%	100%	
Deborah Lee Siew Yin	100%	100%	100%	
LG Ong Su Kiat Melvyn[3]	67%	100%	-	
Lee Chee Koon[4]	100%	-	100%	
Lim Cho Pin Andrew Geoffrey	100%	-	100%	
Goh Soon Keat Kevin	100%	-	100%	

N.A.: Not Applicable.
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.
2 Mr Zulkifli Bin Baharudin stepped down as Non-Executive Independent Director with effect from 20 April 2021 and relinquished his role as a member of the AC on the same day.
3 LG Ong Su Kiat Melvyn was appointed as Non-Executive Independent Director and a member of the AC with effect from 1 May 2021 (which was after the AGM) and a member of the NRC with effect from 30 October 2021.
4 Mr Lee Chee Koon stepped down as Non-Executive Non-Independent Director with effect from 20 April 2021 and relinquished his role as chairman of the EC on the same day.
5 Includes a Board Strategy meeting, a Business Plan & Budget meeting and an ad-hoc meeting.

KEY MANAGEMENT PERSONNEL'S REMUNERATION

Key Management Personnel's Remuneration Table for FY 2021

	Components of remuneration			
Remuneration	**Salary and employer's CPF**	**Bonus and other benefits inclusive of employer's CPF[1]**	**Award of Stapled Securities[2]**	**Total**
CEO				
Beh Siew Kim	33%	35%	32%	100%
Remuneration band for CEO: **Above S$1,000,000 to S$1,250,000[3]**				
Key Management Personnel (excluding CEO)				
Serena Teo Joo Ling[4] (for the period from 15 November to 31 December 2021) Kang Siew Fong Gerry Chan Kin Leong Denise Wong Xiao Fen	51%	39%	10%	100%
Aggregate of total remuneration for key management personnel (excluding CEO): **S$1,288,583[3]**				

1 The amounts disclosed include bonuses earned which have been accrued for in FY 2021.
2 The proportion of value of the Stapled Security awards is based on the fair value of the Stapled Securities comprised in the contingent awards under the Ascott Residence Trust Management Limited Restricted Stapled Security Plan (RSSP) and Ascott Residence Trust Management Limited Performance Stapled Security Plan (PSSP) at the time of grant in FY 2021. The final number of Stapled Securities released under the contingent awards of Stapled Securities for the RSSP and PSSP will depend on the achievement of pre-determined targets and subject to the respective vesting period under the RSSP and PSSP.
3 The disclosure excludes the one-time contingent Special PSP Award of 230,250 CLI shares granted to certain key management personnel, of which 177,116 CLI shares were granted to the CEO.
4 Serena Teo was appointed as Deputy CEO with effect from 15 November 2021.

Non-Executive Directors' Remuneration Table for FY 2021

	Components of Directors' fees[1,2] (S$)		
	Cash component	**Stapled Securities component[2]**	**Total (S$)[3]**
Non-Executive Directors			
Tan Beng Hai, Bob[4]	94,762.40	23,690.60	118,453.00
Zulkifli Bin Baharudin[5]	23,590.00	-	23,590.00
Sim Juat Quee Michael Gabriel	82,400.00	20,600.00	103,000.00
Chia Kim Huat	66,400.00	16,600.00	83,000.00
Deborah Lee Siew Yin	66,400.00	16,600.00	83,000.00
LG Ong Su Kiat Melvyn[6]	53,358.00	-	53,358.00
Lee Chee Koon[7]	N.A.[3]	N.A.[3]	N.A.[3]
Lim Cho Pin Andrew Geoffrey	N.A.[3]	N.A.[3]	N.A.[3]
Goh Soon Keat Kevin	N.A.[3]	N.A.[3]	N.A.[3]
Aggregate of remuneration for Non-Executive Directors: S$464,401.00			

N.A.: Not applicable
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 CLI Group or public officers) 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 Non-executive Directors who are employees of CLI Group do not receive Directors' fees.
4 Mr Tan Beng Hai, Bob was appointed as chairman of the NRC with effect from 30 October 2021.
5 Mr Zulkifli Bin Baharudin stepped down as Non-Executive Independent Director with effect from 20 April 2021 and relinquished his role as member of the AC on the same day. Mr Zulkifli will receive all his Director's fees for FY 2021 in cash.
6 LG Ong Su Kiat Melvyn was appointed as Non-Executive Independent Director and a member of the AC with effect from 1 May 2021 (which was after the AGM) and a member of the NRC with effect from 30 October 2021. The director fees payable to LG Ong, a public officer, will be paid in cash to a government agency.
7 Mr Lee Chee Koon stepped down as Non-Executive Non-Independent Director with effect from 20 April 2021 and relinquished his role as chairman of the EC on the same day.

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 2004 (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.

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 97 to 131 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 Board 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 CLI. CLI 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.

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 2021.

Fee	Amount (S$'000)	% in Cash	% in Units
Management Fee	4,186	50	50
Trustee Fee	163	100	-

For FY 2021, 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 2021 and any out-of-pocket expenses incurred were funded by Ascott BT's working capital.

The Trustee-Manager Board will meet to 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 eight 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;
Sim Juat Quee Michael Gabriel;
Chia Kim Huat;
Deborah Lee Siew Yin; and
LG Ong Su Kiat Melvyn (appointed with effect from 1 May 2021).

Ms Beh Siew Kim, 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 Lim Cho Pin Andrew Geoffrey and Mr Goh Soon Keat Kevin are employees of CLI.

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 Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat, Ms Deborah Lee Siew Yin and LG Ong Su Kiat Melvyn (appointed with effect from 1 May 2021), 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).

Contents

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 2001, 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 152 to 321 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
11 March 2022

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 152 to 321, 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 the Distribution Statement of 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 2021 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
11 March 2022

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 2021, together with the audited financial statements of Ascott BT and its subsidiaries (the "Ascott BT Group") for the financial year ended 31 December 2021.

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)
Sim Juat Quee Michael Gabriel
Chia Kim Huat
Deborah Lee Siew Yin
LG Ong Su Kiat Melvyn (appointed on 1 May 2021)
Lim Cho Pin Andrew Geoffrey
Goh Soon Keat Kevin

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 2004 (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	94,839	–	115,381	–
Beh Siew Kim	567,942	–	798,499	–
Sim Juat Quee Michael Gabriel	56,105	–	72,683	–
Chia Kim Huat	91,333	–	100,845	–
Deborah Lee Siew Yin	–	–	7,290	–
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 2021 and 21 January 2022.

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;
- Chia Kim Huat, Independent, Non-Executive Director;
- Deborah Lee Siew Yin, Independent, Non-Executive Director; and
- LG Ong Su Kiat Melvyn, Independent, Non-Executive Director.

The Audit Committee performs the functions specified in Section 201B of the Companies Act 1967, Regulation 13(6) of the Business Trusts Regulations 2005 ("BTR"), the Listing Manual by 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;
- semi-annual 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).

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.

AUDIT COMMITTEE (continued)

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 152 to 321 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 2021, 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 2004 (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
11 March 2022

Statement by the Chief Executive Officer of the Trustee-Manager

In accordance with Section 86 of the Business Trusts Act 2004, 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
11 March 2022

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 2021, the Statement of Total Return, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott Reit Group for the 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 2021, the Statement of Total Return and Statement of Comprehensive Income, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott BT Group for the 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 2021, the Statement of Total Return, Distribution Statement, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of Ascott Residence Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 152 to 321. 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 2021, 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 2004 (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 2021 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.

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 6 – 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 2021 of $6,297.9 million, $542.0 million and $302.9 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, capitalisation rate, revenue per available unit and gross development costs.

The external property valuers have included the 'material valuation uncertainty' clause in the valuation reports associated with certain investment properties and freehold land and buildings due to ongoing 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 external property 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.

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, capitalisation rate, 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.

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, capitalisation rate, 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.

Stapled Securityholders of Ascott Residence Trust
(Constituted under the Stapling Deed in the Republic of Singapore)

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.

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.

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 Lim Pang Yew, Victor.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
11 March 2022

Statements of Financial Position

AS AT 31 DECEMBER 2021

	Note	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Non-current assets							
Investment properties	4	**5,882,709**	5,253,374	**515,117**	548,447	**6,297,854**	5,687,743
Property, plant and equipment	5	**37,189**	35,471	**587,578**	573,808	**624,767**	609,279
Investment properties under development	6	**302,863**	229,900	**–**	–	**302,863**	229,900
Investment securities	7	**2,163**	2,072	**–**	–	**–**	–
Associate	11	**3,013**	3,026	**–**	–	**3,013**	3,026
Joint venture	12	**13,800**	–	**–**	–	**13,800**	–
Financial derivative assets	13	**18,814**	298	**1,097**	4,935	**19,911**	5,233
Deferred tax assets	14	**3,171**	3,027	**4,405**	3,435	**7,576**	6,462
		6,263,722	5,527,168	**1,108,197**	1,130,625	**7,269,784**	6,541,643
Current assets							
Inventories		**85**	124	**248**	214	**334**	338
Trade and other receivables	15	**183,038**	168,739	**10,520**	8,056	**104,429**	103,238
Assets held for sale	16	**1,519**	31,904	**–**	–	**1,519**	31,904
Financial derivative assets	13	**536**	–	**10,312**	–	**10,848**	–
Cash and cash equivalents	17	**301,163**	454,083	**45,169**	32,620	**346,332**	486,703
		486,341	654,850	**66,249**	40,890	**463,462**	622,183
Total assets		**6,750,063**	6,182,018	**1,174,446**	1,171,515	**7,733,246**	7,163,826
Non-current liabilities							
Financial liabilities	18	**1,733,950**	1,781,277	**230,789**	348,137	**1,964,739**	2,129,414
Financial derivative liabilities	13	**1,100**	24,075	**–**	4,840	**1,100**	28,915
Trade and other payables	19	**–**	6,475	**9,618**	10,214	**9,618**	16,689
Deferred income	20	**–**	216	**1,128**	2,169	**1,128**	2,385
Deferred tax liabilities	14	**111,455**	98,146	**38,330**	33,611	**149,785**	131,757
Lease liabilities	21	**267,238**	275,056	**94,448**	108,570	**267,238**	275,056
		2,113,743	2,185,245	**374,313**	507,541	**2,393,608**	2,584,216
Current liabilities							
Financial liabilities	18	**645,764**	333,081	**118,421**	–	**764,185**	333,081
Financial derivative liabilities	13	**728**	645	**–**	–	**728**	645
Trade and other payables	19	**135,691**	161,394	**120,000**	97,618	**166,562**	185,455
Deferred income	20	**–**	145	**969**	1,790	**969**	1,935
Current tax liabilities		**28,932**	7,125	**1,902**	1,043	**30,834**	8,168
Lease liabilities	21	**8,641**	8,256	**5,524**	5,508	**8,641**	8,256
		819,756	510,646	**246,816**	105,959	**971,919**	537,540
Total liabilities		**2,933,499**	2,695,891	**621,129**	613,500	**3,365,527**	3,121,756
Net assets		**3,816,564**	3,486,127	**553,317**	558,015	**4,367,719**	4,042,070
Represented by:							
Stapled Securityholders' funds	22	**3,341,450**	3,013,168	**549,409**	554,083	**3,890,860**	3,567,251
Perpetual securities holders	23	**396,298**	396,298	**–**	–	**396,298**	396,298
Non-controlling interests	10	**78,816**	76,661	**3,908**	3,932	**80,561**	78,521
		3,816,564	3,486,127	**553,317**	558,015	**4,367,719**	4,042,070
Stapled Securities in issue ('000)	23	**3,276,547**	3,108,048	**3,276,547**	3,108,048	**3,276,547**	3,108,048
Net asset value per Stapled Security ($)		**1.02**	0.97	**0.17**	0.18	**1.19**	1.15

The accompanying notes form an integral part of these financial statements.

Statements of Total Return

YEAR ENDED 31 DECEMBER 2021

	Note	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Gross revenue	24	**301,973**	296,805	**106,818**	88,100	**394,412**	369,872
Direct expenses	25	**(156,867)**	(166,689)	**(64,255)**	(53,555)	**(221,122)**	(220,270)
Gross profit		**145,106**	130,116	**42,563**	34,545	**173,290**	149,602
Depreciation of buildings, plant and machinery		**–**	–	**(19,015)**	(18,930)	**(19,015)**	(18,930)
Finance income	26	**2,920**	1,766	**199**	240	**3,070**	1,990
Other income		**14,276**	572	**2,434**	–	**16,676**	555
Finance costs	26	**(49,168)**	(52,792)	**(15,981)**	(17,285)	**(55,977)**	(60,057)
Managers' management fees	27	**(20,534)**	(21,275)	**(4,186)**	(3,853)	**(24,720)**	(25,128)
Trustee's fee		**(729)**	(754)	**(163)**	(163)	**(892)**	(917)
Professional fees	28	**(3,632)**	(2,785)	**(640)**	(548)	**(4,272)**	(3,333)
Audit fees		**(2,331)**	(2,290)	**(470)**	(468)	**(2,801)**	(2,758)
Foreign exchange (loss)/ gain		**(2,439)**	12,845	**(871)**	9,077	**(3,310)**	21,922
Other operating expenses		**(6,797)**	(3,330)	**(561)**	(929)	**(7,359)**	(4,258)
Net income before share of results of associate and joint venture		**76,672**	62,073	**3,309**	1,686	**74,690**	58,688
Share of results (net of tax) of:							
– associate	11	**(28)**	56	**–**	–	**(28)**	56
– joint venture	12	**(211)**	–	**–**	–	**(211)**	–
Net income	29	**76,433**	62,129	**3,309**	1,686	**74,451**	58,744
Net change in fair value of investment properties, investment properties under development and assets held for sale		**115,809**	(362,480)	**4,993**	(21,667)	**126,058**	(379,092)
Net change in fair value of financial derivatives		**–**	(115)	**–**	(174)	**–**	(289)
Revaluation surplus/ (deficit) on freehold land and buildings		**–**	–	**21,201**	(26,594)	**21,201**	(26,594)
Net change in fair value of investment securities		**91**	(462)	**–**	–	**–**	–
Profit from divestments	30	**153,226**	78,428	**–**	–	**153,226**	78,428
Assets written off	4	**(4)**	(215)	**–**	–	**(4)**	(215)
Transaction costs relating to the combination[(1)]		**–**	531	**–**	523	**–**	1,054
Total return/(loss) for the year before income tax		**345,555**	(222,184)	**29,503**	(46,226)	**374,932**	(267,964)
Income tax (expense)/ credit	31	**(56,995)**	29,917	**(7,520)**	12,751	**(64,515)**	42,668
Total return/(loss) for the year		**288,560**	(192,267)	**21,983**	(33,475)	**310,417**	(225,296)

(1) Refers to the combination of Ascott Reit and Ascendas Hospitality Trust on 31 December 2019 (the "Combination")

The accompanying notes form an integral part of these financial statements.

Statements of Total Return

YEAR ENDED 31 DECEMBER 2021

	Note	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Total return/(loss) attributable to:							
Stapled Securityholders and perpetual securities holders		**287,488**	(189,669)	**21,913**	(32,735)	**309,317**	(222,549)
Non-controlling interests	10	**1,072**	(2,598)	**70**	(740)	**1,100**	(2,747)
		288,560	(192,267)	**21,983**	(33,475)	**310,417**	(225,296)
Earnings per Stapled Security (cents)	32						
Basic						**9.36**	(7.69)
Diluted						**9.32**	(7.69)

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income of the Ascott BT Group

YEAR ENDED 31 DECEMBER 2021

	2021 $'000	2020 $'000
Profit/(loss) for the year	**21,983**	(33,475)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation surplus on freehold land and buildings	**3,716**	–
	3,716	–
Items that may be reclassified subsequently to profit or loss:		
Effective portion of change in fair values of cash flow hedges	**1,495**	(909)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	**409**	491
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	**(13,045)**	19,076
Total other comprehensive income for the year, net of tax	**(11,141)**	18,658
Total comprehensive income for the year	**14,558**	(14,817)

The accompanying notes form an integral part of these financial statements.

Distribution Statements

YEAR ENDED 31 DECEMBER 2021

	Note	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Amount to be distributed to Stapled Securityholders at beginning of the year		**61,670**	90,986
Total return/(loss) attributable to Stapled Securityholders and perpetual securities holders		**309,317**	(222,549)
Less: Total return attributable to perpetual securities holders		**(13,495)**	(15,528)
Distribution adjustments	A	**(203,499)**	287,303
Income available for distribution to Stapled Securityholders for the year	B	**92,323**	49,226
Partial distribution of divestment gain		**45,000**	45,000
Distribution to Stapled Securityholders		**198,993**	185,212
Distributions to Stapled Securityholders during the year			
– 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)
– Distribution of 1.99 cents per Stapled Security for the period from 1 July 2020 to 31 December 2020		**(61,726)**	–
– Distribution of 2.05 cents per Stapled Security for the period from 1 January to 2021 to 30 June 2021		**(63,746)**	–
– Distribution of 0.545 cents per Stapled Security for the period from 1 July 2021 to 19 September 2021		**(17,006)**	–
		(142,478)	(123,542)
Amount to be distributed to Stapled Securityholders at end of the year		**56,515**	61,670

The accompanying notes form an integral part of these financial statements.

	Stapled Group 2021 $'000	Stapled Group 2020 $'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	**(126,058)**	379,092
– Revaluation (surplus)/deficit on freehold land and buildings	**(21,201)**	26,594
– Net change in fair value of financial derivatives	**–**	289
– Profit from divestments	**(153,226)**	(78,428)
– Assets written off	**4**	215
– Depreciation expense	**32,644**	34,215
– Managers' management fees paid/payable in Stapled Securities	**17,030**	16,908
– Ascott Reit Trustee's fee	**157**	155
– Foreign exchange loss/(gain) – unrealised	**14,609**	(20,887)
– Interest expense on lease liabilities	**10,519**	11,090
– Lease payments for right-of-use assets	**(17,454)**	(17,833)
– Deferred tax expense/(credit)	**19,327**	(73,959)
– Tax credit relating to the divestment of assets held for sale	**–**	(9,125)
– Tax expense relating to the divestment	**22,494**	26,696
– Non-controlling interests' share of adjustments	**(2,646)**	(7,204)
– Other adjustments	**302**	539
– Transaction costs relating to the Combination	**–**	(1,054)
Net effect of distribution adjustments	**(203,499)**	287,303

Note B – Income available for distribution to Stapled Securityholders for the year

	2021 $'000	2020 $'000
Comprises:		
– from operations[(a)]	**172,585**	29,695
– from Stapled Securityholders' contributions[(b)]	**(80,262)**	19,531
Distribution to Stapled Securityholders for the year	**92,323**	49,226

(a) Distribution income from operations comprise income received by Ascott Reit and Ascott BT, including taxable profits from operations arising from the Singapore properties (net of attributable expenses) and tax-exempt dividend income recognised at Ascott Reit and Ascott BT.

(b) Distribution 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.

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Stapled Securityholders' Funds

YEAR ENDED 31 DECEMBER 2021

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.

YEAR ENDED 31 DECEMBER 2021

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	–	–	3,007	–	–	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 2021

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 2021	2,156,084	1,046,186	(183,094)	3,348	(9,356)	3,013,168	396,298	76,661	3,486,127
Total return for the year	–	287,488	–	–	–	287,488	–	1,072	288,560
Total return attributable to perpetual securities holders	–	(13,495)	–	–	–	(13,495)	13,495	–	–
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	–	–	–	–	5,967	5,967	–	–	5,967
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	–	3,347	3,347	–	–	3,347
Realisation of reserves upon divestment	–	1,389	2,046	(1,389)	–	2,046	–	–	2,046
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	6,856	–	–	6,856	–	1,630	8,486
Total other comprehensive income	–	1,389	8,902	(1,389)	9,314	18,216	–	1,630	19,846
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Stapled Securities	14,907	–	–	–	–	14,907	–	–	14,907
Issue of Stapled Securities under private placement	150,000	–	–	–	–	150,000	–	–	150,000
Issue expenses relating to private placement	(1,950)	–	–	–	–	(1,950)	–	–	(1,950)
Distribution to Stapled Securityholders	(5,292)	(115,913)	–	–	–	(121,205)	–	–	(121,205)
Distribution to perpetual securities holders	–	–	–	–	–	–	(13,495)	–	(13,495)
Distribution to non-controlling interests	–	–	–	–	–	–	–	(868)	(868)
Total contributions by and distributions to owners	157,665	(115,913)	–	–	–	41,752	(13,495)	(868)	27,389

The accompanying notes form an integral part of these financial statements.

YEAR ENDED 31 DECEMBER 2021

	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	–	–	(4,123)	(1,235)	–	(5,358)	–	–	(5,358)
Change in ownership interests in subsidiaries with no change in control	–	(321)	–	–	–	(321)	–	321	–
Total changes in ownership interests in subsidiaries	–	(321)	(4,123)	(1,235)	–	(5,679)	–	321	(5,358)
At 31 December 2021	2,313,749	1,205,334	(178,315)	724	(42)	3,341,450	396,298	78,816	3,816,564

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Stapled Securityholders' Funds

YEAR ENDED 31 DECEMBER 2021

Ascott BT Group	Attributable to Stapled Securityholders: 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 2021

Ascott BT Group	Attributable to Stapled Securityholders: Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Asset revaluation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2021	667,802	(132,164)	18,860	(415)	–	554,083	3,932	558,015
Total comprehensive income for the year								
Profit for the year	–	21,913	–	–	–	21,913	70	21,983
Revaluation surplus on freehold land and buildings	–	–	–	–	3,679	3,679	37	3,716
Effective portion of change in fair values of cash flow hedges	–	–	–	1,476	–	1,476	19	1,495
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	409	–	409	–	409
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	(12,972)	–	–	(12,972)	(73)	(13,045)
Total comprehensive income	–	21,913	(12,972)	1,885	3,679	14,505	53	14,558
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Ascott BT Trustee-Manager's management fee payable in Stapled Securities	2,094	–	–	–	–	2,094	–	2,094
Distribution to Stapled Securityholders	(21,571)	298	–	–	–	(21,273)	–	(21,273)
Distribution to non-controlling interests	–	–	–	–	–	–	(77)	(77)
Total contributions by and distributions to owners	(19,477)	298	–	–	–	(19,179)	(77)	(19,256)
At 31 December 2021	648,325	(109,953)	5,888	1,470	3,679	549,409	3,908	553,317

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Stapled Securityholders' Funds

YEAR ENDED 31 DECEMBER 2021

Stapled 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	2,857,207	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 securities holders	–	–	–	–	–	–	(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.

YEAR ENDED 31 DECEMBER 2021

Stapled 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	–	–	3,007	–	–	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.

Statements of Movements in Stapled Securityholders' Funds

YEAR ENDED 31 DECEMBER 2021

Stapled Group	Attributable to Stapled Securityholders									
	Stapled Securities in issue $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Asset revaluation reserve $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2021	2,823,886	913,877	(164,086)	3,348	(9,774)	–	3,567,251	396,298	78,521	4,042,070
Total return for the year	–	309,317	–	–	–	–	309,317	–	1,100	310,417
Total return attributable to perpetual securities holders	–	(13,495)	–	–	–	–	(13,495)	13,495	–	–
Other comprehensive income										
Effective portion of change in fair values of cash flow hedges	–	–	–	–	7,462	–	7,462	–	–	7,462
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	–	–	–	–	3,756	–	3,756	–	–	3,756
Realisation of reserves upon divestment	–	1,389	2,046	(1,389)	–	–	2,046	–	–	2,046
Revaluation surplus on freehold land and buildings	–	–	–	–	–	3,716	3,716	–	–	3,716
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	(6,087)	–	–	–	(6,087)	–	1,530	(4,557)
Total other comprehensive income	–	1,389	(4,041)	(1,389)	11,218	3,716	10,893	–	1,530	12,423
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Ascott Reit Manager's management fee payable in Stapled Securities	14,907	–	–	–	–	–	14,907	–	–	14,907
Ascott BT Trustee-Manager's management fee payable in Stapled Securities	2,094	–	–	–	–	–	2,094	–	–	2,094
Issue of Stapled Securities under private placement	150,000	–	–	–	–	–	150,000	–	–	150,000
Issue expenses relating to private placement	(1,950)	–	–	–	–	–	(1,950)	–	–	(1,950)
Distribution to Stapled Securityholders	(26,863)	(115,615)	–	–	–	–	(142,478)	–	–	(142,478)
Distribution to perpetual securities holders	–	–	–	–	–	–	–	(13,495)	–	(13,495)
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	(911)	(911)
Total contributions by and distributions to owners	138,188	(115,615)	–	–	–	–	22,573	(13,495)	(911)	8,167

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Stapled Securityholders' Funds

YEAR ENDED 31 DECEMBER 2021

	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	Asset revaluation 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	–	–	(4,123)	(1,235)	–	–	(5,358)	–	–	(5,358)
Change in ownership interests in subsidiaries with no change in control	–	(321)	–	–	–	–	(321)	–	321	–
Total changes in ownership interests in subsidiaries	–	(321)	(4,123)	(1,235)	–	–	(5,679)	–	321	(5,358)
At 31 December 2021	2,962,074	1,095,152	(172,250)	724	1,444	3,716	3,890,860	396,298	80,561	4,367,719

The accompanying notes form an integral part of these financial statements.

By Geography

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Percentage of Stapled Securityholders' funds Stapled Group 2020 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2021 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2020 %
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	**159,455**	153,993	**159,455**	153,993	**4.1**	4.3	**4.8**	5.1
Citadines Connect Sydney Airport	113-121 Baxter Road, Mascot, New South Wales, NSW 2020	Freehold	Not applicable	**Not applicable**	Not applicable	**61,958**	64,535	**61,958**	64,535	**1.6**	1.8	**1.9**	2.1
Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth WA 6000	Freehold	Not applicable	**Not applicable**	Not applicable	**18,005**	18,074	**18,005**	18,074	**0.5**	0.5	**0.5**	0.6
Quest Campbelltown	1 Rennie Road, Woodbine, NSW 2560	Freehold	Not applicable	**Not applicable**	Not applicable	**22,274**	22,220	**22,274**	22,220	**0.6**	0.6	**0.7**	0.7
Quest Mascot	108-114 Robey Road, Mascot, NSW 2020	Freehold	Not applicable	**Not applicable**	Not applicable	**25,675**	25,947	**25,675**	25,947	**0.7**	0.7	**0.8**	0.9
Quest Macquarie Park	71 Epping Road, Macquarie Park, NSW 2113	Freehold	Not applicable	**Not applicable**	Not applicable	**43,453**	48,511	**43,453**	48,511	**1.1**	1.5	**1.3**	1.6
Quest Sydney Olympic Park	6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127	Leasehold	99 years	**90 years**	91 years	**45,734**	40,828	**45,734**	40,828	**1.2**	1.1	**1.4**	1.4
Balance carried forward						**376,554**	374,108	**376,554**	374,108	**9.8**	10.5	**11.4**	12.4

The accompanying notes form an integral part of these financial statements.

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Percentage of Stapled Securityholders' funds Stapled Group 2020 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2021 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2020 %
Balance brought forward						**376,554**	374,108	**376,554**	374,108	**9.8**	10.5	**11.4**	12.4
Belgium													
Citadines Sainte-Catherine Brussels	51 quai au Bois à Brûler, 1000 Brussels	Freehold	Not applicable	**Not applicable**	Not applicable	**32,561**	34,002	**32,561**	34,002	**0.8**	1.0	**1.0**	1.1
Citadines Toison d'Or Brussels	61-63 avenue de la Toison d'Or, 1060 Brussels	Freehold	Not applicable	**Not applicable**	Not applicable	**28,253**	29,352	**28,253**	29,352	**0.7**	0.8	**0.8**	1.0
China													
Citadines Xinghai Suzhou	Block 27, Jiacheng Gardens, 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021	Leasehold	70 years	**45 years**	46 years	**28,998**	27,450	**28,998**	27,450	**0.7**	0.8	**0.9**	0.9
Citadines Zhuankou Wuhan	159 Dongfeng Avenue (Xianglong Business Centre Zone C), Wuhan Economic and Technological Development Zone, Wuhan 430056	Leasehold	40 years	**22 years**	23 years	**40,776**	38,941	**40,776**	38,941	**1.0**	1.1	**1.2**	1.3
Balance carried forward						**507,142**	503,853	**507,142**	503,853	**13.0**	14.2	**15.3**	16.7

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Percentage of Stapled Securityholders' funds Stapled Group 2020 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2021 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2020 %
Balance brought forward						**507,142**	503,853	**507,142**	503,853	**13.0**	14.2	**15.3**	16.7
***China** (continued)*													
Somerset Grand Central Dalian	No. 128-2 Jinma Road, Dalian Development Area, Dalian 116600	Leasehold	50 years	**35 years**	36 years	**92,108**	88,745	**92,108**	88,745	**2.4**	2.5	**2.8**	2.9
Somerset Heping Shenyang	80 Taiyuan North Street, Heping District, Shenyang 110000	Leasehold	40 years	**25 years**	26 years	**69,742**	67,770	**69,742**	67,770	**1.8**	1.9	**2.1**	2.2
Somerset Olympic Tower Property Tianjin	126 Chengdu Road, Heping District, Tianjin 300051	Leasehold	70 years	**41 years**	42 years	**68,009**	65,469	**68,009**	65,469	**1.7**	1.8	**2.0**	2.2
Somerset Xu Hui Shanghai[1]	888 Shaanxi Nan Road, Xu Hui District, Shanghai 200031	Leasehold	70 years	–	45 years	–	78,745	–	78,745	–	2.2	–	2.6
Balance carried forward						**737,001**	804,582	**737,001**	804,582	**18.9**	22.6	**22.2**	26.6

(1) Somerset Xu Hui Shanghai was divested on 27 May 2021 to Shanghai Junhui Shiye Co. Ltd., an unrelated third party, through the divestment of the Ascott Reit Group's interest 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 property value of the property of RMB1,050 million, being 171% above the valuation of the property as at 31 December 2020.

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**737,001**	804,582	**737,001**	804,582	**18.9**	22.6	**22.2**	26.6
France													
Citadines Antigone Montpellier[2]	588 boulevard d'Antigone, 34000 Montpellier	Freehold	Not applicable	Not applicable	Not applicable	**15,230**	14,676	**15,230**	14,676	**0.4**	0.4	**0.5**	0.5
Citadines Austerlitz Paris[2]	27 rue Esquirol, 75013 Paris	Freehold	Not applicable	Not applicable	Not applicable	**11,846**	11,964	**11,846**	11,964	**0.3**	0.3	**0.4**	0.4
Citadines Castellane Marseille[2]	60 rue du Rouet, 13006 Marseille	Freehold	Not applicable	Not applicable	Not applicable	**10,307**	9,890	**10,307**	9,890	**0.3**	0.3	**0.3**	0.3
Citadines City Centre Lille[2]	Avenue Willy Brandt – Euralille, 59777 Lille	Freehold	Not applicable	Not applicable	Not applicable	**13,384**	13,240	**13,384**	13,240	**0.3**	0.4	**0.4**	0.4
Citadines Croisette Cannes[2]	1 rue le Poussin, 06400 Cannes	Freehold	Not applicable	Not applicable	Not applicable	**7,846**	7,817	**7,846**	7,817	**0.2**	0.2	**0.2**	0.3
Balance carried forward						**795,614**	862,169	**795,614**	862,169	**20.4**	24.2	**24.0**	28.5

(2) As at 31 December 2021, these 20 (31 December 2020: 20) 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 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease		At Valuation				Percentage of Stapled Securityholders' funds			
						Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
				2021	2020	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 %	2020 %	2021 %	2020 %
Balance brought forward						**795,614**	862,169	**795,614**	862,169	**20.4**	24.2	**24.0**	28.5
***France** (continued)*													
Citadines Les Halles Paris(2)	4 rue des Innocents, 75001 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**90,426**	92,012	**90,426**	92,012	**2.3**	2.6	**2.7**	3.1
Citadines Maine Montparnasse Paris(2)	67 avenue du Maine, 75014 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**17,076**	17,707	**17,076**	17,707	**0.4**	0.5	**0.5**	0.6
Citadines Montmartre Paris(2)	16 avenue Rachel, 75018 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**37,536**	37,009	**37,536**	37,009	**1.0**	1.0	**1.1**	1.2
Citadines Place d'Italie Paris(2)	18 place d'Italie, 75013 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**53,382**	52,961	**53,382**	52,961	**1.4**	1.5	**1.6**	1.8
Citadines Prado Chanot Marseille(2)	9-11 boulevard de Louvain, 13008 Marseille	Freehold	Not applicable	**Not applicable**	Not applicable	**8,646**	8,487	**8,646**	8,487	**0.2**	0.2	**0.3**	0.3
Balance carried forward						**1,002,680**	1,070,345	**1,002,680**	1,070,345	**25.7**	30.0	**30.2**	35.5

(2) As at 31 December 2021, these 20 (31 December 2020: 20) investment properties are leased to related corporations under master lease arrangements.

The accompanying notes form an integral part of these financial statements.

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**1,002,680**	1,070,345	**1,002,680**	1,070,345	**25.7**	30.0	**30.2**	35.5
***France** (continued)*													
Citadines Presqu'île Lyon[2]	2 rue Thomassin, 69002 Lyon	Freehold	Not applicable	**Not applicable**	Not applicable	**20,307**	21,217	**20,307**	21,217	**0.5**	0.6	**0.6**	0.7
Citadines République Paris[2]	75 bis, avenue Parmentier, 75011 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**21,999**	22,652	**21,999**	22,652	**0.6**	0.6	**0.7**	0.8
Citadines Tour Eiffel Paris[2]	132 boulevard de Grenelle, 75015 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**70,181**	71,992	**70,181**	71,992	**1.8**	2.0	**2.1**	2.4
Citadines Trocadéro Paris[2]	29 bis, rue Saint-Didier, 75116 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**50,536**	49,867	**50,536**	49,867	**1.3**	1.4	**1.5**	1.7
La Clef Louvre Paris[2]	8 rue de Richelieu, 75001 Paris	Freehold	Not applicable	**Not applicable**	Not applicable	**47,074**	46,277	**47,074**	46,277	**1.2**	1.3	**1.4**	1.5
Balance carried forward						**1,212,777**	1,282,350	**1,212,777**	1,282,350	**31.1**	35.9	**36.5**	42.6

(2) As at 31 December 2021, these 20 (31 December 2020: 20) 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 2021

						At Valuation				Percentage of Stapled Securityholders' funds			
				Remaining Term of Lease		Stapled Group		Ascott Reit Group		Stapled Group		Ascott Reit Group	
Description of Property	Location	Tenure of Land	Term of Lease	2021	2020	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 %	2020 %	2021 %	2020 %
Balance brought forward						**1,212,777**	1,282,350	**1,212,777**	1,282,350	**31.1**	35.9	**36.5**	42.6
Germany													
Citadines Arnulfpark Munich[2]	Arnulfstrasse 51, 80636 München	Freehold	Not applicable	**Not applicable**	Not applicable	**36,890**	38,620	**36,890**	38,620	**0.9**	1.2	**1.1**	1.3
Citadines City Centre Frankfurt[2]	Europa-Allee 23, 60327 Frankfurt am Main	Freehold	Not applicable	**Not applicable**	Not applicable	**61,535**	64,766	**61,535**	64,766	**1.6**	1.8	**1.8**	2.1
Citadines Kurfürstendamm Berlin[2]	Olivaer Platz 1, 10707 Berlin-Wilmersdorf	Freehold	Not applicable	**Not applicable**	Not applicable	**22,676**	22,652	**22,676**	22,652	**0.6**	0.6	**0.7**	0.8
Citadines Michel Hamburg[2]	Ludwig-Erhard-Straße 7, 20459 Hamburg	Leasehold	99 years	**89 years**	90 years	**48,613**	49,930	**48,613**	49,930	**1.3**	1.4	**1.5**	1.7
The Madison Hamburg	Schaarsteinweg 4, 20459 Hamburg	Freehold	Not applicable	**Not applicable**	Not applicable	**75,688**	79,184	**75,688**	79,184	**2.0**	2.2	**2.3**	2.6
Indonesia													
Ascott Jakarta[3]	Jalan Kebon Kacang Raya No. 2, Jakarta 10230	Leasehold	26 years	**2 years**	3 years	**57,978**	57,718	**57,978**	57,718	**1.5**	1.6	**1.7**	1.9
Somerset Grand Citra Jakarta[3]	Jalan Prof Dr Satrio Kav. 1, Jakarta 12940	Leasehold	30 years	**3 years**	4 years	**35,299**	36,202	**35,299**	36,202	**0.9**	1.0	**1.1**	1.2
Balance carried forward						**1,551,456**	1,631,422	**1,551,456**	1,631,422	**39.9**	45.7	**46.7**	54.2

(2) As at 31 December 2021, these 20 (31 December 2020: 20) investment properties are leased to related corporations under master lease arrangements.
(3) The valuations of the Indonesia properties were based on the assumption that the lease will be renewed upon their expiry.

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**1,551,456**	1,631,422	**1,551,456**	1,631,422	**39.9**	45.7	**46.7**	54.2
Japan													
Citadines Central Shinjuku	1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo 1600021	Freehold	Not applicable	**Not applicable**	Not applicable	**132,757**	140,255	**132,757**	140,255	**3.4**	4.0	**4.0**	4.7
Citadines Karasuma-Gojo Kyoto	432 Matsuya-cho, Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105	Freehold	Not applicable	**Not applicable**	Not applicable	**51,074**	58,158	**51,074**	58,158	**1.3**	1.6	**1.5**	1.9
Citadines Shinjuku Tokyo	1-28-13 Shinjuku, Shinjuku-ku, Tokyo 1600022	Freehold	Not applicable	**Not applicable**	Not applicable	**100,287**	113,866	**100,287**	113,866	**2.6**	3.2	**3.0**	3.8
Actus Hakata V-Tower	3-15-10 Hakata Ekimae, Hakata-ku, Fukuoka	Freehold	Not applicable	**Not applicable**	Not applicable	**47,999**	48,539	**47,999**	48,539	**1.2**	1.4	**1.4**	1.6
Big Palace Kita 14 jo	4-1-6 Kita 14 jo Nishi, Kita-ku, Sapporo	Freehold	Not applicable	**Not applicable**	Not applicable	**21,111**	19,281	**21,111**	19,281	**0.5**	0.5	**0.6**	0.6
Gravis Court Kakomachi	13-10, Kakomachi, Naka-ku, Hiroshima	Freehold	Not applicable	**Not applicable**	Not applicable	**7,424**	7,638	**7,424**	7,638	**0.2**	0.2	**0.2**	0.3
Balance carried forward						**1,912,108**	2,019,159	**1,912,108**	2,019,159	**49.1**	56.6	**57.4**	67.1

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**1,912,108**	2,019,159	**1,912,108**	2,019,159	**49.1**	56.6	**57.4**	67.1
***Japan** (continued)*													
Gravis Court Kokutaiji	2-1-9, Kokutaijimachi, Naka-ku, Hiroshima	Freehold	Not applicable	**Not applicable**	Not applicable	**5,669**	5,912	**5,669**	5,912	**0.1**	0.2	**0.2**	0.2
Gravis Court Nishiharaekimae	8-38-10, Nishihara, Asaminami-ku, Hiroshima	Freehold	Not applicable	**Not applicable**	Not applicable	**4,708**	4,843	**4,708**	4,843	**0.1**	0.1	**0.1**	0.2
Infini Garden	3-2-2,3,4,5 KashiiTeriha, Higashi-ku, Fukuoka	Freehold	Not applicable	**Not applicable**	Not applicable	**87,498**	88,138	**87,498**	88,138	**2.2**	2.5	**2.6**	2.9
Roppongi Residences Tokyo	3-4-31 Roppongi, Minato-ku, Tokyo 106-0032	Freehold	Not applicable	**Not applicable**	Not applicable	**42,140**	41,259	**42,140**	41,259	**1.1**	1.2	**1.3**	1.4
S-Residence Fukushima Luxe	7-22-9, Fukushima, Fukushima-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**37,404**	40,003	**37,404**	40,003	**1.0**	1.1	**1.1**	1.3
S-Residence Hommachi Marks	2-3-6, Tokuicho, Chuo-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**20,043**	20,685	**20,043**	20,685	**0.5**	0.6	**0.6**	0.7
S-Residence Midoribashi Serio	3-17-6, Nakamoto, Higashinari-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**17,909**	18,315	**17,909**	18,315	**0.5**	0.5	**0.5**	0.6
S-Residence Tanimachi 9 chome	4-29, Ikutamamaemachi, Tennoji-ku, Osaka	Freehold	Not applicable	**Not applicable**	Not applicable	**21,467**	22,231	**21,467**	22,231	**0.6**	0.6	**0.6**	0.7
Hotel WBF Honmachi	4-4-10, Kitakyuhojimachi, Chuo-ku, Osaka 541-0057	Freehold	Not applicable	**Not applicable**	Not applicable	**34,394**	44,050	**34,394**	44,050	**0.9**	1.2	**1.0**	1.5
Hotel WBF Kitasemba East	2-6-8, Awajicho, Chuo-ku, Osaka 541-0047	Freehold	Not applicable	**Not applicable**	Not applicable	**36,529**	42,762	**36,529**	42,762	**0.9**	1.2	**1.1**	1.4
Balance carried forward						**2,219,869**	2,347,357	**2,219,869**	2,347,357	**57.0**	65.8	**66.5**	78.0

The accompanying notes form an integral part of these financial statements.

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**2,219,869**	2,347,357	**2,219,869**	2,347,357	**57.0**	65.8	**66.5**	78.0
Japan *(continued)*													
Hotel WBF Kitasemba West	3-2-7, Awajicho, Chuo-ku, Osaka 541-0047	Freehold	Not applicable	**Not applicable**	Not applicable	**36,840**	43,091	**36,840**	43,091	**0.9**	1.2	**1.1**	1.4
Sotetsu Grand Fresa Tokyo-Bay Ariake	3-6-6 Ariake Koto-ku, Tokyo 135-0063	Freehold	Not applicable	**Not applicable**	Not applicable	**320,220**	342,608	**320,220**	342,608	**8.2**	9.6	**9.6**	11.3
Alpha Square Kita 15 jo[(4)]	2-5,Kita 15 jo Higashi 1-chome, Higashi-ku, Sapporo-shi, Hokkaido	Freehold	Not applicable	**Not applicable**	–	**28,464**	–	**28,464**	–	**0.6**	–	**0.9**	–
Big Palace Minami 5 jo[(5)]	3-1, Minami 5-jo Nishi 8-chome, Chuo-ku, Sappora-shi, Hokkaido	Freehold	Not applicable	**Not applicable**	–	**29,650**	–	**29,650**	–	**0.8**	–	**0.9**	–
City Court Kita 1 jo[(6)]	6-3 Kita 1-jo Higashi 1-chome, Chuo-ku, Sapporo-shi, Hokkaido	Freehold	Not applicable	**Not applicable**	–	**33,327**	–	**33,327**	–	**0.9**	–	**1.0**	–
Balance carried forward						**2,668,370**	2,733,056	**2,668,370**	2,733,056	**68.4**	76.6	**80.0**	90.7

(4) On 25 June 2021, the Ascott REIT Group acquired Alpha Square Kita 15 jo from Alpha Court Co., Ltd., an unrelated third party. The valuation was based on discounted cashflow method.
(5) On 17 June 2021, the Ascott REIT Group acquired Big Palace Minami 5 jo from Big Co. Ltd, an unrelated third party. The valuation was based on discounted cashflow method.
(6) On 30 June 2021, the Ascott REIT Group acquired City Court Kita 1 jo from G Nine Japan Ten TMK, an unrelated third party. The valuation was based on discounted cashflow method.

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Percentage of Stapled Securityholders' funds Stapled Group 2020 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2021 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2020 %
Balance brought forward						**2,668,370**	2,733,056	**2,668,370**	2,733,056	**68.4**	76.6	**80.0**	90.7
Malaysia													
Somerset Kuala Lumpur	187, Jalan Ampang, 50450, Kuala Lumpur	Freehold	Not applicable	**Not applicable**	Not applicable	**43,444**	43,626	**43,444**	43,626	**1.1**	1.2	**1.3**	1.4
Philippines													
Ascott Makati	Glorietta 4, Ayala Center, Makati City 1224	Leasehold	48 years	**23 years**	24 years	**107,227**	114,769	**107,227**	114,769	**2.8**	3.2	**3.2**	3.8
Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229	Freehold	Not applicable	**Not applicable**	Not applicable	**15,167**	15,937	**15,167**	15,937	**0.4**	0.5	**0.5**	0.5
Singapore													
Ascott Orchard Singapore[(2)]	11 Cairnhill Road, Singapore 229724	Leasehold	99 years	**91 years**	92 years	**398,614**	396,904	**398,614**	396,904	**10.3**	11.2	**11.9**	13.2
Somerset Liang Court Property Singapore (under development)	177B River Valley Road, Singapore 179032	Leasehold	99 years	**99 years**	56 years	**184,000**	143,100	**184,000**	143,100	**4.7**	4.0	**5.5**	4.7
Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	Leasehold	96 years	**83 years**	84 years	**122,557**	122,108	**122,557**	122,108	**3.1**	3.4	**3.7**	4.1
Balance carried forward						**3,539,379**	3,569,500	**3,539,379**	3,569,500	**90.8**	100.1	**106.1**	118.4

(2) As at 31 December 2021, these 20 (31 December 2020: 20) investment properties are leased to related corporations under master lease arrangements.

The accompanying notes form an integral part of these financial statements.

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**3,539,379**	3,569,500	**3,539,379**	3,569,500	**90.8**	100.1	**106.1**	118.4
***Singapore** (continued)*													
lyf one-north Singapore (under development)	80 Nepal Park, Singapore 139409	Leasehold	60 years	**57 years**	58 years	**118,863**	86,800	**118,863**	86,800	**3.1**	2.4	**3.6**	2.9
Riverside Hotel Robertson Quay (formerly known as Park Hotel Clarke Quay)	1 Unity Street, Singapore 237983	Leasehold	99 years	**83 years**	84 years	**321,975**	322,000	**321,975**	322,000	**8.3**	9.0	**9.6**	10.7
Spain													
Citadines Ramblas Barcelona	Ramblas 122, 08002 Barcelona	Freehold	Not applicable	**Not applicable**	Not applicable	**61,394**	64,897	**61,394**	64,897	**1.6**	1.8	**1.8**	2.2
The United Kingdom													
Citadines Barbican London	7-21 Goswell Road, London EC1M 7AH	Freehold	Not applicable	**Not applicable**	Not applicable	**77,875**	72,000	**77,875**	72,000	**2.0**	2.0	**2.3**	2.4
Citadines Trafalgar Square London	18/21 Northumberland Avenue, London WC2N 5EA	Freehold	Not applicable	**Not applicable**	Not applicable	**178,436**	156,065	**178,436**	156,065	**4.6**	4.4	**5.3**	5.2
Citadines South Kensington London	35A Gloucester Road, London SW7 4PL	Freehold	Not applicable	**Not applicable**	Not applicable	**79,106**	69,517	**79,106**	69,517	**2.0**	1.9	**2.4**	2.3
Citadines Holborn-Covent Garden London	94-99 High Holborn, London WC1V 6LF	Freehold	Not applicable	**Not applicable**	Not applicable	**162,327**	144,636	**162,327**	144,636	**4.2**	4.1	**4.9**	4.8
Balance carried forward						**4,539,355**	4,485,415	**4,539,355**	4,485,415	**116.6**	125.7	**136.0**	148.9

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**4,539,355**	4,485,415	**4,539,355**	4,485,415	**116.6**	125.7	**136.0**	148.9
The United States of America													
voco Times Square South (formerly known as Hotel Central Times Square)	343 West 36th Street, New York, New York 10018	Freehold	Not applicable	**Not applicable**	Not applicable	**153,168**	136,911	**153,168**	136,911	**3.9**	3.9	**4.6**	4.5
Element New York Times Square West	311 West 39th Street, New York, New York 10018	Leasehold	99 years	**91 years**	92 years	**193,693**	177,556	**193,693**	177,556	**5.0**	5.0	**5.8**	5.9
Sheraton Tribeca New York Hotel	370 Canal Street, New York, New York 10013	Leasehold	99 years	**91 years**	92 years	**195,063**	179,820	**195,063**	179,820	**5.0**	5.0	**5.8**	6.0
Paloma West Midtown (formerly known as Signature West Midtown)(7)	800 Marietta Street NW, Atlanta, Georgia 30318	Freehold	Not applicable	**Not applicable**	–	**144,083**	–	**144,083**	–	**3.7**	–	**4.3**	–
Wildwood Lubbock(8)	1701 N Quaker Avenue, Lubbock, Texas 79416	Freehold	Not applicable	**Not applicable**	–	**99,855**	–	**99,855**	–	**2.6**	–	**3.0**	–
Seven07(9)	707 South Fourth Street, Champaign, Illinois 61820	Freehold	Not applicable	**Not applicable**	–	**115,164**	–	**115,164**	–	**3.0**	–	**3.4**	–
Balance carried forward						**5,440,381**	4,979,702	**5,440,381**	4,979,702	**139.8**	139.6	**162.9**	165.3

(7) On 27 February 2021, the Ascott Reit Group acquired Paloma West Midtown (formerly known as Signature West Midtown) from Atlanta Student LL, LLC, an unrelated third party. The valuation was based on direct capitalisation method.

(8) On 22 September 2021, the Ascott Reit Group acquired Wildwood Lubbock from CH Realty VIII/SH Lubbock Wildwood, L.P., an unrelated third party. The valuation was based on direct capitalisation method.

(9) On 16 November 2021, the Ascott Reit Group acquired Seven07 from CRP/ODC Champaign Venture, L.L.C., an unrelated third party. The valuation was based on direct capitalisation method.

The accompanying notes form an integral part of these financial statements.

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Percentage of Stapled Securityholders' funds Stapled Group 2020 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2021 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2020 %
Balance brought forward						**5,440,381**	4,979,702	**5,440,381**	4,979,702	**139.8**	139.6	**162.9**	165.3
The United States of America *(continued)*													
The Link University City[10]	3600 Lancaster Avenue, Philadelphia, Pennsylvania 19104	Freehold	Not applicable	**Not applicable**	–	**89,046**	–	**89,046**	–	**2.3**	–	**2.7**	–
Uncommon Wilmington[11]	2421 Playa Way, Wilmington, North Carolina 28403	Freehold	Not applicable	**Not applicable**	–	**74,315**	–	**74,315**	–	**1.9**	–	**2.2**	–
Latitude on Hillsborough[12]	5701 Hillsborought Street, Raleigh, North Carolina 27606	Freehold	Not applicable	**Not applicable**	–	**88,205**	–	**88,205**	–	**2.3**	–	**2.6**	–
Balance carried forward						**5,691,947**	4,979,702	**5,691,947**	4,979,702	**146.3**	139.6	**170.4**	165.3

(10) On 30 December 2021, the Ascott Reit Group acquired The Link University City from CA Residential Drexel, LLC, an unrelated third party. The valuation was based on direct capitalisation and discounted cashflow methods.

(11) On 30 December 2021, the Ascott Reit Group acquired Uncommon Wilmington from DRI/CA Wilmington, LLC, an unrelated third party. The valuation was based on direct capitalisation method.

(12) On 30 December 2021, the Ascott Reit Group acquired Latitude on Hillsborough from Raleigh NP Property Owner, LLC, an unrelated third party. The valuation was based on discounted cashflow method.

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Percentage of Stapled Securityholders' funds Stapled Group 2020 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2021 %	Percentage of Stapled Securityholders' funds Ascott Reit Group 2020 %
Balance brought forward						**5,691,947**	4,979,702	**5,691,947**	4,979,702	**146.3**	139.6	**170.4**	165.3
Vietnam													
Somerset Chancellor Court Ho Chi Minh City	21-23 Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City	Leasehold	48 years	**20 years**	21 years	**47,089**	47,714	**47,089**	47,714	**1.2**	1.4	**1.4**	1.6
Somerset Grand Hanoi	49 Hai Ba Trung Street, Hanoi	Leasehold	45 years	**16 years**	17 years	**95,601**	96,533	**95,601**	96,533	**2.5**	2.7	**2.9**	3.2
Somerset Ho Chi Minh City	8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City	Leasehold	45 years	**18 years**	19 years	**39,854**	40,459	**39,854**	40,459	**1.0**	1.1	**1.2**	1.3
Somerset Hoa Binh Hanoi	106 Hoang Quoc Viet Street, Cau Giay, Hanoi	Leasehold	36 years	**20 years**	21 years	**35,202**	35,554	**35,202**	35,554	**0.9**	1.0	**1.0**	1.2
Portfolio of investment properties and investment properties under development						**5,909,693**	5,199,962	**5,909,693**	5,199,962	**151.9**	145.8	**176.9**	172.6
Right-of-use assets						**275,879**	283,312	**275,879**	283,312	**7.1**	7.9	**8.3**	9.4
Investment properties and investment properties under development on the Statement of Financial Position of the Ascott Reit Group						**6,185,572**	5,483,274	**6,185,572**	5,483,274	**159.0**	153.7	**185.2**	182.0
Balance carried forward						**6,185,572**	5,483,274	**6,185,572**	5,483,274	**159.0**	153.7	**185.2**	182.0

The accompanying notes form an integral part of these financial statements.

AS AT 31 DECEMBER 2021

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**6,185,572**	5,483,274	**6,185,572**	5,483,274	**159.0**	153.7	**185.2**	182.0
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	**243,131**	252,448	–	–	**6.2**	7.1	–	–
South Korea													
Sotetsu Hotels The Splaisir Seoul Dongdaemun	226 Jangchoongdan-ro, Gwanghui-dong, Jung-gu, Seoul	Freehold	Not applicable	**Not applicable**	Not applicable	**84,116**	88,961	–	–	**2.2**	2.5	–	–
ibis Ambassador Seoul Insadong	31 Samil-daero 30-gil, Ikseon-dong, Jongno-gu, Seoul	Freehold	Not applicable	**Not applicable**	Not applicable	**87,898**	92,960	–	–	**2.3**	2.6	–	–
Investment properties and investment properties under development on the Statement of Financial Position of the Stapled Group						**6,600,717**	5,917,643	**6,185,572**	5,483,274	**169.7**	165.9	**185.2**	182.0
Balance carried forward						**6,600,717**	5,917,643	**6,185,572**	5,483,274	**169.7**	165.9	**185.2**	182.0

The accompanying notes form an integral part of these financial statements.

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2021	Remaining Term of Lease 2020	At Valuation Stapled Group 2021 $'000	At Valuation Stapled Group 2020 $'000	At Valuation Ascott Reit Group 2021 $'000	At Valuation Ascott Reit Group 2020 $'000	Percentage of Stapled Securityholders' funds Stapled Group 2021 %	Stapled Group 2020 %	Ascott Reit Group 2021 %	Ascott Reit Group 2020 %
Balance brought forward						**6,600,717**	5,917,643	**6,185,572**	5,483,274	**169.7**	165.9	**185.2**	182.0
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	**48,324**	46,254	**–**	–	**1.2**	1.3	**–**	–
Novotel Sydney Central	169-179 Thomas Street, Sydney, NSW 2000	Freehold	Not applicable	**Not applicable**	Not applicable	**150,611**	144,071	**–**	–	**3.9**	4.0	**–**	–
Novotel Sydney Parramatta	350 Church Street, Parramatta, NSW 2150	Freehold	Not applicable	**Not applicable**	Not applicable	**37,520**	34,941	**–**	–	**1.0**	1.0	**–**	–
Pullman and Mercure Brisbane King George Square	Corner Ann and Roma Street, Brisbane, QLD 4000	Freehold	Not applicable	**Not applicable**	Not applicable	**71,842**	66,667	**–**	–	**1.8**	1.9	**–**	–
Pullman and Mercure Melbourne Albert Park	65 Queens Road, Melbourne, VIC 3004	Freehold	Not applicable	**Not applicable**	Not applicable	**90,337**	87,309	**–**	–	**2.3**	2.4	**–**	–
Pullman Sydney Hyde Park	36 College Street, Sydney, NSW 2000	Freehold	Not applicable	**Not applicable**	Not applicable	**143,347**	139,421	**–**	–	**3.7**	3.9	**–**	–
Portfolio of freehold land and buildings of the Ascott BT Group						**541,981**	518,663	**–**	–	**13.9**	14.5	**–**	–
Total investment properties, investment properties under development and freehold land and buildings						**7,142,698**	6,436,306	**6,185,572**	5,483,274	**183.6**	180.4	**185.2**	182.0
Other assets and liabilities (net)						**(2,774,979)**	(2,394,236)	**(2,369,008)**	(1,997,147)	**(71.3)**	(67.1)	**(70.9)**	(66.3)
Net assets						**4,367,719**	4,042,070	**3,816,564**	3,486,127	**112.3**	113.3	**114.3**	115.7
Perpetual securities holders						**(396,298)**	(396,298)	**(396,298)**	(396,298)	**(10.2)**	(11.1)	**(11.9)**	(13.2)
Non-controlling interests						**(80,561)**	(78,521)	**(78,816)**	(76,661)	**(2.1)**	(2.2)	**(2.4)**	(2.5)
Stapled Securityholders' funds						**3,890,860**	3,567,251	**3,341,450**	3,013,168	**100.0**	100.0	**100.0**	100.0

The accompanying notes form an integral part of these financial statements.

On 31 December 2021, 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 14 jo, 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, Alpha Square Kita 15 jo, Big Palace Minami 5 jo, City Court Kita 1 jo, Citadines Mount Sophia Property Singapore, voco Times Square South (formerly known as Hotel Central Times Square), Element New York Times Square West, Sheraton Tribeca New York Hotel, Paloma West Midtown (formerly known as Signature West Midtown), Seven07, 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 18).

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 14 jo, 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, 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 18).

As at 31 December 2021, the carrying amounts for most of the investment properties and investment properties under development were based on independent valuations carried out by Colliers. The remaining properties valuations are conducted by the following valuers: Alpha Square Kita 15 jo conducted by Savills Japan Co.,Ltd, Big Palace Minami 5 jo conducted by Cushman & Wakefield K.K., City Court Kita 1 jo conducted by Asset Valuation Partners, The Link University City conducted by Newmark Valuation & Advisory, LLC, and Uncommon Wilmington and Latitude on Hillsborough are conducted by Newmark Knight Frank Valuation & Advisory, LLC. The freehold land and buildings of the six Australia properties were stated at fair value based on valuations carried out by CBRE Valuations Pty Limited. 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.

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 two South Korea properties and three United States properties (which were conducted by Colliers). The freehold land and buildings of the six Australia properties were stated at fair value based on valuations carried out by CBRE Valuations Pty Limited. 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, direct capitalisation and residual land value methods (2020: discounted cash flow 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, capitalisation rate, revenue per available unit and gross development costs.

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

YEAR ENDED 31 DECEMBER 2021

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Cash flows from operating activities						
Total return/(loss) for the year before income tax	**345,555**	(222,184)	**29,503**	(46,226)	**374,932**	(267,964)
Adjustments for:						
Depreciation of property, plant and equipment	**10,494**	12,190	**22,150**	22,025	**32,644**	34,215
Amortisation of deferred income	**–**	–	**(1,694)**	(1,571)	**(1,694)**	(1,571)
Finance costs	**49,168**	52,792	**15,981**	17,285	**55,977**	60,057
Finance income	**(2,920)**	(1,766)	**(199)**	(240)	**(3,070)**	(1,990)
Foreign exchange loss/(gain) – unrealised	**13,436**	(12,038)	**1,173**	(8,849)	**14,609**	(20,887)
Loss on disposal of property, plant and equipment	**29**	8	**–**	–	**29**	8
Managers' management fees paid/payable in Stapled Securities	**14,936**	14,981	**2,094**	1,927	**17,030**	16,908
Revaluation (surplus)/deficit on freehold land and buildings	**–**	–	**(21,201)**	26,594	**(21,201)**	26,594
Net change in fair value of investment properties, investment properties under development and assets held for sale	**(115,809)**	362,480	**(4,993)**	21,667	**(126,058)**	379,092
Net change in fair value of financial derivatives	**–**	115	**–**	174	**–**	289
Net change in fair value of investment securities	**(91)**	462	**–**	–	**–**	–
Profit from divestments	**(153,226)**	(78,428)	**–**	–	**(153,226)**	(78,428)
Assets written off	**4**	215	**–**	–	**4**	215
Transaction costs relating to the Combination	**–**	(531)	**–**	(523)	**–**	(1,054)
Impairment loss/(write back) of trade and other receivables	**5,571**	1,721	**(87)**	365	**5,484**	2,086
Share of results of associate (net of tax)	**28**	(56)	**–**	–	**28**	(56)
Share of results of joint venture (net of tax)	**211**	–	**–**	–	**211**	–
Operating income before working capital changes	**167,386**	129,961	**42,727**	32,628	**195,699**	147,514
Changes in working capital:						
Inventories	**37**	248	**(35)**	83	**2**	331
Trade and other receivables	**(44,370)**	(42,456)	**(2,827)**	1,853	**(31,957)**	(40,202)
Trade and other payables	**(18,744)**	(9,838)	**20,295**	(1,071)	**(13,688)**	(11,321)
Cash generated from operations	**104,309**	77,915	**60,160**	33,493	**150,056**	96,322
Income tax paid	**(2,923)**	(22,014)	**(1,507)**	(213)	**(4,430)**	(22,227)
Net cash generated from operating activities	**101,386**	55,901	**58,653**	33,280	**145,626**	74,095
Balance carried forward	**101,386**	55,901	**58,653**	33,280	**145,626**	74,095

The accompanying notes form an integral part of these financial statements.

YEAR ENDED 31 DECEMBER 2021

	Note	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Balance brought forward		**101,386**	55,901	**58,653**	33,280	**145,626**	74,095
Cash flows from investing activities							
Acquisition of investment properties[(1)]		**(663,973)**	(42,761)	**–**	–	**(663,973)**	(42,761)
Advance (to)/from related corporations		**–**	(33,299)	**–**	33,299	**–**	–
Capital expenditure on investment properties		**(31,274)**	(8,295)	**(784)**	(389)	**(32,058)**	(8,684)
Capital expenditure on investment properties under development		**(69,149)**	(11,628)	**–**	–	**(69,149)**	(11,628)
Deposits received from divestment of subsidiaries		**–**	21,168	**–**	–	**–**	21,168
Deposit paid for acquisition of investment property		**(798)**	–	**–**	–	**(798)**	–
Loan to joint venture		**(14,011)**	–	**–**	–	**(14,011)**	–
Disposal of subsidiaries, net of cash disposed of[(2)]	34	**203,995**	130,070	**–**	–	**203,995**	130,070
Proceeds from disposal of assets held for sale		**49,444**	163,333	**–**	–	**49,444**	163,333
Proceeds from disposal of investment properties		**–**	75,384	**–**	–	**–**	75,384
Payment of transaction costs for disposal of investment properties		**(871)**	–	**–**	–	**(871)**	–
Proceeds from disposal of strata units		**647**	–	**–**	–	**647**	–
Payment of transaction costs for disposal of assets held for sale		**–**	(7,722)	**–**	–	**–**	(7,722)
Payment of transaction costs relating to the Combination		**–**	(2,597)	**–**	(8,608)	**–**	(11,205)
Interest received		**2,510**	1,339	**41**	78	**2,551**	1,417
Refund of deposit received for divestment of subsidiaries		**(8,671)**	–	**–**	–	**(8,671)**	–
Proceeds from sale of property, plant and equipment		**7**	15	**–**	–	**7**	15
Purchase of property, plant and equipment		**(3,555)**	(4,247)	**(2,110)**	(6,777)	**(5,665)**	(11,024)
Settlement of hedging instruments		**–**	(3,329)	**–**	1,063	**–**	(2,266)
Net cash (used in)/generated from investing activities		**(535,699)**	277,431	**(2,853)**	18,666	**(538,552)**	296,097
Balance carried forward		**(434,313)**	333,332	**55,800**	51,946	**(392,926)**	370,192

(1) Acquisition of investment properties include $655,023,000 (2020: $42,761,000) under investment properties (Note 4) and $8,950,000 (2020: $Nil) under property, plant and equipment (Note 5).

(2) Proceeds from disposal of subsidiaries for the year ended 31 December 2021 included the amount of $183,585,000 for Shanghai Xinwei Real Estate Development Co. Ltd. and $20,410,000 for Guangzhou Hai Yi Real Estate Development Co, Ltd..

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

YEAR ENDED 31 DECEMBER 2021

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Balance brought forward	**(434,313)**	333,332	**55,800**	51,946	**(392,926)**	370,192
Cash flows from financing activities						
Distributions to Stapled Securityholders	**(121,205)**	(126,001)	**(21,273)**	(11,205)	**(142,478)**	(137,206)
Distributions to perpetual securities holders	**(13,495)**	(15,550)	**–**	–	**(13,495)**	(15,550)
Dividends paid to non-controlling interests	**(868)**	(3,700)	**(77)**	(53)	**(911)**	(3,736)
Proceeds from issue of Stapled Securities	**150,000**	–	**–**	–	**150,000**	–
Payment of issue expenses on issuance of Stapled Securities	**(1,926)**	–	**–**	–	**(1,926)**	–
Proceeds from borrowings	**754,954**	695,303	**–**	8,330	**754,954**	703,633
Repayment of borrowings and medium term notes	**(422,698)**	(626,507)	**–**	(25,500)	**(422,698)**	(652,007)
Payment of transaction costs on borrowings	**(4,619)**	(2,114)	**–**	–	**(4,619)**	(2,114)
Payment of lease liabilities	**(8,384)**	(7,450)	**(5,256)**	(5,065)	**(8,384)**	(7,450)
Interest paid	**(45,572)**	(48,219)	**(15,480)**	(16,355)	**(51,929)**	(54,570)
Payment of transaction costs on issuance of perpetual securities	**–**	(179)	**–**	–	**–**	(179)
Change in restricted cash deposits	**(14)**	1,637	**132**	1,077	**118**	2,714
Net cash generated from/(used) in financing activities	**286,173**	(132,780)	**(41,954)**	(48,771)	**258,632**	(166,465)
Net (decrease)/increase in cash and cash equivalents	**(148,140)**	200,552	**13,846**	3,175	**(134,294)**	203,727
Cash and cash equivalents at 1 January	**453,726**	243,890	**30,196**	26,118	**483,922**	270,008
Effect of exchange rate changes on balances held in foreign currency	**(4,794)**	6,611	**(1,165)**	903	**(5,959)**	7,514
Cash and cash equivalents reclassified from assets held for sale	**–**	2,673	**–**	–	**–**	2,673
Cash and cash equivalents at 31 December	**300,792**	453,726	**42,877**	30,196	**343,669**	483,922

The accompanying notes form an integral part of these financial statements.

Significant non-cash transactions

Ascott Reit Group

During the year, the Ascott Reit Group has the following significant non-cash transactions:

- A total of 14,759,983 (2020: 15,566,928) Stapled Securities were issued or will be issued as payment of the Ascott Reit Manager's management fees amounting to $14,936,000 (2020: $14,981,000) in respect of the year ended 31 December 2021.
- The Ascott Reit Group incurred capital expenditure on investment properties of $31,079,000 (2020: $8,490,000), of which $Nil (2020: $195,000) was included in trade and other payables.
- The Ascott Reit Group incurred capital expenditure on investment properties under development of $70,459,000 (2020: $14,993,000), of which $6,172,000 (2020: $4,862,000) was unpaid and included in trade and other payables.
- The Ascott Reit Group acquired property, plant and equipment with an aggregate cost of $3,552,000 (2020: $4,203,000) of which $Nil (2020: $3,000) was included in trade and other payables.

Ascott BT Group

A total of 2,057,689 (2020: 2,130,999) Stapled Securities were issued or will be issued as payment of the Ascott BT Trustee-Manager's management fees amounting to $2,094,000 (2020: $1,927,000) in respect of the year ended 31 December 2021.

Stapled Group

During the year, the Stapled Group has the following significant non-cash transactions:

- A total of 14,759,983 (2020: 15,566,928) Stapled Securities were issued or will be issued as payment of the Ascott Reit Manager's management fees amounting to $14,936,000 (2020: $14,981,000) in respect of the year ended 31 December 2021.
- A total of 2,057,689 (2020: 2,130,999) Stapled Securities were issued or will be issued as payment of the Ascott BT Trustee-Manager's management fees amounting to $2,094,000 (2020: $1,927,000) in respect of the year ended 31 December 2021.
- The Stapled Group incurred capital expenditure on investment properties of $31,863,000 (2020: $8,879,000), of which $Nil (2020: $195,000) was included in trade and other payables.
- The Stapled Group incurred capital expenditure on investment properties under development of $70,459,000 (2020: $14,993,000), of which $6,172,000 (2020: $4,862,000) was unpaid and included in trade and other payables.
- The Stapled Group acquired property, plant and equipment with an aggregate cost of $5,662,000 (2020: $10,980,000), of which $Nil (2020: $3,000) was included in trade and other payables.

The accompanying notes form an integral part of these 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 11 March 2022.

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 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, student accommodation 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 ("CL") and Temasek Holdings (Private) Limited respectively for the financial year ended 31 December 2020. With effect from September 2021, following internal restructuring of CL, CL ceased to be the intermediate company of the Stapled Group and CapitaLand Investment Limited became the intermediate holding company. Temasek Holdings (Private) Limited remains as the ultimate holding company of the Stapled Group.

The consolidated financial statements of the Ascott Reit Group relate to Ascott Reit, its subsidiaries and its interests in its associate and joint venture. 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.

1 GENERAL (continued)

1.1 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.

(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%.

1 GENERAL (continued)

(ii) Ascott Reit Manager's fees (continued)

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.

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.

1 GENERAL (continued)

(iii) Ascott BT Trustee-Manager's fees (continued)

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).

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.

1 GENERAL (continued)

(iii) Ascott BT Trustee-Manager's fees (continued)

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 1.0% 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

(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 2004 and the provisions of the Ascott BT Trust Deed. The changes to significant accounting policies are described in Note 2.5.

2 BASIS OF PREPARATION (continued)

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

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 6 – determination of fair value of investment properties, freehold land and buildings, and investment properties under development

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.

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

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 35 – financial instruments.

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 2021:

Applicable to 2021 financial statements

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109/SFRS(I) 9, FRS 39/SFRS(I) 1-39, FRS 107/SFRS(I) 7, FRS 114/SFRS(I) 4 and FRS 116/SFRS(I) 16)*
- *COVID-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)

The application of the COVID-19 Related Rent Concessions beyond 30 June 2021 does not have a material effect on the financial statements.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group applied the Phase 2 amendments retrospectively. As the Ascott Reit Group, the Ascott BT Group and the Stapled Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS/SFRS(I) Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies (continued)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Ascott Reit Group, the Ascott BT Group and the Stapled Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Ascott Reit Group, the Ascott BT Group and the Stapled Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Ascott Reit Group, the Ascott BT Group and the Stapled Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Ascott Reit Group, the Ascott BT Group and the Stapled Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Ascott Reit Group, the Ascott BT Group and the Stapled Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Where uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Ascott Reit Group, the Ascott BT Group and the Stapled Group continues to apply the existing accounting policies disclosed in Note 3.6. See also Note 35 for related disclosures about risks, financial assets and financial liabilities indexed to inter-bank lending rates ("IBOR") and hedge accounting.

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. 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.

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)s. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(v) Associate and joint venture

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. A joint venture is an arrangement in which the Ascott Reit Group has joint control, whereby the Ascott Reit Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associate and joint venture 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' share of the income, expenses and equity movements of the associate and joint venture, after adjustments to align the accounting policies with those of the Ascott Reit Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Ascott Reit Group's share of losses exceeds its interest in an associate and a joint venture, 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 and joint venture's operations or has made payments on behalf of the investee.

An impairment loss in respect of an associate and a joint venture 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.

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").

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency (continued)

(i) Foreign currency transactions (continued)

Transactions in foreign currencies are translated to the respective functional currencies of the Stapled 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investment properties and investment properties under development

Investment properties comprise serviced residences, hotels, rental housing properties, student accommodation 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 and investment properties under development.

When an investment property or investment property 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.

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 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.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

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.

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

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform

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.

For a cash flow hedge of a forecast transaction, the Stapled Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Stapled Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark 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 contractual cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Stapled Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and
– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;
– updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
– updating the description of the hedging instrument.

The Stapled Group amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
– the original hedging instrument is not derecognised.

The Stapled Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Stapled Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Stapled Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Stapled Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(i) Financial assets (continued)

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 Stapled 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 Stapled Group's procedures for recovery of amounts due.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets 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 Stapled 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 Stapled 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(ii) Non-financial assets (continued)

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 carryings 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 allocation method.

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform (see Note 2.5), the Stapled Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

(i) As a lessee (continued)

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 Stapled 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.

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 1.1(i) and Note 1.1(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 1.1(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 1.1(iii).

(v) Serviced residence management fees

The serviced residence management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.1(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.

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 tax rates and tax 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.

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 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, property, plant and equipment and investment properties under development during the year.

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 2021 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:

- *Reference to the Conceptual Framework (Amendments to FRS 103/SFRS(I) 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16/SFRS(I) 16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to FRS 37/SFRS(I) 1-37)*
- *Annual Improvements to FRSs/SFRS(I)s 2018-2020*
- *Insurance Contracts (FRS 104/SFRS(I) 17 and Amendments to FRS 104/SFRS(I) 17)*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1/SFRS(I) 1-1)*
- *Disclosure of Accounting Policies (Amendments to FRS 1/SFRS(I) 1-1 and FRS Practice Statement 2/ SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to FRS 8/SFRS(I) 1-8 Accounting Estimates)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to FRS 12/SFRS(I) 1 -12)*

4 INVESTMENT PROPERTIES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	**5,253,374**	5,659,587	**548,447**	552,265	**5,687,743**	6,096,138
Acquisition of investment properties	**655,023**	42,761	**–**	–	**655,023**	42,761
Capital expenditure	**31,079**	8,490	**784**	389	**31,863**	8,879
Disposal of subsidiaries (Note 34)	**(79,647)**	(103,422)	**–**	–	**(79,647)**	(103,422)
Net change in fair value of investment properties	**113,305**	(362,310)	**4,993**	(21,667)	**123,554**	(378,922)
Disposal of investment properties	**(393)**	(46,612)	**–**	–	**(393)**	(46,612)
Assets written off	**(4)**	(215)	**–**	–	**(4)**	(215)
Transfer (to)/from assets held for sale (Note 16)	**(1,519)**	66,599	**–**	–	**(1,519)**	66,599
Transfer from property, plant and equipment (Note 5)	**13**	783	**–**	–	**13**	783
Transfer to investment properties under development (Note 6)	**–**	(140,300)	**–**	–	**–**	(140,300)
Translation differences	**(88,522)**	128,013	**(39,107)**	17,460	**(118,779)**	142,054
At 31 December	**5,882,709**	5,253,374	**515,117**	548,447	**6,297,854**	5,687,743

4 INVESTMENT PROPERTIES (continued)

Certain investment properties of the Stapled Group with an aggregate carrying value of $2,065,838,000 (2020: $1,691,149,000) are pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 18).

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.

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 is 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 fair value.

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Carrying value of investment properties	**5,882,709**	5,253,374	**515,117**	548,447	**6,297,854**	5,687,743
Less: Carrying amount of lease liabilities	**(275,879)**	(283,312)	**(99,972)**	(114,078)	**(275,879)**	(283,312)
Fair value of investment properties	**5,606,830**	4,970,062	**415,145**	434,369	**6,021,975**	5,404,431

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.

4 INVESTMENT PROPERTIES (continued)

The valuers have adopted the income capitalisation approach and considered valuation techniques including the discounted cash flow and direct capitalisation methods (2020: discounted cash flow method) 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, capitalisation rate and revenue per available unit. The external property valuers have considered available information as at 31 December 2021 relating to COVID-19 and have made necessary adjustments to the valuation.

The valuation reports associated with certain investment properties contain the 'material valuation uncertainty' clause due to ongoing 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 external property valuers 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.

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 method: 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: 5.00% – 10.50% (2020: 4.23% – 10.67%) North Asia: 3.30% – 5.80% (2020: 3.90% – 8.08%) Europe and United Kingdom: 5.42% – 8.25% (2020: 4.15% – 9.01%) United States of America: 5.00% – 7.34% (2020: 7.31% – 7.34%)	The estimated fair value would increase (decrease) if: • the discount rate were lower (higher); or • the terminal capitalisation rate were lower (higher).

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% – 7.25% (2020: 3.50% – 7.75%) North Asia: 3.50% – 5.30% (2020: 4.20% – 6.00%) Europe and United Kingdom: 4.90% – 8.00% (2020: 4.75% – 7.75%) United States of America: 5.00% – 5.75% (2020: 5.75%)	
Direct 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. This method is applied to the student accommodation properties which have relatively stable operating histories and expectations.	**Stapled Group** • Capitalisation rate: United States of America: 4.25% – 5.00% (2020: Not applicable)	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, terminal capitalisation rate and capitalisation rate. Significant decreases in the discount rate, terminal capitalisation rate and 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.

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 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 34)	–	–	(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 16)	–	33	4,018	–	4,051
Translation differences	165	10	1,557	34	1,766
At 31 December 2020	12,731	510	97,202	1,093	111,536
At 1 January 2021	12,731	510	97,202	1,093	111,536
Additions	173	–	2,650	729	3,552
Disposals/written off	–	–	(691)	(2)	(693)
Disposal of subsidiaries (Note 34)	(1,484)	–	–	–	(1,484)
Acquisition of investment properties	–	–	8,950	–	8,950
Transfer to investment properties (Note 4)	–	–	(13)	–	(13)
Reclassifications	–	–	276	(276)	–
Translation differences	(352)	84	1,198	4	934
At 31 December 2021	11,068	594	109,572	1,548	122,782
Accumulated depreciation					
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 34)	–	–	(2,758)	–	(2,758)
Disposal of investment properties	(1,548)	–	(423)	–	(1,971)
Transfer from assets held for sale (Note 16)	–	33	3,368	–	3,401
Translation differences	146	10	1,068	–	1,224
At 31 December 2020	8,226	416	67,423	–	76,065
At 1 January 2021	8,226	416	67,423	–	76,065
Charge for the year	715	46	9,733	–	10,494
Disposals/written off	–	–	(657)	–	(657)
Disposal of subsidiaries (Note 34)	(1,128)	–	–	–	(1,128)
Translation differences	(712)	27	1,504	–	819
At 31 December 2021	7,101	489	78,003	–	85,593
Carrying amounts					
At 1 January 2020	4,544	97	38,945	672	44,258
At 31 December 2020	4,505	94	29,779	1,093	35,471
At 31 December 2021	3,967	105	31,569	1,548	37,189

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	At Valuation	At Cost			
Ascott BT Group	Freehold land and buildings $'000	Plant and machinery $'000	Office equipment, computers and furniture $'000	Assets under construction $'000	Total $'000
At valuation/cost					
At 1 January 2020	524,900	34,859	15,006	9,818	584,583
Additions	741	1,438	2,596	2,002	6,777
Disposals/written off	–	–	(501)	–	(501)
Net change in revaluation recognised in Statement of Total Return	(26,594)	–	–	–	(26,594)
Reclassifications	5,638	2,874	(50)	(8,462)	–
Translation differences	28,516	1,958	825	550	31,849
Elimination of accumulated depreciation on revaluation	(14,538)	–	–	–	(14,538)
At 31 December 2020	518,663	41,129	17,876	3,908	581,576
At 1 January 2021	518,663	41,129	17,876	3,908	581,576
Additions	487	461	116	1,046	2,110
Net change in revaluation recognised in Statement of Total Return	21,201	–	–	–	21,201
Net change in revaluation recognised in Stapled Securityholders' Funds	4,400	–	–	–	4,400
Reclassifications	3,677	1	109	(3,787)	–
Translation differences	7,020	595	258	57	7,930
Elimination of accumulated depreciation on revaluation	(13,467)	–	–	–	(13,467)
At 31 December 2021	541,981	42,186	18,359	1,224	603,750
Accumulated depreciation					
At 1 January 2020	–	–	–	–	–
Charge for the year	14,028	4,902	3,095	–	22,025
Disposals/written off	–	–	(501)	–	(501)
Translation differences	510	177	95	–	782
Elimination of accumulated depreciation on revaluation	(14,538)	–	–	–	(14,538)
At 31 December 2020	–	5,079	2,689	–	7,768
At 1 January 2021	–	5,079	2,689	–	7,768
Charge for the year	13,627	5,388	3,135	–	22,150
Translation differences	(160)	(72)	(47)	–	(279)
Elimination of accumulated depreciation on revaluation	(13,467)	–	–	–	(13,467)
At 31 December 2021	–	10,395	5,777	–	16,172
Carrying amounts					
At 1 January 2020	524,900	34,859	15,006	9,818	584,583
At 31 December 2020	518,663	36,050	15,187	3,908	573,808
At 31 December 2021	541,981	31,791	12,582	1,224	587,578

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	At Valuation	At Cost					
Stapled Group	Freehold land and 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 2020	524,900	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)
Net change in revaluation recognised in Statement of Total Return	(26,594)	–	–	–	–	–	(26,594)
Reclassifications	5,638	2,874	–	–	(50)	(8,462)	–
Disposal of subsidiaries (Note 34)	–	–	–	–	(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 16)	–	–	–	33	4,018	–	4,051
Translation differences	28,516	1,958	165	10	2,382	584	33,615
Elimination of accumulated depreciation on revaluation	(14,538)	–	–	–	–	–	(14,538)
At 31 December 2020	518,663	41,129	12,731	510	115,078	5,001	693,112
At 1 January 2021	518,663	41,129	12,731	510	115,078	5,001	693,112
Additions	487	461	173	–	2,766	1,775	5,662
Disposals/written off	–	–	–	–	(691)	(2)	(693)
Net change in revaluation recognised in Statement of Total Return	21,201	–	–	–	–	–	21,201
Net change in revaluation recognised in Stapled Securityholders' Funds	4,400	–	–	–	–	–	4,400
Reclassifications	3,677	1	–	–	385	(4,063)	–
Disposal of subsidiaries (Note 34)	–	–	(1,484)	–	–	–	(1,484)
Acquisition of investment properties	–	–	–	–	8,950	–	8,950
Transfer to investment properties (Note 4)	–	–	–	–	(13)	–	(13)
Translation differences	7,020	595	(352)	84	1,456	61	8,864
Elimination of accumulated depreciation on revaluation	(13,467)	–	–	–	–	–	(13,467)
At 31 December 2021	541,981	42,186	11,068	594	127,931	2,772	726,532

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Stapled Group	At Valuation Freehold land and buildings $'000	At Cost 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 2020	–	–	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 34)	–	–	–	–	(2,758)	–	(2,758)
Disposal of investment properties	–	–	(1,548)	–	(423)	–	(1,971)
Transfer from assets held for sale (Note 16)	–	–	–	33	3,368	–	3,401
Translation differences	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
At 1 January 2021	–	5,079	8,226	416	70,112	–	83,833
Charge for the year	13,627	5,388	715	46	12,868	–	32,644
Disposals/written off	–	–	–	–	(657)	–	(657)
Disposal of subsidiaries (Note 34)	–	–	(1,128)	–	–	–	(1,128)
Translation differences	(160)	(72)	(712)	27	1,457	–	540
Elimination of accumulated depreciation on revaluation	(13,467)	–	–	–	–	–	(13,467)
At 31 December 2021	–	10,395	7,101	489	83,780	–	101,765
Carrying amounts							
At 1 January 2020	524,900	34,859	4,544	97	53,951	10,490	628,841
At 31 December 2020	518,663	36,050	4,505	94	44,966	5,001	609,279
At 31 December 2021	541,981	31,791	3,967	105	44,151	2,772	624,767

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	
	2021	2020
	$'000	$'000
Freehold land and buildings		
Cost and carrying amount	557,106	545,193

As at 31 December 2021, 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 (2020: discounted cash flow method). 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 2021 relating to COVID-19 and have made necessary adjustments to the valuation.

The valuation reports associated with certain freehold land and buildings contain the 'material valuation uncertainty' clause due to ongoing 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 external property valuers 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.

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.

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 method	**Stapled Group** • Discount rate: Australia: 6.00% – 7.50% (2020: 6.00% – 7.75%) • Terminal capitalisation rate: Australia: 5.00% – 6.00% (2020: 5.00% – 6.25%)	The estimated fair value would increase (decrease) if: • the discount rate were lower (higher); or • the terminal 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.

6 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Ascott Reit Group and Stapled Group	
	2021 $'000	2020 $'000
At 1 January	**229,900**	74,860
Development costs and interest capitalised[1]	**70,459**	14,993
Transfer from investment properties (Note 4)	**–**	140,300
Net change in fair value of investment properties under development	**2,504**	(253)
At 31 December	**302,863**	229,900

(1) Capitalised costs included $190,000 (31 December 2020: $395,000) paid/payable to related corporations and borrowing costs of $499,000 (31 December 2020: $84,000).

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.

6 INVESTMENT PROPERTIES UNDER DEVELOPMENT (continued)

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 2021 relating to COVID-19 and have made necessary adjustments to the valuation.

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, 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.	**Stapled Group** • Discount rates: 5.00% – 6.40% (2020: 4.32% – 5.69%) • Terminal capitalisation rates: 3.50% – 4.88% (2020: 3.50% – 4.75%) • Gross development costs: \$51,170,000 – \$134,373,000 (2020: \$55,140,000 – \$131,066,000)	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.

7 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 2021, the fair value of the Ascott Reit Group's 1% interest in AHAIF1 is $2,163,000 (2020: $2,072,000). 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.

8 GOODWILL

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Goodwill arising from business combination	**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)
	–	–	**–**	–	**–**	–

For the purposes of impairment testing, goodwill has been allocated to the CGUs as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'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 Ascendas Hospitality Real Estate Investment Trust ("A-HREIT") and its subsidiaries (the "A-HREIT Group") and Ascendas Hospitality Business Trust ("A-HBT") and its subsidiaries (the "A-HBT Group") acquired on 31 December 2019. 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.

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 2021 %	2020 %
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]	Australia	**100**	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
Shanghai Xinwei Real Estate Development Co. Ltd[d]	China	**–**	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[b]	Germany	**100**	100
Citadines Europaviertel (Frankfurt) GmbH & Co., KG[b]	Germany	**93**	93
Citadines Hamburg Michel GmbH & Co., KG[b]	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
Citadines Central Shinjuku TMK (formerly known as 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 Roppongi TMK[a]	Japan	**100**	100
Crystal Residence TMK (formerly known as 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[b]	Netherlands	**100**	100
Ascott Hospitality Holdings Philippines, Inc[a]	Philippines	**100**	100
Ascott Makati, Inc[a]	Philippines	**100**	100

9 SUBSIDIARIES (continued)

Name of subsidiaries	Principal place of business/Country of incorporation	Effective equity interest held by the Stapled Group 2021 %	2020 %
Held through Ascott Reit subsidiaries (continued)			
SQ Resources, Inc[a]	Philippines	**63**	63
SN Resources, Inc[a]	Philippines	**97**	97
Barrydale SM LLC[b]	United States of America	**100**	100
SM Ascott LLC[b]	United States of America	**100**	100
Tribeca Ascott LLC[b]	United States of America	**100**	100
GT Student SM LLC[b][c]	United States of America	**100**	–
TTU Student SM LLC[b][c]	United States of America	**100**	–
UIUC 707 Student SM LLC[b][c]	United States of America	**100**	–
NCST LP[b][c]	United States of America	**100**	–
PHL UC SM LLC[b][c]	United States of America	**100**	–
UNCW LP[b][c]	United States of America	**100**	–
Hanoi Tower Center Company Limited[a]	Vietnam	**76**	76
Mekong-Hacota Joint Venture Company Limited[a]	Vietnam	**60**	61
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[b]	Australia	**100**	100
Ascendas Hospitality Australia Investment Fund No.2[b]	Australia	**100**	100
Ascendas Hospitality Operations Pty Ltd[a]	Australia	**100**	100
Ascendas Hotel Investment Company Pty Limited[a]	Australia	**100**	100
Ascendas Japan Namba Tokutei Mokuteki Kaisha[a]	Japan	**100**	100
CapitaLand Korea Hospitality No.6 Qualified Private Real Estate Investment LLC (formerly known as Ascendas Korea Hospitality No 1 Professional Investors Private Real Estate Investment, LLC)[b]	South Korea	**99**	99
CapitaLand Korea Hospitality Qualified Private Real Estate Investment Trust No.7 (formerly known as Ascendas Korea Hospitality Qualified Investors Private Real Estate Investment Trust No.2)[b]	South Korea	**99**	99

9 SUBSIDIARIES (continued)

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) The subsidiaries were incorporated during the year.
(d) This subsidiary was divested during the year. See Note 34.

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 2021 %	2020 %
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	**39.6**	38.7
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
2021							
Revenue	4,293	8,782	3,703	5,693	2,620		
Profit/(Loss)	1,484	626	(583)	564	(782)		
Attributable to NCI:							
– Profit/(Loss)	632	188	(226)	186	(78)	370	1,072
Non-current assets	41,136	98,828	40,200	50,602	34,914		
Current assets	2,891	1,897	681	8,143	1,305		
Non-current liabilities	(947)	(4,690)	–	–	–		
Current liabilities	(3,322)	(4,149)	(3,547)	(8,279)	(9,478)		
Net assets	39,758	91,886	37,334	50,466	26,741		
Net assets attributable to NCI	16,925	22,053	14,784	16,654	2,674	5,726	78,816
Cash flows (used in)/from operating activities	(1,514)	4,565	1,764	2,773	708		
Cash flows from/(used in) investing activities	794	(25)	(136)	327	(44)		
Cash flows used in financing activities	–	(6,220)	(1,792)	(3,616)	(160)		
Net (decrease)/increase in cash and cash equivalents	(720)	(1,680)	(164)	(516)	504		
Dividends paid to NCI	–	–	–	(784)	–		

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	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)		

10 NON-CONTROLLING INTERESTS (continued)

The NCI of the Ascott BT Group is immaterial as at 31 December 2021 and 2020, 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
2021							
Revenue	4,293	8,782	3,703	5,693	2,620		
Profit/(Loss)	1,484	626	(583)	564	(782)		
Attributable to NCI:							
– Profit/(Loss)	632	188	(226)	186	(78)	398	1,100
Non-current assets	41,136	98,828	40,200	50,602	34,914		
Current assets	2,891	1,897	681	8,143	1,305		
Non-current liabilities	(947)	(4,690)	–	–	–		
Current liabilities	(3,322)	(4,149)	(3,547)	(8,279)	(9,478)		
Net assets	39,758	91,886	37,334	50,466	26,741		
Net assets attributable to NCI	16,925	22,053	14,784	16,654	2,674	7,471	80,561
Cash flows (used in)/from operating activities	(1,514)	4,565	1,764	2,773	708		
Cash flows from/(used in) investing activities	794	(25)	(136)	327	(44)		
Cash flows used in financing activities	–	(6,220)	(1,792)	(3,616)	(160)		
Net (decrease)/increase in cash and cash equivalents	(720)	(1,680)	(164)	(516)	504		
Dividends paid to NCI	–	–	–	(784)	–		

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	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)		

11 ASSOCIATE

	Ascott Reit Group and Stapled Group	
	2021	2020
	$'000	$'000
Unquoted equity shares, at cost	**–***	–*
Less: Share of associate post acquisition revenue reserve	**(523)**	(495)
	(523)	(495)
Loan receivable	**3,789**	3,774
Less: Allowance for impairment loss	**(253)**	(253)
	3,013	3,026

* 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	
	2021	2020
	$'000	$'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 and 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% (2020: 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 2021 and 2020, the Ascott Reit Group did not receive any dividends from the associate.

11 ASSOCIATE (continued)

The following table summarises the financial information for the interest in the associate, based on the amounts reported in the Ascott Reit Group's and the Stapled Group's Statement of Total Return:

	2021 $'000	2020 $'000
(Loss)/profit after taxation	**(28)**	56

12 JOINT VENTURE

	Ascott Reit Group and Stapled Group 2021 $'000	Ascott Reit Group and Stapled Group 2020 $'000
Investment in joint venture	**–***	–
Less: Share of joint venture post acquisition revenue reserve	**(211)**	–
	(211)	–
Loan to joint venture	**14,011**	–
	13,800	–

* Less than $1,000

Loan to joint venture is unsecured and interest-free, and is not expected to be repaid in the next twelve months from the reporting date.

Details of the joint venture are as follows:

Name of joint venture	Principal place of business/Country of incorporation	Effective interests held by the Stapled Group 2021 %	Effective interests held by the Stapled Group 2020 %
Held through Ascott Reit subsidiaries			
Columbia PBSA Venture Pte. Ltd.	Singapore	**50.0**	–
Held by Columbia PBSA Venture Pte. Ltd.			
Columbia Student Venture REIT LLC[(a)]	United States of America	**50.0**	–
Columbia Student Venture, LLC[(a)]	United States of America	**45.0**	–
Columbia Student Property Owner, LLC[(a)]	United States of America	**45.0**	–

(a) Not required to be audited by laws of country of incorporation.

12 JOINT VENTURE (continued)

On 16 June 2021, Ascott Residence Trust ("ART") announced a joint investment to develop a freehold 678-bed student accommodation property located in South Carolina, USA with The Ascott Limited ("TAL"). Construction of the student accommodation property has commenced in third quarter of 2021 and is scheduled to complete in second quarter of 2023. At the initial stage, ART and TAL will jointly invest in the asset to own 45% stake each. LMP Columbia Co-Dev, LLC, an unrelated third party, will hold the remaining 10% stake. The land was injected by the third party into the joint venture at an agreed value of US$5.0 million (equivalent to $6.7 million). Based on the independent valuation by Colliers International Valuation and Advisory Services LLC, commissioned by DBS Trustee Limited (as trustee of Ascott Reit), the land was valued at US$5.2 million (equivalent to $6.9 million) as at 27 April 2021 using the sales comparison method.

The joint venture is structured as a separate vehicle and the Stapled Group has a residual interest in its net assets. Accordingly, the Stapled Group has classified its interest of 45% as a joint venture, which is equity-accounted for.

There is a put and call option for the remaining stake of 10% exercisable by either party after the property achieves certain performance conditions and 24 months after completion of the development. This commitment has not been recognised in the Stapled Group's consolidated financial statements until the development project is completed and stabilisation conditions are fulfilled.

The following table summarises the financial information of the joint venture, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

	2021 $'000
Revenue	–
Loss after tax and total comprehensive income	(425)
Non-current assets	36,078
Current assets [(1)]	313
Non-current liabilities	(28,022)
Current liabilities	(5,351)
Net assets	**3,018**
Carrying amount of interest in joint venture at beginning of the year	–
Acquisition during the year	14,011
Share of loss after tax and total comprehensive income	(211)
Translation and other adjustments	–
Carrying amount of interest in joint venture at end of the year	13,800

(1) Includes cash and cash equivalents of $313,000.

13 FINANCIAL DERIVATIVES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial derivative assets						
Non-current						
Interest rate swaps	**1,995**	–	**1,097**	–	**3,092**	–
Cross currency interest rate swaps	**16,819**	298	**–**	4,935	**16,819**	5,233
	18,814	298	**1,097**	4,935	**19,911**	5,233
Current						
Cross currency interest rate swaps	**536**	–	**10,312**	–	**10,848**	–
Financial derivative liabilities						
Non-current						
Interest rate swaps	**(1,100)**	(4,745)	**–**	(704)	**(1,100)**	(5,449)
Cross currency interest rate swaps	**–**	(19,330)	**–**	(4,136)	**–**	(23,466)
	(1,100)	(24,075)	**–**	(4,840)	**(1,100)**	(28,915)
Current						
Interest rate swaps	**(728)**	(645)	**–**	–	**(728)**	(645)

At the reporting date, the notional principal amounts of the financial instruments were as follows:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interest rate swaps	**437,088**	515,262	**144,160**	142,104	**581,248**	657,366
Cross currency interest rate swaps	**579,155**	578,878	**117,719**	117,523	**696,874**	696,401
	1,016,243	1,094,140	**261,879**	259,627	**1,278,122**	1,353,767

14 DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Ascott Reit Group	At 1 January 2020 $'000	Credited/ (Charged) to Statement of Total Return (Note 31) $'000	Translation differences $'000	At 31 December 2020 $'000	Credited/ (Charged) to Statement of Total Return (Note 31) $'000	Translation differences $'000	At 31 December 2021 $'000
Deferred tax assets							
Unutilised capital allowances	44	(28)	–	16	22	–	38
Unutilised tax losses	1,573	1,034	83	2,690	340	(94)	2,936
Provisions and accruals	205	(13)	5	197	(91)	(7)	99
Unrealised foreign exchange loss – trade	1,390	(1,311)	45	124	(22)	(4)	98
	3,212	(318)	133	3,027	249	(105)	3,171
Deferred tax liabilities							
Investment properties	(150,217)	60,253	(5,309)	(95,273)	(16,160)	2,877	(108,556)
Property, plant and equipment	(1,518)	(52)	(15)	(1,585)	145	(38)	(1,478)
Revaluation gain from business combinations	(1,288)	–	–	(1,288)	–	–	(1,288)
Unremitted earnings	(131)	131	–	–	–	–	–
Accrued income and interest receivable	–	–	–	–	(129)	(4)	(133)
	(153,154)	60,332	(5,324)	(98,146)	(16,144)	2,835	(111,455)
Net deferred tax (liabilities)/assets	(149,942)	60,014	(5,191)	(95,119)	(15,895)	2,730	(108,284)

14 DEFERRED TAX (continued)

Ascott BT Group	At 1 January 2020 $'000	Credited/ (Charged) to Statement of Total Return (Note 31) $'000	Translation differences $'000	At 31 December 2020 $'000	Credited/ (Charged) to Statement of Total Return (Note 31) $'000	Charged to Stapled Securityholders' funds $'000	Translation differences $'000	At 31 December 2021 $'000
Deferred tax assets								
Deferred income	1,152	(471)	47	728	(601)	–	27	154
Unutilised capital allowances	–	127	(2)	125	86	–	(1)	210
Provisions and accruals	3,183	(759)	158	2,582	1,461	–	(2)	4,041
	4,335	(1,103)	203	3,435	946	–	24	4,405
Deferred tax liabilities								
Investment properties	(26,694)	20,084	(755)	(7,365)	(553)	–	603	(7,315)
Property, plant and equipment	(17,221)	(4,899)	(906)	(23,026)	(3,470)	(684)	(260)	(27,440)
Revaluation gain from business combinations	(2,780)	–	–	(2,780)	–	–	–	(2,780)
Unremitted earnings	(303)	(137)	–	(440)	(355)	–	–	(795)
	(46,998)	15,048	(1,661)	(33,611)	(4,378)	(684)	343	(38,330)
Net deferred tax (liabilities)/assets	(42,663)	13,945	(1,458)	(30,176)	(3,432)	(684)	367	(33,925)

14 DEFERRED TAX (continued)

Stapled Group	At 1 January 2020 $'000	Credited/ (Charged) to Statement of Total Return (Note 31) $'000	Translation differences $'000	At 31 December 2020 $'000	Credited/ (Charged) to Statement of Total Return (Note 31) $'000	Charged to Stapled Securityholders' funds $'000	Translation differences $'000	At 31 December 2021 $'000
Deferred tax assets								
Deferred income	1,152	(471)	47	728	(601)	–	27	154
Unutilised capital allowances	44	99	(2)	141	108	–	(1)	248
Unutilised tax losses	1,573	1,034	83	2,690	340	–	(94)	2,936
Provisions and accruals	3,388	(772)	163	2,779	1,370	–	(9)	4,140
Unrealised foreign exchange loss – trade	1,390	(1,311)	45	124	(22)	–	(4)	98
	7,547	(1,421)	336	6,462	1,195	–	(81)	7,576
Deferred tax liabilities								
Investment properties	(176,911)	80,337	(6,064)	(102,638)	(16,713)	–	3,480	(115,871)
Property, plant and equipment	(18,739)	(4,951)	(921)	(24,611)	(3,325)	(684)	(298)	(28,918)
Revaluation gain from business combinations	(4,068)	–	–	(4,068)	–	–	–	(4,068)
Unremitted earnings	(434)	(6)	–	(440)	(355)	–	–	(795)
Accrued income and interest receivable	–	–	–	–	(129)	–	(4)	(133)
	(200,152)	75,380	(6,985)	(131,757)	(20,522)	(684)	3,178	(149,785)
Net deferred tax (liabilities)/assets	(192,605)	73,959	(6,649)	(125,295)	(19,327)	(684)	3,097	(142,209)

14 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets	**3,171**	3,027	**4,405**	3,435	**7,576**	6,462
Deferred tax liabilities	**(111,455)**	(98,146)	**(38,330)**	(33,611)	**(149,785)**	(131,757)

As at 31 December 2021, deferred tax liabilities amounting to $1,594,000 (2020: $1,594,000) 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Tax losses	**183,717**	110,369	**44,725**	15,101	**228,442**	125,470
Deductible temporary differences	**2,980**	2,523	**–**	–	**2,980**	2,523
	186,697	112,892	**44,725**	15,101	**231,422**	127,993

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 $8,337,000 (2020: $3,729,000) expired during the year. In addition, $838,000 (2020: $5,614,000) of the losses brought forward were utilised to set off against current year's taxable profit and $Nil (2020: $2,306,000) was divested during the year. The remaining balance of $116,295,000 (2020: $44,401,000) and unrecognised tax losses arising during the year of $112,147,000 (2020: $81,069,000) 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Expiry dates						
– No expiry	**128,931**	67,007	**44,725**	15,101	**173,656**	82,108
– Within 1 to 5 years	**27,602**	30,865	**–**	–	**27,602**	30,865
– After 5 years	**27,184**	12,497	**–**	–	**27,184**	12,497
	183,717	110,369	**44,725**	15,101	**228,442**	125,470

15 TRADE AND OTHER RECEIVABLES

	Note	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Trade receivables		**40,231**	26,728	**6,402**	3,339	**46,633**	30,067
Impairment loss	35	**(6,580)**	(1,433)	**(100)**	(205)	**(6,680)**	(1,638)
		33,651	25,295	**6,302**	3,134	**39,953**	28,429
Amounts due from related parties:							
– trade		**32,136**	27,927	**–**	–	**32,136**	27,927
– non-trade		**20,731**	4,275	**1,268**	1,324	**860**	298
– loan (interest-bearing)		**2,486**	2,450	**–**	–	**–**	–
Amounts due from the Ascott BT Trustee-Manager		**–**	–	**160**	519	**160**	519
Loans due from the Ascott BT Group		**65,504**	65,806	**–**	–	**–**	–
Deposits		**1,098**	1,108	**–**	4	**1,098**	1,112
Deposit paid for acquisition of investment property		**798**	–	**–**	–	**798**	–
Other receivables		**14,266**	31,280	**2,168**	2,465	**16,434**	33,745
Impairment loss	35	**(5)**	(34)	**–**	–	**(5)**	(34)
		14,261	31,246	**2,168**	2,465	**16,429**	33,711
		170,665	158,107	**9,898**	7,446	**91,434**	91,996
Prepayments		**12,373**	10,632	**622**	610	**12,995**	11,242
		183,038	168,739	**10,520**	8,056	**104,429**	103,238

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% (2020: 1.90%) per annum.

16 ASSETS HELD FOR SALE

	Note	Ascott Reit Group and Stapled Group 2021 $'000	2020 $'000
Somerset Grand Citra	(a)		
– Investment property		**1,519**	–
Citadines Didot Montparnasse Paris, France	(b)		
– Investment property		**–**	22,333
Citadines City Centre Grenoble, France	(b)		
– Investment property		**–**	9,571
		1,519	31,904

(a) During the year, pursuant to the planned divestment of nine strata units in Somerset Grand Citra Jakarta, the investment property pertaining to these nine units have been reclassified to assets held for sale.

(b) 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 $37.9 million and $12.8 million respectively. The divestments were completed in 2021.

Fair value hierarchy

On 31 December 2021, the Stapled Group's investment properties held for sale are valued based on independent valuation conducted by Colliers using the discounted cash flow method.

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 2021 $'000	2020 $'000
Balance at 1 January		**31,904**	253,292
Disposal of assets held for sale		**(31,986)**	(155,016)
Transfer from investment properties	4	**1,519**	31,904
Transfer to investment properties	4	**–**	(98,503)
Transfer to property, plant and equipment	5	**–**	(650)
Reclassifications from assets held for sale		**–**	(4,210)
Net change in fair value recognised in Statement of Total Return		**–**	83
Translation differences		**82**	5,004
Balance at 31 December		**1,519**	31,904

17 CASH AND CASH EQUIVALENTS

	Note	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Cash at bank and in hand		**231,128**	233,993	**42,762**	28,984	**273,890**	262,977
Fixed deposits with financial institutions		**70,035**	220,090	**2,407**	3,636	**72,442**	223,726
Cash and cash equivalents		**301,163**	454,083	**45,169**	32,620	**346,332**	486,703
Restricted cash deposits	(a)	**(371)**	(357)	**(2,292)**	(2,424)	**(2,663)**	(2,781)
Cash and cash equivalents in the Statements of Cash Flows		**300,792**	453,726	**42,877**	30,196	**343,669**	483,922

As at 31 December 2021, 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 0.00% to 3.50% (2020: 0.00% to 7.73%), 0.00% to 1.00% (2020: 0.00% to 0.59%) and 0.00% to 3.50% (2020: 0.00% to 7.73%) respectively.

(a) The restricted cash deposits comprise:
- bank balances of certain subsidiaries pledged as collateral for certain borrowings of $371,000 (2020: $357,000); and
- security deposit of $2,292,000 (2020: $2,424,000) from a tenant which can only be drawn down as rental payment upon tenant's default or refunded to tenant upon lease expiry.

18 FINANCIAL LIABILITIES

	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Non-current liabilities						
Secured bank loans	**713,314**	464,906	**–**	–	**713,314**	464,906
Unsecured bank loans	**618,638**	610,761	**230,789**	278,457	**849,427**	889,218
Medium term notes	**401,998**	705,610	**–**	69,680	**401,998**	775,290
	1,733,950	1,781,277	**230,789**	348,137	**1,964,739**	2,129,414
Current liabilities						
Secured bank loans	**155,018**	275,846	**–**	–	**155,018**	275,846
Unsecured bank loans	**203,979**	57,235	**48,718**	–	**252,697**	57,235
Medium term notes	**286,767**	–	**69,703**	–	**356,470**	–
	645,764	333,081	**118,421**	–	**764,185**	333,081
	2,379,714	2,114,358	**349,210**	348,137	**2,728,924**	2,462,495

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 1.90% (2020: 1.89%), 2.15% (2020: 2.21%) and 1.93% (2020: 1.94%) respectively.

18 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 $8,304,000 (2020: $6,961,000), $462,000 (2020: $794,000) and $8,766,000 (2020: $7,755,000) 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 17), 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, a subsidiary of the A-HREIT Group, 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 2021, notes issued by the Stapled Group comprises:

- under the Amended MTN Programme:
  - (i) $420.0 million (2020: $420.0 million) of fixed rate notes maturing between 2022 and 2024; and
  - (ii) JPY12.3 billion (2020: JPY12.3 billion) of fixed rate notes maturing between 2022 and 2025.
- under the EMTN Programme, EUR80.0 million (2020: EUR80.0 million) of fixed rate notes maturing in 2024.
- under the Stapled MTN Programme, $70.0 million ($0.3 million under A-HREIT Group and $69.7 million under A-HBT) of fixed rate notes maturing in 2022.

18 FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Ascott Reit Group					
2021					
Medium term notes	EUR	2.75	2024	123,071	122,870
Medium term notes	JPY	0.97 – 1.17	2022 – 2025	145,878	145,867
Medium term notes	SGD	3.33 – 4.21	2022 – 2024	420,280	420,028
Secured fixed rate loans	JPY	0.25 – 0.77	2024 – 2028	158,723	156,745
Secured fixed rate loans	USD	2.70 – 2.90	2028	108,670	107,860
Secured floating rate loans	JPY	0.18 – 0.82	2024 – 2028	129,463	128,720
Secured floating rate loans	RMB	4.85 – 4.90	2022 – 2026	26,462	26,462
Secured floating rate loans	USD	1.22 – 2.93	2022 – 2026	448,141	446,073
Secured floating rate loans	VND	4.00	2022	2,472	2,472
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	166,040	165,786
Unsecured fixed rate loans	USD	1.00	2025	225	225
Unsecured floating rate loans	AUD	0.84 – 1.75	2022	51,088	50,971
Unsecured floating rate loans	EUR	0.74 – 0.90	2022 – 2024	103,743	103,391
Unsecured floating rate loans	GBP	1.01 – 1.02	2022	39,218	39,177
Unsecured floating rate loans	JPY	0.58 – 1.30	2023 – 2024	95,259	94,971
Unsecured floating rate loans	SGD	1.14 – 1.75	2023 – 2026	329,770	328,771
Unsecured floating rate loans	USD	1.03 – 1.73	2022 – 2026	39,515	39,325
				2,388,018	2,379,714
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

18 FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Ascott BT Group					
2021					
Medium term notes	SGD	3.33	2022	69,720	69,703
Unsecured fixed rate loans	KRW	3.55	2024	36,672	36,585
Unsecured floating rate loans	AUD	1.68	2023	193,374	193,018
Unsecured floating rate loans	JPY	1.50	2023	1,186	1,186
Unsecured floating rate loans	USD	1.31	2022	48,720	48,718
				349,672	349,210
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
Stapled Group					
2021					
Medium term notes	EUR	2.75	2024	123,071	122,870
Medium term notes	JPY	0.97 – 1.17	2022 – 2025	145,878	145,867
Medium term notes	SGD	3.33 – 4.21	2022 – 2024	490,000	489,731
Secured fixed rate loans	JPY	0.25 – 0.77	2024 – 2028	158,723	156,745
Secured fixed rate loans	USD	2.70 – 2.90	2028	108,670	107,860
Secured floating rate loans	JPY	0.18 – 0.82	2024 – 2028	129,463	128,720
Secured floating rate loans	RMB	4.85 – 4.90	2022 – 2026	26,462	26,462
Secured floating rate loans	USD	1.22 – 2.93	2022 – 2026	448,141	446,073
Secured floating rate loans	VND	4.00	2022	2,472	2,472
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	166,040	165,786
Unsecured fixed rate loans	KRW	3.55	2024	36,672	36,585
Unsecured fixed rate loans	USD	1.00	2025	225	225
Unsecured floating rate loans	AUD	0.84 – 1.75	2022 – 2023	244,462	243,989
Unsecured floating rate loans	EUR	0.74 – 0.90	2022 – 2024	103,743	103,391
Unsecured floating rate loans	GBP	1.01 – 1.02	2022	39,218	39,177
Unsecured floating rate loans	JPY	0.58 – 1.50	2023 – 2024	96,445	96,157
Unsecured floating rate loans	SGD	1.14 – 1.75	2023 – 2026	329,770	328,771
Unsecured floating rate loans	USD	1.03 – 1.73	2022 – 2026	88,235	88,043
				2,737,690	2,728,924

18 FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
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

Guarantees

The Ascott Reit Group has provided corporate guarantees amounting to $422,045,000 (2020: $208,841,000) to Ascott Reit's subsidiaries which expire in 2022, 2023, 2025 and 2026. The earliest period that the guarantees could be called is within one year (2020: one year) from the reporting date.

The Ascott BT Group has provided corporate guarantees to banks amounting to $229,606,000 (2020: $228,934,000) 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

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%. The government of United States of America ("USA") introduced a general financial support scheme ("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.

As at 31 December 2021, the outstanding bank loan amounted to $225,000 and will mature in 2025.

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 2.37% per annum. The Ascott Reit Group concluded that the difference between the interest rate of 1.00% and 2.37% per annum is government assistance that is intended to provide relief to the Ascott Reit 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 2021, the Stapled Group has complied with all debt covenants or obtained waivers to defer testing of debt covenant compliance to after the year end.

18 FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Ascott Reit Group	Bank loans and medium term notes $'000	Interest payable[1] (Note 19) $'000	Lease liabilities (Note 21) $'000	Total $'000
Balance as at 1 January 2020	1,994,709	5,639	292,026	2,292,374
Changes from financing cash flows				
Proceeds from borrowings	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
Balance as at 1 January 2021	2,114,358	5,718	283,312	2,403,388
Changes from financing cash flows				
Proceeds from borrowings	754,954	–	–	754,954
Repayment of borrowings and medium term notes	(422,698)	–	–	(422,698)
Payment of transaction costs on bank borrowings	(4,619)	–	–	(4,619)
Payment of lease liabilities	–	–	(8,384)	(8,384)
Interest paid	–	(35,053)	(10,519)	(45,572)
Total changes from financing cash flows	327,637	(35,053)	(18,903)	273,681
Other changes				
Finance costs	3,132	35,126	10,519	48,777[2]
Effect of changes in foreign exchange rates	(65,413)	(336)	951	(64,798)
Balance as at 31 December 2021	2,379,714	5,455	275,879	2,661,048

(1) Net of interest receivables of $3,397,000 (2020: $3,412,000) from cross currency interest rate swaps.

(2) Excludes financial expenses from remeasuring the security deposits of $391,000 (2020: $417,000).

18 FINANCIAL LIABILITIES (continued)

***Reconciliation of movements of liabilities to cash flows arising from financing activities** (continued)*

Ascott BT Group	Bank loans and medium term notes $'000	Interest payable[1] (Note 19) $'000	Lease liabilities (Note 21) $'000	Total $'000
Balance as at 1 January 2020	354,304	1,331	115,714	471,349
Changes from financing cash flows				
Proceeds from borrowings	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
Balance as at 1 January 2021	348,137	1,116	114,078	463,331
Changes from financing cash flows				
Payment of lease liabilities	–	–	(5,256)	(5,256)
Interest paid	–	(6,358)	(9,122)	(15,480)
Total changes from financing cash flows	–	(6,358)	(14,378)	(20,736)
Other changes				
Finance costs	340	6,360	9,123	15,823[2]
Effect of changes in foreign exchange rates	733	34	(8,851)	(8,084)
Balance as at 31 December 2021	349,210	1,152	99,972	450,334

(1) Net of interest receivables of $478,000 (2020: $454,000) from cross currency interest rate swaps and including interest payable to Ascott Reit Group of $65,000 (2020: $16,000) from interest bearing loan due to related parties.

(2) Excludes financial expenses from remeasuring the security deposits of $158,000 (2020: $162,000).

18 FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities *(continued)*

Stapled Group	Bank loans and medium term notes $'000	Interest payable[(1)] (Note 19) $'000	Lease liabilities (Note 21) $'000	Total $'000
Balance as at 1 January 2020	2,349,013	6,970	292,026	2,648,009
Changes from financing cash flows				
Proceeds from borrowings	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
Balance as at 1 January 2021	2,462,495	6,817	283,312	2,752,624
Changes from financing cash flows				
Proceeds from borrowings	754,954	–	–	754,954
Repayment of borrowings and medium term notes	(422,698)	–	–	(422,698)
Payment of transaction costs on bank borrowings	(4,619)	–	–	(4,619)
Payment of lease liabilities	–	–	(8,384)	(8,384)
Interest paid	–	(41,410)	(10,519)	(51,929)
Total changes from financing cash flows	327,637	(41,410)	(18,903)	267,324
Other changes				
Finance costs	3,472	41,437	10,519	55,428[(2)]
Effect of changes in foreign exchange rates	(64,680)	(302)	951	(64,031)
Balance as at 31 December 2021	2,728,924	6,542	275,879	3,011,345

(1) Net of interest receivables of $3,875,000 (2020: $3,867,000) from cross currency interest rate swaps.

(2) Excludes financial expenses from remeasuring the security deposits of $549,000 (2020: $579,000).

19 TRADE AND OTHER PAYABLES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses	**64,338**	67,985	**24,859**	17,412	**89,197**	85,397
Amounts due to associate (non-trade)	**1,934**	1,977	**–**	–	**1,934**	1,977
Amounts due to related parties:						
– trade	**14,239**	15,398	**1,691**	2,017	**15,930**	17,415
– non-trade	**2,446**	1,851	**19,870**	3,979	**1,177**	529
– loan (interest-bearing)	**4,169**	4,239	**2,486**	2,450	**4,169**	4,239
Amounts due to the Ascott Reit Manager	**6,730**	2,246	**–**	–	**6,730**	2,246
Amounts due to the Ascott BT Trustee-Manager	**–**	–	**53**	–	**53**	–
Amounts due to the Ascott Reit Trustee	**228**	226	**–**	–	**228**	226
Amounts due to non-controlling interests (non-trade)	**653**	651	**–**	–	**653**	651
Loans due to the Ascott Reit Group	**–**	–	**65,504**	65,806	**–**	–
Interest payable	**8,852**	9,130	**1,565**	1,554	**10,417**	10,684
Deposits received from divestment of subsidiaries	**–**	25,046	**–**	–	**–**	25,046
Rental deposits and advance rental	**32,102**	32,645	**3,972**	4,400	**36,074**	37,045
Trade and other payables (current)	**135,691**	161,394	**120,000**	97,618	**166,562**	185,455
Other payables	**–**	–	**376**	414	**376**	414
Rental deposits	**–**	6,475	**9,242**	9,800	**9,242**	16,275
Trade and other payables (non-current)	**–**	6,475	**9,618**	10,214	**9,618**	16,689

The non-trade amounts due to associate and related parties mainly pertain to payments made on behalf by these entities. These amounts and loans due to the Ascott Reit Group 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 2.27% (2020: 2.40%), 1.90% (2020: 1.90%) and 2.27% (2020: 2.40%) 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 1.94% (2020: 2.57%) per annum.

The non-current rental deposits are refundable to tenant upon the lease expiry ranging from December 2025 to June 2038.

20 DEFERRED INCOME

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Current	–	145	**969**	1,790	**969**	1,935
Non-current	–	216	**1,128**	2,169	**1,128**	2,385
Total	–	361	**2,097**	3,959	**2,097**	4,320
At 1 January	**361**	764	**3,959**	5,478	**4,320**	6,242
Amount amortised during the year						
– Gross revenue (Note 24)	–	–	**(1,694)**	(1,571)	**(1,694)**	(1,571)
– Finance income (Note 26)	**(361)**	(411)	**(158)**	(162)	**(519)**	(573)
Translation differences	–	8	**(10)**	214	**(10)**	222
	–	361	**2,097**	3,959	**2,097**	4,320

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.

21 LEASE LIABILITIES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Current	**8,641**	8,256	**5,524**	5,508	**8,641**	8,256
Non-current	**267,238**	275,056	**94,448**	108,570	**267,238**	275,056
Total	**275,879**	283,312	**99,972**	114,078	**275,879**	283,312

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.

21 LEASE LIABILITIES (continued)

Leases as lessee (FRS 116/SFRS(I) 16)

The Ascott Reit Group leases the land on which three (2020: three) of the investment properties were constructed. The leases have initial tenures ranging from 25 to 48 years (2020: 25 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 2021 $'000	Ascott Reit Group and Stapled Group 2020 $'000
Lease under FRS 116/SFRS(I) 16		
Interest expense on lease liabilities	**10,519**	11,090
Change in fair value of right-of-use assets	**8,190**	7,813
Variable lease payments not capitalised in lease liabilities		
Variable lease payments which do not depend on an index or rate[1]	**281**	268

(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 $281,000 (2020: $268,000) for the year ended 31 December 2021.

Amounts recognised in Statement of Cash Flows

	Ascott Reit Group and Stapled Group 2021 $'000	Ascott Reit Group and Stapled Group 2020 $'000
Payment of lease liabilities	**8,384**	7,450
Interest paid	**10,519**	11,090
Total cash outflow for leases	**18,903**	18,540

22 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.

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.

Asset revaluation reserve

The revaluation reserve relates to the revaluation of freehold land and buildings, net of deferred tax.

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.

22 STAPLED SECURITYHOLDERS' FUNDS (continued)

***Capital management** (continued)*

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 % (2020: 50.0%) of the fund's Deposited Property before 1 January 2022. It was announced that after 1 January 2022, the Aggregate Leverage limit is revised back to 45% with the exception that the Aggregate Leverage limit may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

As at the reporting date, Ascott Reit has a credit rating of BBB- from Fitch Ratings (2020: BBB from Fitch Ratings). The Aggregate Leverage of the Ascott Reit Group as at 31 December 2021 was 37.3% (2020: 36.4%) 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 2021 was 37.1% (2020: 36.3%).

There were no changes in the Stapled Group's approach to capital management during the year.

23 STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES

(a) Stapled Securities in issue

	Ascott Reit Units		Ascott BT Units		Stapled Securities	
	2021	2020	2021	2020	2021	2020
	'000	'000	'000	'000	'000	'000
At 1 January	**3,108,048**	3,083,089	**3,108,048**	3,083,089	**3,108,048**	3,083,089
Issue of new Stapled Securities:						
– Private placement	**152,594**	–	**152,594**	–	**152,594**	–
– Management fees paid in Stapled Securities	**15,905**	18,511	**15,905**	18,511	**15,905**	18,511
– Acquisition fees paid in Stapled Securities	**–**	6,448	**–**	6,448	**–**	6,448
At 31 December	**3,276,547**	3,108,048	**3,276,547**	3,108,048	**3,276,547**	3,108,048

During the financial year ended 31 December 2021, the Ascott Reit Manager and the Ascott BT Trustee-Manager issued Stapled Securities as follows:

(a) 152,594,100 Stapled Securities at an issue price of $0.9830 per Stapled Security amounting to $150,000,000 by way of a private placement to institutional and other investors.

(b) 13,859,286 Stapled Securities at issue prices ranging from $0.9494 to $1.0759 per Stapled Security, amounting to $14,342,000, as payment of the Ascott Reit Manager's base management fees for the period from 1 October 2020 to 30 September 2021 and the Ascott Reit Manager's performance fees for the period from 1 January 2020 to 31 December 2020.

23 STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES (continued)

(a) Stapled Securities in issue (continued)

(c) 2,045,550 Stapled Securities at issue prices ranging from $0.9494 to $1.0759 per Stapled Security, amounting to $2,098,000 as payment of the Ascott BT Trustee-Manager's base management fees for the period from 1 October 2020 to 30 September 2021 and the Ascott BT Trustee-Manager's performance fees for the period from 1 October 2020 to 30 September 2021.

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 Ascendas Hospitality Trust.

(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.

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.

23 STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES (continued)

(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.

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 (2020: $396,298,000) presented on the Statements of Financial Position represents the $400,000,000 (2020: $400,000,000) perpetual securities net of issue costs and include total return attributable to perpetual securities holders from issue date.

24 GROSS REVENUE

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Gross rental income	**289,691**	282,298	**27,952**	29,788	**303,264**	297,053
Hospitality income	**10,290**	12,945	**–**	–	**10,290**	12,945
Hotel revenue	**–**	–	**77,172**	56,741	**77,172**	56,741
Amortisation of deferred income (Note 20)	**–**	–	**1,694**	1,571	**1,694**	1,571
Car park income	**1,992**	1,562	**–**	–	**1,992**	1,562
	301,973	296,805	**106,818**	88,100	**394,412**	369,872

During the year, the Ascott Reit Group, the Ascott BT Group and the Stapled Group granted rental abatement of $4.1 million (2020: $17.9 million), $Nil (2020: $0.3 million) and $4.1 million (2020: $18.2 million) respectively to the lessees. These rental abatements are presented net and deducted against gross revenue in the Statement of Total Return.

25 DIRECT EXPENSES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Operations and maintenance expenses	**32,472**	32,155	**11,204**	10,668	**43,676**	42,823
Staff costs	**33,990**	37,758	**26,795**	19,797	**60,785**	57,555
Serviced residence management fees	**8,505**	9,693	**105**	108	**8,610**	9,801
Property tax	**24,045**	26,769	**5,522**	4,957	**29,567**	31,726
Depreciation of property, plant and equipment	**10,494**	12,190	**3,135**	3,095	**13,629**	15,285
Marketing and selling expenses	**11,697**	11,667	**3,418**	3,201	**15,115**	14,868
Administrative and general expenses	**26,380**	24,512	**8,419**	6,694	**34,799**	31,206
Other direct expenses	**9,284**	11,945	**5,657**	5,035	**14,941**	17,006
	156,867	166,689	**64,255**	53,555	**221,122**	220,270
Contributions to defined contribution plans included in staff costs	**3,124**	3,822	**2,208**	2,145	**5,332**	5,967

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) Wage subsidies of approximately $0.3 million (2020: $1.1 million), $2.6 million (2020: $12.8 million) and $2.9 million (2020: $13.9 million) received by the Ascott Reit Group, Ascott BT Group and Stapled Group 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 $1.8 million (2020: $3.1 million) from the Jobs Support Scheme granted by the Singapore government or equivalents in China, Europe and Malaysia.

Property tax

In prior year, the Ascott Reit Group received property tax rebates of $0.6 million and cash grant of $0.8 million from the Singapore Government as part of the relief measures to help businesses in dealing with the impact from COVID-19. These amounts were fully passed on to the master lessees.

26 FINANCE INCOME AND COSTS

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Finance income						
Interest income from a related party	**49**	16	**–**	–	**–**	–
Financial income arising from remeasuring the deferred income (Note 20)	**361**	411	**158**	162	**519**	573
Bank deposits	**2,510**	1,339	**41**	78	**2,551**	1,417
	2,920	1,766	**199**	240	**3,070**	1,990
Finance costs						
Amortisation of transaction costs	**(3,132)**	(3,988)	**(340)**	(327)	**(3,472)**	(4,315)
Interest on bank loans	**(40,426)**	(44,094)	**(7,708)**	(8,484)	**(48,134)**	(52,578)
Cash flow hedges, reclassified from hedging reserve	**(3,347)**	(2,877)	**(409)**	(491)	**(3,756)**	(3,368)
Cross currency interest rate swaps [(1)]	**9,619**	10,435	**1,822**	2,213	**11,441**	12,648
Interest expense on lease liabilities	**(10,519)**	(11,090)	**–**	–	**(10,519)**	(11,090)
Interest expense on lease liabilities paid/payable to the Ascott Reit Group	**–**	–	**(9,123)**	(10,004)	**–**	–
Interest paid/payable to a related corporation	**(98)**	(100)	**(49)**	(16)	**(98)**	(100)
Financial expense from remeasuring the security deposits	**(391)**	(417)	**(158)**	(162)	**(549)**	(579)
Others	**(874)**	(661)	**(16)**	(14)	**(890)**	(675)
	(49,168)	(52,792)	**(15,981)**	(17,285)	**(55,977)**	(60,057)

(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.

27 MANAGERS' MANAGEMENT FEES

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Ascott Reit Manager's fees[1]						
– Base fee	**15,576**	16,812	**–**	–	**15,576**	16,812
– Performance fee	**4,638**	4,127	**–**	–	**4,638**	4,127
	20,214	20,939	**–**	–	**20,214**	20,939
Ascott BT Trustee-Manager's fees[1]						
– Base fee	**–**	–	**1,046**	529	**1,046**	529
– Performance fee	**–**	–	**1,145**	734	**1,145**	734
	–	–	**2,191**	1,263	**2,191**	1,263
Onshore fees paid/ payable to related entities of the Managers[2]	**320**	336	**1,995**	2,590	**2,315**	2,926
	20,534	21,275	**4,186**	3,853	**24,720**	25,128

(1) A total of 14,759,983 (2020: 15,566,928) Stapled Securities and 2,057,689 (2020: 2,130,999) 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 $14,936,000 (2020: $14,981,000) and $2,094,000 (2020: $1,927,000) respectively in respect of the year ended 31 December 2021. 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.

28 PROFESSIONAL FEES

Professional fees of the Ascott Reit Group, the Ascott BT Group and the Stapled Group include valuation fees of $518,000, $73,000 and $591,000 respectively (2020: $421,000, $64,000 and $485,000 respectively).

29 NET INCOME

The following items have been included in arriving at net income for the year:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Non-audit fees paid to:						
– auditors of the Stapled Group	**78**	51	**–**	21	**78**	72
Loss on disposal of property, plant and equipment	**29**	8	**–**	–	**29**	8
Impairment loss on trade and other receivables recognised/(written back)	**5,179**	1,383	**(112)**	195	**5,067**	1,578
Write-off of trade and other receivables	**392**	338	**25**	170	**417**	508

30 PROFIT FROM DIVESTMENTS

Divestment of subsidiaries

On 27 May 2021, the Ascott Reit Group completed the divestment of a wholly-owned subsidiary, Shanghai Xinwei Real Estate Development Co. Ltd., for total consideration of $217.1 million. The disposed subsidiary contributed profit after tax of $1.3 million from 1 January 2021 to the date of disposal.

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.

Divestment of investment properties

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.

Divestment of assets held for sale

On 1 April 2021, the Ascott Reit Group completed the divestment of a serviced residence property in France, Citadines City Centre Grenoble, for total consideration of $12.8 million. The disposed serviced residence property contributed profit after tax of $161,000 from 1 January 2021 to the date of disposal.

On 4 May 2021, the Ascott Reit Group completed the divestment of a serviced residence property in France, Citadines Didot Montparnasse Paris, for total consideration of $37.9 million. The disposed serviced residence property contributed profit after tax of $565,000 from 1 January 2021 to the date of disposal.

30 PROFIT FROM DIVESTMENTS (continued)

	Ascott Reit Group and Stapled Group 2021 $'000	2020 $'000
Gain on divestment of subsidiaries[1]	**136,053**	47,313
Gain on disposal of investment properties[2]	**607**	30,820
Gain on divestment of assets held for sale	**16,566**	295
	153,226	78,428

(1) Gain on divestment of subsidiaries in 2021 included $1,259,000 relating to Guangzhou Hai Yi Real Estate Development Co, Ltd., which was divested on 9 December 2020 and $134,794,000 relating to Shanghai Xinwei Real Estate Development Co. Ltd..

In 2020, gain on divestment of subsidiaries included $261,000 relating to the reversal of transaction costs no longer required for the divestment of The Ascott (Vietnam) Investments Pte Ltd, which was divested on 31 October 2019 and $47,052,000 relating to the divestment of Guangzhou Hai Yi Real Estate Development Co., Ltd..

(2) Gain on disposal of investment properties in 2021 relates to the reversal of transaction costs no longer required for the serviced residence property in Japan which was divested on 23 December 2020.

31 INCOME TAX EXPENSE/(CREDIT)

	Ascott Reit Group 2021 $'000	Ascott Reit Group 2020 $'000	Ascott BT Group 2021 $'000	Ascott BT Group 2020 $'000	Stapled Group 2021 $'000	Stapled Group 2020 $'000
Current tax expense						
Current year	**25,914**	11,006	**2,109**	(14)	**28,023**	10,992
(Over)/Under provided in prior years	**(8,507)**	(560)	**335**	155	**(8,172)**	(405)
Withholding tax	**23,693**	19,651	**1,644**	1,053	**25,337**	20,704
	41,100	30,097	**4,088**	1,194	**45,188**	31,291
Deferred tax expense						
Origination and reversal of temporary differences	**16,020**	(60,040)	**3,535**	(13,827)	**19,555**	(73,867)
(Over)/Under provided in prior years	**(125)**	26	**(103)**	(118)	**(228)**	(92)
	15,895	(60,014)	**3,432**	(13,945)	**19,327**	(73,959)
Income tax expense/ (credit)	**56,995**	(29,917)	**7,520**	(12,751)	**64,515**	(42,668)

31 INCOME TAX EXPENSE/(CREDIT) (continued)

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Reconciliation of effective tax rate						
Total return/(loss) before income tax	**345,555**	(222,184)	**29,503**	(46,226)	**374,932**	(267,964)
Income tax using the Singapore tax rate of 17% (2020: 17%)	**58,744**	(37,771)	**5,016**	(7,858)	**63,738**	(45,554)
Effect of different tax rates in foreign jurisdictions	**22,279**	(27,203)	**(155)**	(4,105)	**22,124**	(31,308)
Tax rebate/relief/ exemption	**(325)**	(456)	**–**	–	**(325)**	(456)
Income not subject to tax	**(111,137)**	(78,932)	**(10,844)**	(29,995)	**(121,975)**	(108,927)
Tax benefits not recognised	**25,671**	20,637	**9,068**	4,371	**34,739**	25,008
Expenses not deductible for tax purposes	**48,244**	78,594	**2,559**	23,746	**50,819**	102,265
Utilisation of previously unrecognised tax losses	**(183)**	(863)	**–**	–	**(183)**	(863)
Tax transparency	**(1,359)**	(3,040)	**–**	–	**(1,359)**	(3,040)
(Over)/Under provision in prior years	**(8,632)**	(534)	**232**	37	**(8,400)**	(497)
Withholding tax	**23,693**	19,651	**1,644**	1,053	**25,337**	20,704
	56,995	(29,917)	**7,520**	(12,751)	**64,515**	(42,668)

No income tax effects have been recognised for those items recognised directly in Stapled Securityholders' funds.

32 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.

	Stapled Group	
	2021	2020
	$'000	$'000
Total return/(loss) attributable to Stapled Securityholders and perpetual securities holders	**309,317**	(222,549)
Less: Total return attributable to perpetual securities holders	**(13,495)**	(15,528)
Total return/(loss) attributable to Stapled Securityholders	**295,822**	(238,077)

	Stapled Group	
	2021	2020
	'000	'000
Issued Stapled Securities at the beginning of the year	**3,108,048**	3,083,089
Effect of issue of new Stapled Securities:		
– Private placement	**43,061**	–
– Acquisition fees paid in Stapled Securities	**–**	3,471
– Management fees paid in Stapled Securities	**9,065**	9,924
Weighted average number of Stapled Securities outstanding during the year	**3,160,174**	3,096,484

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	
	2021	2020
	'000	'000
Weighted average number of Stapled Securities used in calculation of basic earnings per Stapled Security	**3,160,174**	3,096,484
Weighted average number of unissued Stapled Securities for base and performance fees	**13,848**	–
Weighted average number of Stapled Securities outstanding (diluted) during the year	**3,174,022**	3,096,484

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.

33 ISSUE EXPENSES

	Ascott Reit Group and Stapled Group 2021 $'000	2020 $'000
Underwriting fees and selling commission	**1,500**	–
Professional fees	**158**	–
Other expenses	**292**	–
	1,950	–
These expenses were deducted/(credited) directly against		
– Stapled Securityholders' funds	**1,950**	–
– Perpetual securities	**–**	(21)*

* Reversal of over provision of expenses for the issuance of perpetual securities in 2019.

34 DISPOSAL OF SUBSIDIARIES

The list of subsidiaries disposed during the year ended 31 December 2021 and 31 December 2020 is as follows:

Name of subsidiaries	Date of disposal	Equity interest disposed %
Guangzhou Hai Yi Real Estate Development Co, Ltd.	9 December 2020	100.0
Shanghai Xinwei Real Estate Development Co. Ltd.	27 May 2021	100.0

34 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 2021 and 31 December 2020 are provided below:

	Note	Ascott Reit Group and Stapled Group 2021 $'000	2020 $'000
Investment properties	4	**79,647**	103,422
Property, plant and equipment	5	**356**	1,071
Trade and other receivables		**853**	12,397
Cash and cash equivalents		**5,976**	5,420
Trade and other payables		**(2,861)**	(5,667)
Current tax liabilities		**(9)**	(326)
Net assets disposed		**83,962**	116,317
Transfer from foreign currency translation reserve to Statement of Total Return		**(4,123)**	3,007
Transfer from capital reserve to Statement of Total Return		**(1,235)**	–
Gain on disposal (before tax)		**134,794**	47,052
Tax expense relating to the divestment		**(18,860)**	(26,502)
Accrual of transaction costs		**1,086**	15,340
Cash flow on disposal of subsidiaries		**195,624**	155,214
Less: Cash disposed		**(5,976)**	(5,420)
Less: Deposit received		**(6,191)**	–
Less: Outstanding consideration not received		**–**	(19,724)
Add: Consideration to be refunded to the purchaser		**128**	–
Net cash flow on disposal of subsidiaries		**183,585**	130,070

35 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.

35 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 2021 and 31 December 2020, 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.

35 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	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	**6,508**	8,485	**–**	1	**6,508**	8,486
Australia	**3,737**	3,426	**5,365**	2,235	**9,102**	5,661
China	**1,306**	1,790	**–**	–	**1,306**	1,790
Europe (excluding United Kingdom)	**3,916**	2,853	**–**	–	**3,916**	2,853
Indonesia	**560**	883	**–**	–	**560**	883
Japan	**2,562**	446	**1**	1	**2,563**	447
Malaysia	**24**	55	**–**	–	**24**	55
Philippines	**6,423**	2,855	**–**	–	**6,423**	2,855
South Korea	**–**	–	**936**	897	**936**	897
United Kingdom	**3,115**	2,935	**–**	–	**3,115**	2,935
United States of America	**5,085**	1,267	**–**	–	**5,085**	1,267
Vietnam	**415**	300	**–**	–	**415**	300
	33,651	25,295	**6,302**	3,134	**39,953**	28,429

A summary of the Stapled Group's exposures to credit risk for trade receivables is as follows:

	Not credit impaired 2021 $'000	Credit impaired 2021 $'000	Total 2021 $'000	Not credit impaired 2020 $'000	Credit impaired 2020 $'000	Total 2020 $'000
Ascott Reit Group						
Current	**22,420**	**11**	**22,431**	12,709	–	12,709
Within 30 days	**3,133**	**–**	**3,133**	3,411	33	3,444
30 to 60 days	**1,760**	**–**	**1,760**	1,893	41	1,934
More than 60 days	**6,775**	**6,132**	**12,907**	7,837	804	8,641
Total gross carrying amount	**34,088**	**6,143**	**40,231**	25,850	878	26,728
Loss allowance	**(437)**	**(6,143)**	**(6,580)**	(555)	(878)	(1,433)
	33,651	**–**	**33,651**	25,295	–	25,295
Ascott BT Group						
Current	**3,562**	**–**	**3,562**	1,987	–	1,987
Within 30 days	**1,506**	**–**	**1,506**	1,118	–	1,118
30 to 60 days	**155**	**–**	**155**	108	–	108
More than 60 days	**1,179**	**–**	**1,179**	126	–	126
Total gross carrying amount	**6,402**	**–**	**6,402**	3,339	–	3,339
Loss allowance	**(100)**	**–**	**(100)**	(205)	–	(205)
	6,302	**–**	**6,302**	3,134	–	3,134

35 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

	Not credit impaired 2021 $'000	Credit impaired 2021 $'000	Total 2021 $'000	Not credit impaired 2020 $'000	Credit impaired 2020 $'000	Total 2020 $'000
Stapled Group						
Current	**25,982**	**11**	**25,993**	14,696	–	14,696
Within 30 days	**4,639**	**–**	**4,639**	4,529	33	4,562
30 to 60 days	**1,915**	**–**	**1,915**	2,001	41	2,042
More than 60 days	**7,954**	**6,132**	**14,086**	7,963	804	8,767
Total gross carrying amount	**40,490**	**6,143**	**46,633**	29,189	878	30,067
Loss allowance	**(537)**	**(6,143)**	**(6,680)**	(760)	(878)	(1,638)
	39,953	**–**	**39,953**	28,429	–	28,429

There is an increase in credit-impaired balances for specific customers with liquidity constraints arising from the COVID-19 pandemic which contributed to the change in impairment allowances of $5,069,000 (2020: $798,000).

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	**1,467**	94	**205**	3	**1,672**	97
Impairment losses recognised/(reversed)	**5,179**	1,383	**(112)**	195	**5,067**	1,578
Utilised during the year	**(67)**	(36)	**–**	–	**(67)**	(36)
Translation differences	**6**	26	**7**	7	**13**	33
At 31 December	**6,585**	1,467	**100**	205	**6,685**	1,672

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.

35 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
2021					
Ascott Reit Group					
Expected loss rate	1.18%	0.64%	1.25%	48.60%	
Trade receivables	22,431	3,133	1,760	12,907	40,231
Loss allowance	265	20	22	6,273	6,580
Ascott BT Group					
Expected loss rate	0.48%	4.91%	0.65%	0.68%	
Trade receivables	3,562	1,506	155	1,179	6,402
Loss allowance	17	74	1	8	100
Stapled Group					
Expected loss rate	1.08%	2.03%	1.20%	44.59%	
Trade receivables	25,993	4,639	1,915	14,086	46,633
Loss allowance	282	94	23	6,281	6,680
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

No ageing analysis of other receivables is presented as majority of the outstanding balances as at 31 December 2021 is current.

35 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 $346,332,000 at 31 December 2021 (2020: $486,703,000). 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 also monitor and observe the CIS Code issued by MAS concerning limits on total borrowings. As at year end, the Stapled Group maintained several lines of credit and has complied with all debt covenants or obtained waivers to defer testing of debt covenant compliance to after the year end.

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 2021, the Stapled Group is in a net current liabilities position of $508.5 million and has current financial liabilities of $764.2 million due in the next 12 months. The Managers are currently in discussions with various financial institutions to refinance these financial liabilities. The Managers does not expect any issue in refinancing these financial liabilities. In addition, the Stapled Group has unutilised credit facilities of approximately $690.2 million (2020: $528.3 million) expiring between February 2022 and January 2026, that can be drawn down to meet short-term financing needs. The Stapled Group also holds investment properties amounting to $4.2 billion which are not pledged as securities to banks for banking facilities as at year end.

35 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Notes issued by the Stapled Group as at 31 December 2021 are as follows: (a) $565.9 million (2020: $578.4 million) under the $2.0 billion (2020: $2.0 billion) Amended MTN Programme; (b) $123.1 million (2020: $127.6 million) under the US$2.0 billion (2020: US$2.0 billion) EMTN Programme; and (c) $70.0 million (2020: $70.0 million) under the $1.0 billion (2020: $1.0 billion) Stapled MTN Programme.

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
2021					
Non-derivative financial liabilities					
Floating rate loans	1,260,333	(1,313,206)	(281,552)	(1,027,494)	(4,160)
Fixed rate loans	430,616	(459,526)	(99,927)	(212,573)	(147,026)
Fixed rate notes	688,765	(726,780)	(307,267)	(419,513)	–
Lease liabilities	275,879	(384,775)	(19,230)	(80,566)	(284,979)
Trade and other payables[(1)]	130,509	(130,509)	(130,509)	–	–
	2,786,102	(3,014,796)	(838,485)	(1,740,146)	(436,165)
Derivative financial instruments					
Interest rate swaps					
– assets	(1,995)	1,868	(579)	2,447	–
– liabilities	1,828	(2,053)	(1,787)	(266)	–
Cross currency interest rate swaps					
– assets	(17,355)	26,964	7,209	19,755	–
	(17,522)	26,779	4,843	21,936	–
	2,768,580	(2,988,017)	(833,642)	(1,718,210)	(436,165)
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)

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

35 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Ascott BT 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
2021					
Non-derivative financial liabilities					
Floating rate loans	242,922	(248,820)	(51,993)	(196,827)	–
Fixed rate loans	36,585	(39,568)	(1,302)	(38,266)	–
Fixed rate notes	69,703	(71,409)	(71,409)	–	–
Lease liabilities	99,972	(156,108)	(13,876)	(55,506)	(86,726)
Trade and other payables[(1)]	121,894	(123,176)	(112,652)	(7,086)	(3,438)
	571,076	(639,081)	(251,232)	(297,685)	(90,164)
Derivative financial instruments					
Interest rate swaps					
– assets	(1,097)	1,018	(130)	1,148	–
Cross currency interest rate swaps					
– assets	(10,312)	10,095	10,095	–	–
	(11,409)	11,113	9,965	1,148	–
	559,667	(627,968)	(241,267)	(296,537)	(90,164)
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)

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

35 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
2021					
Non-derivative financial liabilities					
Floating rate loans	1,503,255	(1,562,026)	(333,545)	(1,224,321)	(4,160)
Fixed rate loans	467,201	(499,094)	(101,229)	(250,839)	(147,026)
Fixed rate notes	758,468	(798,189)	(378,676)	(419,513)	–
Lease liabilities	275,879	(384,775)	(19,230)	(80,566)	(284,979)
Trade and other payables(1)	163,274	(164,556)	(154,032)	(7,086)	(3,438)
	3,168,077	(3,408,640)	(986,712)	(1,982,325)	(439,603)
Derivative financial instruments					
Interest rate swaps					
– assets	(3,092)	2,886	(709)	3,595	–
– liabilities	1,828	(2,053)	(1,787)	(266)	–
Cross currency interest rate swaps					
– assets	(27,667)	37,059	17,304	19,755	–
	(28,931)	37,892	14,808	23,084	–
	3,139,146	(3,370,748)	(971,904)	(1,959,241)	(439,603)
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)

(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.

35 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;
- 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 Stapled Group's net investments in certain subsidiaries.

35 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 2021													
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	3,536	–	3,536
Loan receivables – joint venture	–	–	–	–	–	–	–	–	–	–	14,011	–	14,011
Trade and other receivables[1]	13,328	4,002	1,451	34,880	5,106	–	1,041	5,412	156	7,460	8,497	1,472	82,805
Intra-group receivables	47	32,987	4,082	147,020	129,042	–	–	129,575	11,272	293	212,191	–	666,509
Cash and cash equivalents	37,883	13,452	21,264	29,342	30,856	7	4,584	108,031	675	12,567	32,301	10,201	301,163
Trade and other payables[2]	(20,305)	(6,695)	(8,961)	(25,661)	(6,806)	(13,496)	(3,006)	(9,123)	(753)	(5,131)	(13,271)	(4,642)	(117,850)
Intra-group payables	(1,883)	–	–	–	–	–	–	–	–	–	(2,883)	–	(4,766)
Financial liabilities	(747,947)	(51,088)	(26,503)	(226,628)	(39,218)	–	–	(692,388)	–	–	(593,470)	(2,472)	(2,379,714)
Lease liabilities	–	–	(13,091)	–	–	–	–	–	–	(17,500)	(245,288)	–	(275,879)
Gross currency exposure	(718,877)	(7,342)	(21,758)	(41,047)	118,980	(13,489)	2,619	(458,493)	11,350	(2,311)	(584,376)	4,559	(1,710,185)
Add/(less): Net exposure denominated in the respective entities' functional currencies	717,149	(10,147)	24,245	60,196	(26,915)	4	(2,619)	341,948	(246)	2,563	715,696	(4,559)	1,817,315
Add: Loan designated for net investment hedge[3]	–	–	–	226,814	39,218	–	–	241,137	–	–	–	–	507,169
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	68,855	–	68,855
Net exposure	(1,728)	(17,489)	2,487	245,963	131,283	(13,485)	–	124,592	11,104	252	200,175	–	683,154

(1) Excluding prepayments.
(2) Excluding advance rental and liability for employee benefits.
(3) Stated at face value (excluding unamortised transaction costs).

35 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 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).

35 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 2021						
Trade and other receivables(1)	782	6,534	277	966	70	8,629
Intra-group receivables	–	155,297	42,287	–	–	197,584
Cash and cash equivalents	2,259	20,622	14,273	7,477	538	45,169
Trade and other payables(2)	(971)	(22,063)	(7,225)	(3,789)	14	(34,034)
Financial liabilities	(69,702)	(193,018)	(1,186)	(36,585)	(48,719)	(349,210)
Gross currency exposure	(67,632)	(32,628)	48,426	(31,931)	(48,097)	(131,862)
Add/(less): Net exposure denominated in the respective entities' functional currencies	67,632	194,289	(6,037)	31,931	–	287,815
Add: Loan designated for net investment hedge(3)	–	–	–	–	48,720	48,720
Net exposure	–	161,661	42,389	–	623	204,673
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

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

35 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 2021														
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	–	3,536	–	3,536
Loan receivables – joint venture	–	–	–	–	–	–	–	–	–	–	–	14,011	–	14,011
Trade and other receivables[1]	14,110	10,536	1,451	34,880	5,106	–	1,041	5,689	156	7,460	966	8,567	1,472	91,434
Intra-group receivables	47	188,284	4,082	147,020	129,042	–	–	171,862	11,272	293	–	212,191	–	864,093
Cash and cash equivalents	40,142	34,074	21,264	29,342	30,856	7	4,584	122,304	675	12,567	7,477	32,839	10,201	346,332
Trade and other payables[2]	(21,276)	(28,758)	(8,961)	(25,661)	(6,806)	(13,496)	(3,006)	(16,348)	(753)	(5,131)	(3,789)	(13,257)	(4,642)	(151,884)
Intra-group payables	(1,883)	–	–	–	–	–	–	–	–	–	–	(2,883)	–	(4,766)
Financial liabilities	(817,649)	(244,106)	(26,503)	(226,628)	(39,218)	–	–	(693,574)	–	–	(36,585)	(642,189)	(2,472)	(2,728,924)
Lease liabilities	–	–	(13,091)	–	–	–	–	–	–	(17,500)	–	(245,288)	–	(275,879)
Gross currency exposure	(786,509)	(39,970)	(21,758)	(41,047)	118,980	(13,489)	2,619	(410,067)	11,350	(2,311)	(31,931)	(632,473)	4,559	(1,842,047)
Add/(less): Net exposure denominated in the respective entities' functional currencies	784,781	184,142	24,245	60,196	(26,915)	4	(2,619)	335,911	(246)	2,563	31,931	715,696	(4,559)	2,105,130
Add: Loan designated for net investment hedge[3]	–	–	–	226,814	39,218	–	–	241,137	–	–	–	48,720	–	555,889
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	–	68,855	–	68,855
Net exposure	(1,728)	144,172	2,487	245,963	131,283	(13,485)	–	166,981	11,104	252	–	200,798	–	887,827

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

35 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).

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.

35 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Singapore Dollar(1)	**(173)**	(960)	**–**	–	**(173)**	(960)
Australian Dollar(2)	**(1,749)**	(1,235)	**16,166**	15,284	**14,417**	14,049
Chinese Renminbi(2)	**249**	13	**–**	–	**249**	13
Euro(2)	**24,596**	17,965	**–**	–	**24,596**	17,965
Sterling Pound(2)	**13,128**	6,799	**–**	–	**13,128**	6,799
Hong Kong Dollar(2)	**(1,349)**	(1,347)	**–**	–	**(1,349)**	(1,347)
Japanese Yen(3)	**12,459**	12,055	**4,239**	3,426	**16,698**	15,480
Malaysian Ringgit(2)	**1,110**	1,035	**–**	–	**1,110**	1,035
Philippine Peso(2)	**25**	38	**–**	–	**25**	38
Korean Won(2)	**–**	–	**–**	7	**–**	7
US Dollar(4)	**20,018**	5,432	**62**	70	**20,080**	5,502

(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 Chinese Renminbi.

(4) As compared to functional currencies of Singapore Dollar, Chinese Renminbi, Indonesian Rupiah, Philippine Peso, Hong Kong Dollar and Vietnam Dong.

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.

35 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.

At 31 December 2021, the Stapled Group has interest rate swaps classified as cash flow hedges with notional contractual amount of $581.2 million (2020: $657.4 million) which pay fixed interest rates averaging 0.3% to 0.82% (2020: 0.3% to 0.84%) 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 $207.9 million (2020: $207.4 million) which pay fixed interest rates and receive variable rates.

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.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because the uncertainty about when and how replacement may occur for the relevant hedged item and hedging instrument due to the interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks

Overview

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 "interest rate benchmark 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.

The Stapled Group's main IBOR exposure at 31 December 2021 was indexed to SGD SOR, GBP LIBOR, USD LIBOR and JPY LIBOR. These benchmark rates will lose representativeness or discontinue and be replaced with alternative interest rates benchmarks in various countries from 1 January 2021 to 1 July 2023.

The Managers monitor and manage the Stapled Group's transition to alternative rates. The Managers evaluate the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk *(continued)*

Non-derivative financial liabilities

The Stapled Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included secured bank loans and unsecured bank loans indexed to SGD SOR, GBP LIBOR, USD LIBOR and JPY LIBOR. The Stapled Group is in communication with the counterparties to progressively transition non-derivative financial liabilities which are indexed to the affected interest rate benchmarks to alternative risk-free rates. The Stapled Group has amended its JPY LIBOR indexed unsecured loans partially to reference to the JPY TONA in January 2022.

Derivatives

The Stapled Group holds interest rate swaps and cross currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationship. The interest rate swap and cross currency swap have floating legs that are indexed to SGD SOR, GBP LIBOR, USD LIBOR and JPY LIBOR. The Stapled Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. The Stapled Group is still in the process of communication with the counterparties for all USD LIBOR indexed exposures and specific changes have yet been agreed. The Stapled Group has generally adhered to the ISDA 2020 IBOR Fallbacks Protocol to include new fallback clauses with the derivatives counterparties.

Hedge accounting

The Stapled Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 December 2021. The Stapled Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SGD SOR, GBP LIBOR, USD LIBOR and JPY LIBOR . These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Stapled Group's SGD SOR, GBP LIBOR, USD LIBOR and JPY LIBOR cash flow hedging relationships extend beyond the anticipated cessation dates of the respective rates. The Stapled Group is actively engaging with the lenders to include appropriate fallback provisions in its floating rate liabilities with maturities beyond the cessation dates of the affected interest rate benchmarks. The hedging instruments will be modified as outlined under 'Derivatives' above. The Stapled Group continues to apply the amendments to FRS 109/SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by IBOR reform.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Stapled Group monitors the progress of transition from IBOR to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Stapled Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk *(continued)*

The following table contains details of all the financial instruments that the Ascott Reit Group and the Stapled Group hold as at 31 December 2021 which are referenced to SGD SOR, GBP LIBOR, USD LIBOR and JPY LIBOR and have not yet transitioned to the new benchmark rates. The financial instruments held by the Ascott BT Group as at 31 December 2021 are not affected by IBORs transition except for the unsecured bank loans indexed to USD LIBOR. The loans will mature in October 2022 before the new SOFR takes effect on 1 July 2023.

	SGD SOR		USD LIBOR		GBP LIBOR		JPY LIBOR	
Ascott Reit Group and Stapled Group	Carrying amount $'000	Of which: Not yet transited to an alternative benchmark rate $'000	Carrying amount $'000	Of which: Not yet transited to an alternative benchmark rate $'000	Carrying amount $'000	Of which: Not yet transited to an alternative benchmark rate $'000	Carrying amount $'000	Of which: Not yet transited to an alternative benchmark rate $'000
31 December 2021								
Financial assets								
Cross currency swaps	8,907	8,907	–	–	–	–	–	–
Interest rate swaps	–	–	1,523	1,523	472	472	–	–
	8,907	8,907	1,523	1,523	472	472	–	–
Financial liabilities								
Secured bank loans	–	–	(119,624)	(119,624)	–	–	–	–
Unsecured bank loans	(129,197)	(129,197)	–	–	(39,177)	(39,177)	(94,971)	(94,971)
Interest rate swaps	–	–	–	–	–	–	(165)	(165)
	(129,197)	(129,197)	(119,624)	(119,624)	(39,177)	(39,177)	(95,136)	(95,136)
Total	(120,290)	(120,290)	(118,101)	(118,101)	(38,705)	(38,705)	(95,136)	(95,136)

35 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fixed rate instruments						
Financial liabilities	**(1,119,381)**	(969,369)	**(106,288)**	(108,330)	**(1,225,669)**	(1,077,699)
Variable rate instruments						
Financial liabilities	**(1,260,333)**	(1,144,989)	**(242,922)**	(239,807)	**(1,503,255)**	(1,384,796)

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 USD80.879 million for fixed rate JPY interest;

b) floating rate interest on SGD loan of SGD90.3 million for fixed rate JPY interest; and

c) floating rate interest on USD loan of USD6.0 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 2021 and 31 December 2020.

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 2020.

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk *(continued)*

Cash flow sensitivity analysis for variable rate instruments (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 2021				
Variable rate financial liabilities	(12,651)	12,651	–	–
Interest rate swaps/Cross currency interest rate swaps	5,962	(5,962)	1,072	(1,072)
Cash flow sensitivity (net)	(6,689)	6,689	1,072	(1,072)
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)
Ascott BT Group				
31 December 2021				
Variable rate financial liabilities	(2,433)	2,433	–	–
Interest rate swaps/Cross currency interest rate swaps	1,929	(1,929)	483	(483)
Cash flow sensitivity (net)	(504)	504	483	(483)
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)
Stapled Group				
31 December 2021				
Variable rate financial liabilities	(15,084)	15,084	–	–
Interest rate swaps/Cross currency interest rate swaps	7,891	(7,891)	1,555	(1,555)
Cash flow sensitivity (net)	(7,193)	7,193	1,555	(1,555)
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)

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting

At 31 December 2021, 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	Notional amount directly impacted by IBOR reform $'000	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	257,350	437,088	167	Derivative financial instruments	2,080	(2,080)	–	0.82%	2022 – 2026
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	–	68,855	(1,157)	Derivative financial instruments	2,958	(2,958)	–	1.19%	2023
– SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest	90,300	90,300	811	Derivative financial instruments	1,206	(1,206)	–	1.46%	2025
Foreign exchange risk									
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap		–	(68,630)	Borrowings	(277)	277	–	–	2023

35 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	–	(506,277)	Borrowings	26,637	(26,637)	–	–	2022 – 2025
– Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	5,973	Derivative financial instruments	20,194	(20,194)	–	EUR 1:$1.53	2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[1]	3,632	Derivative financial instruments	4,626	(4,626)	–	JPY83.20:$1	2023
– SGD/JPY cross currency interest rate swap to hedge JPY net investments	–[1]	8,096	Derivative financial instruments	7,402	(7,402)	–	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".

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Ascott BT Group	Notional amount directly impacted by IBOR reform $'000	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	–	144,160	1,097	Derivative financial instruments	1,434	(1,434)	–	0.30%	2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	–	40,600	11	Derivative financial instruments	(35)	35	–	1.38%	2022
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	–	8,120	(1)	Derivative financial instruments	77	(77)	–	1.38%	2022
Net investment hedges									
Foreign exchange risk									
– Borrowings to hedge net investments in foreign operations		–	(48,718)	Borrowings	(196)	196	–	–	2022
– Cross currency interest rate swaps to hedge net investments in foreign operations		69,000	9,200	Derivative financial instruments	4,265	(4,265)	–	JPY74.95:$1	2022
– USD/JPY cross currency interest rate swap to hedge JPY net investments		–[(1)]	380	Derivative financial instruments	4,509	(4,509)	–	JPY114:USD1	2022
– USD/KRW cross currency interest rate swap to hedge KRW net investments		–[(1)]	722	Derivative financial instruments	698	(698)	–	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".

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Stapled Group	Notional amount directly impacted by IBOR reform $'000	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	257,350	581,248	1,264	Derivative financial instruments	3,533	(3,533)	–	0.30% – 0.82%	2022 – 2026
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	–	109,455	(1,146)	Derivative financial instruments	2,923	(2,923)	–	1.19% – 1.38%	2022 – 2023
– SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest	90,300	90,300	811	Derivative financial instruments	1,206	(1,206)	–	1.46%	2025
– USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest	–	8,120	(1)	Derivative financial instruments	77	(77)	–	1.38%	2022
Foreign exchange risk									
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap		–	(68,630)	Borrowings	(277)	277	–	–	2023

35 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	–	(554,995)	Borrowings	26,441	(26,441)	–	–	2022 – 2025
– Cross currency interest rate swaps to hedge net investments in foreign operations	489,000	15,173	Derivative financial instruments	24,459	(24,459)	–	JPY74.95:$1 EUR 1:$1.53	2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	–[(1)]	4,012	Derivative financial instruments	9,135	(9,135)	–	JPY83.20:$1 JPY114:USD1	2022 – 2023
– SGD/JPY cross currency interest rate swap to hedge JPY net investments	–[(1)]	8,096	Derivative financial instruments	7,402	(7,402)	–	JPY77.52: $1	2025
– USD/KRW cross currency interest rate swap to hedge KRW net investments	–[(1)]	722	Derivative financial instruments	698	(698)	–	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".

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

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

35 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	–	(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".

35 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".

35 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	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

35 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".

35 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.

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
Hedging reserve	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January	**(9,356)**	(3,746)	**(415)**	–	**(9,774)**	(3,746)
Cash flow hedges						
Change in fair value						
– Interest rate risk	**6,244**	(9,133)	**1,476**	(906)	**7,739**	(10,042)
– Foreign exchange risk	**(277)**	646	**–**	–	**(277)**	646
Amounts reclassified to Statement of Total Return						
– Interest rate risk	**3,347**	2,877	**409**	491	**3,756**	3,368
Balance as at 31 December	**(42)**	(9,356)	**1,470**	(415)	**1,444**	(9,774)

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.

As at the reporting date, the carrying amount of these borrowings was $554,995,000 (2020: $678,758,000) and the fair value of the borrowings was $567,792,000 (2020: $698,236,000). The net investment hedges were effective during the year. The Stapled Group's investments in other subsidiaries are not hedged.

35 FINANCIAL INSTRUMENTS (continued)

Net investment hedge *(continued)*

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 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.

35 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 2021					
Financial assets					
Interest rate swaps	1,995	–	1,995	–	1,995
Cross currency interest rate swaps	17,355	–	17,355	–	17,355
Trade and other receivables	11,390	(11,390)	–	–	–
Financial liabilities					
Interest rate swaps	(1,828)	–	(1,828)	–	(1,828)
Trade and other payables	(13,304)	11,390	(1,914)	–	(1,914)
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)

35 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 2021					
Financial assets					
Interest rate swaps	1,097	–	1,097	–	1,097
Cross currency interest rate swaps	10,312	–	10,312	–	10,312
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)

35 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 2021					
Financial assets					
Interest rate swaps	3,092	–	3,092	–	3,092
Cross currency interest rate swaps	27,667	–	27,667	–	27,667
Trade and other receivables	11,390	(11,390)	–	–	–
Financial liabilities					
Interest rate swaps	(1,828)	–	(1,828)	–	(1,828)
Trade and other payables	(13,304)	11,390	(1,914)	–	(1,914)
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)

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 and interest rate swaps – fair value; and
- trade and other receivables and trade and other payables – amortised cost.

36 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	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Acquisition fees paid/payable to the Ascott Reit Manager	**6,251**	440	**–**	8	**6,251**	448
Compensation fees paid/payable to related corporations	**2,430**	9,657	**–**	–	**2,430**	9,657
Divestment fees paid/payable to the Ascott Reit Manager	**2,193**	1,197	**–**	–	**2,193**	1,197
Rental income received/receivable from related corporations	**(2,550)**	(10,673)	**–**	–	**(2,550)**	(10,673)
Rental income received/receivable from master lease arrangements with related corporations	**(47,095)**	(42,624)	**–**	–	**(47,095)**	(42,624)
Rental income received/receivable from master lease arrangements with the Ascott BT Group	**(14,379)**	(15,033)	**–**	–	**–**	–
Serviced residence management fees paid/payable to related corporations	**6,313**	8,178	**–**	–	**6,313**	8,178
Service fee paid/payable to related corporations	**15,044**	13,749	**–**	–	**15,044**	13,749

37 FINANCIAL RATIOS

	Ascott Reit Group		Stapled Group	
	2021	2020	2021	2020
	%	%	%	%
Ratio of expenses to average net asset value(1)				
– including performance component of the Ascott Reit Manager's management fees	**0.94**	0.82	**0.96**	0.85
– excluding performance component of the Ascott Reit Manager's management fees	**0.81**	0.71	**0.82**	0.74
Portfolio turnover rate(2)	**6.99**	1.16	**6.06**	1.00

(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.

38 OPERATING SEGMENTS

Segment information is presented in respect of the geographical segments of the Stapled Group. The operations of each of 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 Stapled Group is presented in the following tables.

38 OPERATING SEGMENTS (continued)

Information about reportable segments

Geographical segments

The principal business of the Stapled Group are investing in investment properties.

Stapled Group	Singapore $'000	Australia $'000	Belgium $'000	China $'000	France $'000	Germany $'000	Indonesia $'000	Japan $'000	Subtotal $'000
Year ended 31 December 2021									
Gross rental income	26,927	15,931	5,011	25,962	25,024	14,557	10,377	55,052	178,841
Hotel revenue	–	77,172	–	–	–	–	–	–	77,172
Other income	1,051	2,543	613	736	1,948	633	120	3,089	10,733
Gross revenue	27,978	95,646	5,624	26,698	26,972	15,190	10,497	58,141	266,746
Direct expenses	(8,767)	(73,774)	(5,093)	(19,856)	(2,133)	(1,047)	(7,936)	(19,187)	(137,793)
Segment gross profit	19,211	21,872	531	6,842	24,839	14,143	2,561	38,954	128,953
Net change in fair value of investment properties, investment properties under development and assets held for sale	4,537	(3,083)	(335)	(147)	15,625	(707)	1,457	24,280	41,627
Depreciation of buildings, plant and machinery	–	(19,015)	–	–	–	–	–	–	(19,015)
Revaluation surplus on freehold land and buildings	–	21,201	–	–	–	–	–	–	21,201

38 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 2021									
Gross rental income	2,152	14,012	4,478	3,667	24,713	55,479	19,922	124,423	303,264
Hotel revenue	–	–	–	–	–	–	–	–	77,172
Other income	69	570	–	258	306	1,163	877	3,243	13,976
Gross revenue	2,221	14,582	4,478	3,925	25,019	56,642	20,799	127,666	394,412
Direct expenses	(2,239)	(11,259)	(491)	(2,428)	(12,521)	(44,318)	(10,073)	(83,329)	(221,122)
Segment gross profit	(18)	3,323	3,987	1,497	12,498	12,324	10,726	44,337	173,290
Net change in fair value of investment properties, investment properties under development and assets held for sale	46	(4,453)	(107)	(1,260)	46,464	53,535	(9,794)	84,431	126,058
Depreciation of buildings, plant and machinery	–	–	–	–	–	–	–	–	(19,015)
Revaluation surplus on freehold land and buildings	–	–	–	–	–	–	–	–	21,201
Finance income									3,070
Finance costs									(55,977)
Profit from divestments									153,226
Unallocated net expense									(26,921)
Reportable segment profit before income tax									374,932
Income tax expense									(64,515)
Total return for the year									310,417

38 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)

38 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)

38 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
2021									
Assets and liabilities									
Reportable segment assets	1,264,947	1,011,472	68,159	342,500	503,759	264,350	101,998	1,485,249	5,042,434
Reportable segment liabilities	263,713	313,283	61,484	109,949	405,894	211,835	8,207	1,010,669	2,385,034
Other Segmental Information									
Capital expenditure:									
– investment properties	101	32	39	156	–	22	–	9,346	9,696
– property, plant and equipment	345	2,659	137	963	–	–	106	230	4,440
– investment properties under development	70,459	–	–	–	–	–	–	–	70,459
Depreciation	1,920	22,779	136	710	–	–	432	289	26,266
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	52	16	–	61	304	1,283	4,865
– property, plant and equipment	28	7,861	73	650	–	–	62	442	9,116
– investment properties under development	14,993	–	–	–	–	–	–	–	14,993
Depreciation	1,934	22,564	90	1,381	–	–	699	394	27,062

38 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
2021									
Assets and liabilities									
Reportable segment assets	44,507	169,244	178,851	66,408	534,012	1,460,060	237,730	2,690,812	7,733,246
Reportable segment liabilities	566	34,651	48,437	49,349	58,572	765,208	23,710	980,493	3,365,527
Other Segmental Information									
Capital expenditure:									
– investment properties	–	360	103	22	569	21,085	28	22,167	31,863
– property, plant and equipment	43	78	–	3	44	623	431	1,222	5,662
– investment properties under development	–	–	–	–	–	–	–	–	70,459
Depreciation	96	1,591	–	93	826	2,328	1,444	6,378	32,644
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	–	1,858	705	1,302	–	4,014	8,879
– property, plant and equipment	59	370	–	25	135	177	1,098	1,864	10,980
– investment properties under development	–	–	–	–	–	–	–	–	14,993
Depreciation	140	1,897	–	139	1,669	1,640	1,668	7,153	34,215

38 OPERATING SEGMENTS (continued)

Major customers

Revenue from related corporations accounted for approximately $47,095,000 (2020: $42,624,000) of the gross revenue of the Stapled Group. Such revenue is attributable to the France segment, Germany segment and Singapore segment.

39 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 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.

39 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.

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 2021										
Financial assets measured at fair value										
Investment securities	7	2,163	–	–	–	2,163	–	–	2,163	2,163
Interest rate swaps used for hedging	13	–	1,995	–	–	1,995	–	1,995	–	1,995
Cross currency interest rate swaps used for hedging	13	–	17,355	–	–	17,355	–	17,355	–	17,355
		2,163	19,350	–	–	21,513				
Financial assets not measured at fair value										
Loan to associate	11	–	–	3,536	–	3,536				
Loan to joint venture	12	–	–	14,011	–	14,011				
Trade and other receivables[1]	15	–	–	170,665	–	170,665				
Cash and cash equivalents	17	–	–	301,163	–	301,163				
		–	–	489,375	–	489,375				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	13	–	(1,828)	–	–	(1,828)	–	(1,828)	–	(1,828)
Financial liabilities not measured at fair value										
Bank loans	18	–	–	–	(1,690,949)	(1,690,949)	–	(1,692,839)	–	(1,692,839)
Medium term notes	18	–	–	–	(688,765)	(688,765)	–	(713,688)	–	(713,688)
Trade and other payables[2]	19	–	–	–	(119,118)	(119,118)				
		–	–	–	(2,498,832)	(2,498,832)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

39 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 2020										
Financial assets measured at fair value										
Investment securities	7	2,072	–	–	–	2,072	–	–	2,072	2,072
Cross currency interest rate swaps used for hedging	13	–	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]	15	–	–	158,107	–	158,107				
Cash and cash equivalents	17	–	–	454,083	–	454,083				
		–	–	615,711	–	615,711				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	13	–	(5,390)	–	–	(5,390)	–	(5,390)	–	(5,390)
Cross currency interest rate swaps used for hedging	13	–	(19,330)	–	–	(19,330)	–	(19,330)	–	(19,330)
		–	(24,720)	–	–	(24,720)				
Financial liabilities not measured at fair value										
Bank loans	18	–	–	–	(1,408,748)	(1,408,748)	–	(1,411,575)	–	(1,411,575)
Medium term notes	18	–	–	–	(705,610)	(705,610)	–	(746,779)	–	(746,779)
Trade and other payables[2]	19	–	–	–	(146,694)	(146,694)				
Rental deposits (non-current)	19	–	–	–	(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).

39 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 2021									
Financial assets measured at fair value									
Interest rate swaps used for hedging	13	1,097	–	–	1,097	–	1,097	–	1,097
Cross currency interest rate swaps used for hedging	13	10,312	–	–	10,312	–	10,312	–	10,312
		11,409	–	–	11,409				
Financial assets not measured at fair value									
Trade and other receivables[1]	15	–	9,898	–	9,898				
Cash and cash equivalents	17	–	45,169	–	45,169				
		–	55,067	–	55,067				
Financial liabilities not measured at fair value									
Bank loans	18	–	–	(279,507)	(279,507)	–	(280,525)	–	(280,525)
Medium term notes	18	–	–	(69,703)	(69,703)	–	(70,215)	–	(70,215)
Trade and other payables[2]	19	–	–	(112,652)	(112,652)				
Rental deposits (non-current)	19	–	–	(9,242)	(9,242)	–	(9,324)	–	(9,324)
		–	–	(471,104)	(471,104)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

39 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	13	4,935	–	–	4,935	–	4,935	–	4,935
Financial assets not measured at fair value									
Trade and other receivables[1]	15	–	7,446	–	7,446				
Cash and cash equivalents	17	–	32,620	–	32,620				
		–	40,066	–	40,066				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	13	(704)	–	–	(704)	–	(704)	–	(704)
Cross currency interest rate swaps used for hedging	13	(4,136)	–	–	(4,136)	–	(4,136)	–	(4,136)
		(4,840)	–	–	(4,840)				
Financial liabilities not measured at fair value									
Bank loans	18	–	–	(278,457)	(278,457)	–	(280,537)	–	(280,537)
Medium term notes	18	–	–	(69,680)	(69,680)	–	(70,557)	–	(70,557)
Trade and other payables[2]	19	–	–	(89,244)	(89,244)				
Rental deposits (non-current)	19	–	–	(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).

39 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 2021									
Financial assets measured at fair value									
Interest rate swaps used for hedging	13	3,092	–	–	3,092	–	3,092	–	3,092
Cross currency interest rate swaps used for hedging	13	27,667	–	–	27,667	–	27,667	–	27,667
		30,759	–	–	30,759				
Financial assets not measured at fair value									
Loan to associate	11	–	3,536	–	3,536				
Loan to joint venture	12	–	14,011	–	14,011				
Trade and other receivables[(1)]	15	–	91,434	–	91,434				
Cash and cash equivalents	17	–	346,332	–	346,332				
		–	455,313	–	455,313				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	13	(1,828)	–	–	(1,828)	–	(1,828)	–	(1,828)
Financial liabilities not measured at fair value									
Bank loans	18	–	–	(1,970,456)	(1,970,456)	–	(1,973,364)	–	(1,973,364)
Medium term notes	18	–	–	(758,468)	(758,468)	–	(783,903)	–	(783,903)
Trade and other payables[(2)]	19	–	–	(142,641)	(142,641)				
Rental deposits (non-current)	19	–	–	(9,242)	(9,242)	–	(9,324)	–	(9,324)
		–	–	(2,880,807)	(2,880,807)				

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

39 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	13	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]	15	–	91,996	–	91,996				
Cash and cash equivalents	17	–	486,703	–	486,703				
		–	582,220	–	582,220				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	13	(6,094)	–	–	(6,094)	–	(6,094)	–	(6,094)
Cross currency interest rate swaps used for hedging	13	(23,466)	–	–	(23,466)	–	(23,466)	–	(23,466)
		(29,560)	–	–	(29,560)				
Financial liabilities not measured at fair value									
Bank loans	18	–	–	(1,687,205)	(1,687,205)	–	(1,692,112)	–	(1,692,112)
Medium term notes	18	–	–	(775,290)	(775,290)	–	(817,336)	–	(817,336)
Trade and other payables[2]	19	–	–	(162,380)	(162,380)				
Rental deposits (non-current)	19	–	–	(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).

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and 2 of the fair value hierarchy.

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	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Less than one year	**65,879**	90,261	**33,480**	35,209	**85,483**	110,401
One to two years	**53,320**	82,722	**33,349**	35,073	**72,793**	102,726
Two to three years	**49,056**	60,848	**32,843**	34,925	**68,023**	80,704
Three to four years	**44,745**	40,878	**31,629**	34,407	**62,498**	60,215
Four to five years	**42,307**	35,792	**22,053**	33,190	**50,484**	53,912
More than five years	**256,996**	215,580	**126,071**	159,287	**296,341**	265,613
Total	**512,303**	526,081	**279,425**	332,091	**635,622**	673,571

Capital commitments

As at the reporting date, the Stapled Group had the following capital commitments:

	Ascott Reit Group		Ascott BT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Capital expenditure commitments:						
– contracted but not provided for	**113,842**	16,611	**660**	623	**114,502**	17,234
– acquisition of investment property(1)	**39,124**	–	**–**	–	**39,124**	–

(1) Commitment for acquisition of investment property relates to the balance 98% purchase consideration of US$28.9 million for the acquisition of Latitude at Kent, which was completed on 9 February 2022.

41 SUBSEQUENT EVENTS

On 27 December 2021, the Ascott Reit Group entered into two conditional sale and purchase agreements to acquire four student accommodation properties in USA for an aggregate purchase consideration of US$213.0 million (equivalent to $291.2 million). The acquisition of The Link University City, Uncommon Wilmington and Latitude on Hillsborough has been completed on 30 December 2021. The acquisition of Latitude at Kent from Residences at Kent State Property Owner, LLC, an unrelated third party, was completed on 9 February 2022. The purchase consideration of US$29.5 million (equivalent to $40.3 million) was arrived at on a willing buyer willing seller basis and derived based on the independent valuation of the property of US$31.1 million (equivalent to $42.5 million) using the direct capitalisation method.

In January 2022, lyf one-north Singapore obtained its final Temporary Occupation Permit.

On 28 January 2022, the Ascott Reit Manager and Ascott BT Trustee-Manager declared a distribution of 1.726 cents per Stapled Security amounting to $56,571,000 in respect of the period from 20 September 2021 to 31 December 2021.

On 16 February 2022, the Ascott Reit Group through its wholly owned subsidiary, Crystal Residence TMK, entered into four conditional sale and purchase agreements to acquire the trust beneficial interests in a portfolio of four turnkey properties in Osaka, comprising three rental housing properties and one student accommodation property, for a total consideration of JPY6.45 billion (equivalent to $77.1 million). The acquisition of the student accommodation property is expected to complete in March 2022. The acquisition of the three rental housing properties is expected to complete between fourth quarter of 2022 to the first quarter of 2023.

On 23 February 2022, the Ascott Reit Manager and Ascott BT Trustee-Manager issued 6,486,972 Stapled Securities at an issue price of $1.0144 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 2021 to 31 December 2021 and the performance fee for the period from 1 January 2021 to 31 December 2021.

On 23 February 2022, the Ascott Reit Manager and Ascott BT Trustee-Manager issued 497,926 Stapled Securities at an issue price of $1.0144 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 2021 to 31 December 2021.

On 7 March 2022, the Ascott Reit Group through its wholly owned subsidiary, Crystal Residence TMK, entered into a conditional sale and purchase agreement to acquire the trust beneficial interest in a turnkey rental housing property in Fukuoka for a total consideration of JPY4.0 billion (equivalent to $47.9 million). The acquisition of the rental housing property is expected to complete in the second quarter of 2023.

Contents

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 2021.

In our opinion:

(a) the financial statements set out on pages 332 to 349 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 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 Companies Act 1967 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 Investment 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
Sim Juat Quee Michael Gabriel
Chia Kim Huat
Deborah Lee Siew Yin
LG Ong Su Kiat Melvyn (Appointed 1 May 2021)
Lim Cho Pin Andrew Geoffrey
Goh Soon Keat Kevin

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, 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 of the Company, or of its related corporations, are as follows:

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

		Holdings in the name of the director, spouse and/or infant children At beginning of the year	At end of the year
Intermediate Holding Company			
CapitaLand Investment Limited			
Ordinary shares			
Beh Siew Kim		–	248,929
Lim Cho Pin Andrew Geoffrey		–	634,221
Chia Kim Huat		–	33,100
Goh Soon Keat Kevin		–	466,743
Contingent award of CLI Performance shares[1a, 7] to be delivered after 2021			
Lim Cho Pin Andrew Geoffrey	(372,150 shares)	–	372,150
Goh Soon Keat Kevin	(241,897 shares)	–	241,897
Contingent award of CLI Performance shares[1a, 7] to be delivered after 2022			
Lim Cho Pin Andrew Geoffrey	(431,408 shares)	–	431,408
Goh Soon Keat Kevin	(333,359 shares)	–	333,359
Contingent award of CLI Performance shares[1a, 7] to be delivered after 2023			
Lim Cho Pin Andrew Geoffrey	(491,397 shares)	–	491,397
Goh Soon Keat Kevin	(379,714 shares)	–	379,714
Contingent award of CLI Performance shares[1a, 8] under Founder Share Award to be delivered after 2025			
Beh Siew Kim	(177,116 shares)	–	0 to 531,348
Lim Cho Pin Andrew Geoffrey	(637,619 shares)	–	0 to 1,912,857
Goh Soon Keat Kevin	(495,926 shares)	–	0 to 1,487,778
Intermediate Holding Company			
CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) (CL)			
Ordinary Shares			
Beh Siew Kim		248,929	–
Chia Kim Huat		33,100	–
Lim Cho Pin Andrew Geoffrey		514,720	–
Goh Soon Keat Kevin		368,909	–
Contingent award of CL Performance shares[1b,7] to be delivered after 2020			
Lim Cho Pin Andrew Geoffrey	(99,706 shares)	0 to 199,412[3]	–
Goh Soon Keat Kevin	(85,462 shares)	0 to 170,924[3]	–
Contingent award of CL Performance shares[1b,7] to be delivered after 2021			
Lim Cho Pin Andrew Geoffrey	(128,057 shares)	0 to 256,114[3]	–
Goh Soon Keat Kevin	(83,237 shares)	0 to 166,474[3]	–
Contingent award of CL Performance shares[1c,7] to be delivered after 2022			
Lim Cho Pin Andrew Geoffrey	(148,448 shares)	0 to 296,896[3]	–
Goh Soon Keat Kevin	(114,709 shares)	0 to 229,418[3]	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

		Holdings in the name of the director, spouse and/or infant children	
		At beginning of the year	At end of the year
Intermediate Holding Company			
CapitaLand Group Pte. Ltd. (continued)			
Unvested of Restricted shares[2a,9] to be delivered after 2019			
Lim Cho Pin Andrew Geoffrey		90,174[5,6]	–
Goh Soon Keat Kevin		54,105[5,6]	–
Contingent award of Restricted shares[2b,9] to be delivered after 2020			
Lim Cho Pin Andrew Geoffrey	(114,709 shares)	0 to 172,063[4,5]	–
Goh Soon Keat Kevin	(87,719 shares)	0 to 131,578[4,5]	–
S$1 billion Convertible Bonds 2.95% due 2022			
Deborah Lee Siew Yin		S$500,000	–
Related Corporations			
Astrea IV Pte. Ltd.			
S$242 million 4.35% Class A-1 Secured Fixed Rate Bonds due 2028			
Goh Soon Keat Kevin		S$5,000	S$5,000
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
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 Financial Services Pte Ltd			
Bond 2.45% due 9 June 2031			
Deborah Lee Siew Yin		–	S$250,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year	At end of the year
Related Corporations (continued)		
Sembcorp Marine Ltd		
Ordinary Shares		
Tan Beng Hai, Bob	1,450,200	3,933,000
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
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
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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

Notes:

1a Awards made pursuant to the CapitaLand Investment Performance Share Plan 2021.

1b Awards made pursuant to the CapitaLand Performance Share Plan 2010.

1c Awards made pursuant to the CapitaLand Performance Share Plan 2020.

2a Awards made pursuant to the CapitaLand Restricted Share Plan 2010 (RSP 2010).

2b Awards made pursuant to the CapitaLand Restricted Share Plan 2020 (RSP 2020).

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) of CL 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 Following the completion of the strategic restructuring of the investment management business of CL and as further described in CLI introductory document dated 17 July 2021, the awards granted under CL's CapitaLand Performance Share Plan 2010 and CapitaLand Performance Share Plan 2020 (collectively, the "CL PSP Awards") to certain employees of CLI and CL group companies have been replaced with shares under the CapitaLand Investment Performance Share Plan 2021 ("CLI PSP 2021"), which will vest in accordance with the original vesting schedule of the CL PSP Awards.

8 This is a long-term share-based award which will vest after the end of a 5-year performance period, subject to the achievement of the targets approved by the Executive Resource and Compensation Committee of the Company. The number of shares to be released as soon as practicable upon vesting will be determined based on, inter alia, the award multiplied by an achievement factor. If the minimum performance level is achieved, the achievement factor will be 0.2. If the performance level exceeds minimum but is below superior, the achievement factor will be adjusted accordingly within the range of 0.2 to 3.0. If the performance level is superior and above, the achievement factor will be 3.0. Conversely, if the performance level is below minimum, the achievement factor will be zero and no share will be released.

9 Termination of RSPs and shares being the unvested remaining shares under the awards granted under the RSPs has been released in the form of cash in lieu of shares. Cash payment will be released to eligible participants according to the original vesting schedule of each respective RSP award.

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

11 March 2022

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 2021, 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 332 to 349.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 2021 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.

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.

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
11 March 2022

Statement of Financial Position

AS AT 31 DECEMBER 2021

	Note	2021 $	2020 $
Non-current assets			
Other investments	5	**3,804,736**	1,763,754
Current assets			
Trade and other receivables	6	**686,351**	1,051
Cash and cash equivalents		**179,947**	112,872
		866,298	113,923
Total assets		**4,671,034**	1,877,677
Equity			
Share capital	7	**1**	1
Accumulated losses		**(308,505)**	(740,545)
Fair value reserve	8	**238,086**	285,368
Total equity		**(70,418)**	(455,176)
Non- current liabilities			
Deferred tax liabilities	9	**48,765**	58,449
Current liabilities			
Trade and other payables	10	**4,669,397**	2,274,404
Current tax payable		**23,290**	–
		4,692,687	2,274,404
Total liabilities		**4,741,452**	2,332,853
Total equity and liabilities		**4,671,034**	1,877,677

The accompanying notes form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 $	2020 $
Revenue	11	**2,353,608**	1,426,172
Direct expenses		**(1,824,271)**	(1,893,610)
Gross profit/(loss)		**529,337**	(467,438)
Other income		**103,806**	8,808
Administrative expenses		**(304,815)**	(288,475)
Profit/(loss) before tax		**328,328**	(747,105)
Tax income/(expense)	12	**103,712**	(216)
Profit/(loss) for the year		**432,040**	(747,321)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity investment at FVOCI		**(56,966)**	343,817
Tax on net change in fair value of equity investment at FVOCI	9	**9,684**	(58,449)
Tax on other comprehensive income		**9,684**	(58,449)
Other comprehensive income for the year, net of income tax		**(47,282)**	285,368
Total comprehensive income for the year		**384,758**	(461,953)

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital $	Accumulated (losses)/ profits $	Fair value reserve $	Total $
At 1 January 2021	**1**	**(740,545)**	**285,368**	**(455,176)**
Profit for the year	**–**	**432,040**	**–**	**432,040**
Other comprehensive income				
- Net change in fair value of equity investment at FVOCI (net of tax)	**–**	**–**	**(47,282)**	**(47,282)**
Total comprehensive income for the year	**–**	**432,040**	**(47,282)**	**384,758**
At 31 December 2021	**1**	**(308,505)**	**238,086**	**(70,418)**
At 1 January 2020	1	6,776	–	6,777
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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 $	2020 $
Cash flows from operating activities		
Profit/(loss) before income tax	**432,040**	(747,321)
Adjustment for:		
Management fee income received/receivable in units	**(2,097,947)**	(1,419,937)
	(1,665,907)	(2,167,258)
Changes in working capital:		
Trade and other receivables	**(685,300)**	7,726
Trade and other payables	**2,394,993**	2,261,404
Cash generated from operations	**43,785**	101,872
Tax paid	**23,290**	–
Net cash generated from operating activities	**67,075**	101,872
Cash flows from financing activity		
Advance from immediate holding company	**–**	11,000
Net cash generated from financing activity	**–**	11,000
Net increase in cash and cash equivalents	**67,075**	112,872
Cash and cash equivalents at 1 January	**112,872**	–
Cash and cash equivalents at 31 December	**179,947**	112,872

Significant non-cash transactions

During the year ended 31 December 2021, the Company received 2,045,550 units (2020: 1,648,368) in Ascott Residence Trust ("ART"), amounting to $2.1 million (2020: $1.4 million) as payment of manager's base fees and performance fees for the period from 1 October 2020 to 30 September 2021 (2020: 1 October 2019 to 30 September 2020).

The accompanying notes form an integral part of these 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 11 March 2022.

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 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).

For financial reporting purposes, the immediate and ultimate holding companies of the Company are CapitaLand Limited ("CL") and Temasek Holdings (Private) Limited respectively for the financial year ended 31 December 2020. With effect from September 2021, following internal restructuring of CL, CL ceased to be the immediate company of the Company and CapitaLand Investment Limited ("CLI") became the immediate holding company. Temasek Holdings (Private) Limited remains as the ultimate holding company of the Company.

2 GOING CONCERN

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net liabilities of $70,418 (2020: $455,176) as at 31 December 2021 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 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.

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 immediate holding company, CapitaLand Investment 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

3 BASIS OF PREPARATION (continued)

3.5 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Company has applied the new FRSs, amendments to and interpretations of FRS that are effective for annual financial period beginning on or after 1 January 2021. The adoption of these standards did not have any effect on the financial statements of the Company.

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and interpretations does not have a material effect on 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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Financial instruments (continued)

(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.

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.

(v) 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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Impairment of non-financial assets (continued)

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Tax (continued)

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.

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 2021, in preparing these financial statements.

These Changes are not expected to have a significant impact on the Company's financial statements.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

5 OTHER INVESTMENTS

	2021 $	2020 $
Equity investments – at FVOCI	**3,804,736**	1,763,754

Equity investments designated as 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 2021 $	Distribution income recognised during 2021 $	Fair value at 31 December 2020 $	Distribution income recognised during 2020 $
Quoted units in Ascott Residence Trust	**3,804,736**	**103,806**	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

	2021 $	2020 $
Trade receivables	**–**	1,051
Amounts due from a related company, non-trade	**127,002**	–
Accrued fee income	**559,349**	–
	686,351	1,051

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.

7 SHARE CAPITAL

The Company's share capital comprises fully-paid up 1 (2020: 1) ordinary share with no par value, amounting to a total of $1 (2020: $1).

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.

7 SHARE CAPITAL (continued)

Capital management

The Company's policy on capital management follows that of its immediate holding company, CapitaLand Investment Limited. CapitaLand Investment 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

	2021 $	2020 $
Fair value reserve	**238,086**	285,368

The fair value reserve includes the cumulative net change in the fair value of equity investments designated at FVOCI.

9 DEFERRED TAX LIABILITIES

Movement in deferred tax liabilities of the Company during the year are as follows:

	At 1 January 2020 $	Recognised in profit or loss (Note 12) $	Recognised in other comprehensive income $	At 31 December 2020 $	Recognised in profit or loss (Note 12) $	Recognised in other comprehensive income $	At 31 December 2021 $
Equity instrument at FVOCI	–	–	58,449	58,449	**–**	**(9,684)**	**48,765**

10 TRADE AND OTHER PAYABLES

	2021 $	2020 $
Trade payables	**34,685**	82
Accrued operating expenses	**3,830**	3,500
Amount due to immediate holding company (trade)	**2,918,266**	1,862,127
Amount due to related companies (trade)	**1,701,502**	397,695
Amount due to related companies (non-trade)	**114**	–
Advance from immediate holding company	**11,000**	11,000
	4,669,397	2,274,404

The advance from immediate holding company is unsecured, interest-free and repayable on demand.

11 REVENUE

	2021 $	2020 $
Management fee income	**2,190,988**	1,262,707
Trustee fee income	**162,620**	163,465
	2,353,608	1,426,172

Management and trustee fee income are derived from related entities.

12 TAX (INCOME)/EXPENSE

	2021 $	2020 $
Current tax income/(expense)		
Current year	**23,290**	–
(Over)/under provision in respect of prior years	**(127,002)**	216
	(103,712)	216
Reconciliation of effective tax rate		
Profit/(loss) before tax	**328,328**	(747,105)
Tax calculated using Singapore tax rate of 17%	**55,816**	(127,008)
Tax exempt income	**(32,526)**	–
Current-year losses for which no deferred tax asset is recognised	**–**	127,008
Prior year tax losses transferred to a related party under the Group Relief System	**(127,002)**	–
Under provision in respect of prior years	**–**	216
	(103,712)	216

Unrecognised tax losses

At the end of the financial year ended 31 December 2020, the Company has tax losses of $747,105 that are available for offset against future taxable profits of the Company, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provision of the tax legislation in Singapore.

During the financial year ended 31 December 2021, the Company transferred the benefits of all prior period unutilised tax losses to its related company subject to the agreement of the tax authority and compliance with certain provision of the tax legislation in Singapore.

13 FINANCIAL RISK MANAGEMENT

Overview

Exposure to market risk (including equity price), credit risk and liquidity risk 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 immediate holding company, CapitaLand Investment Limited, 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.

(a) 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.

Equity price risk

The Company has investments in equity securities at FVOCI 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 the percentage indicated below with all other variables including tax rate being held constant, the impact on the fair value reserve will be as follows:

	2021		2020	
	20% price increase $	20% price decrease $	30% price increase $	30% price decrease $
Quoted units in ART	**760,947**	**(760,947)**	529,126	(529,126)

(b) 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 $179,947 at 31 December 2021 (2020: $112,872). 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.

13 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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 2021 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.

(c) 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 immediate holding company, CapitaLand Investment Limited. CapitaLand Investment 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 has received an undertaking from the shareholders of the immediate holding company to provide continuing financial support, for the next twelve months period commencing from the date of this report, to enable the Company to operate as a going concern.

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.

14 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

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
	Note	Equity in investment at FVOCI $	Amortised costs $	Other financial liabilities $	Total $	Level 1 $
31 December 2021						
Financial asset measured at fair value						
Equity investment at FVOCI	5	**3,804,736**	**–**	**–**	**3,804,736**	**3,804,736**
Financial assets and liabilities not measured at fair value						
Trade and other receivables	6	**–**	**686,351**	**–**	**686,351**	
Cash and cash equivalents		**–**	**179,947**	**–**	**179,947**	
Trade and other payables	10	**–**	**–**	**(4,669,397)**	**(4,669,397)**	
		–	**866,298**	**(4,669,397)**	**(3,803,099)**	
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)	

There was no transfer between levels of the fair value hierarchy during the year (2020: 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:

	2021 $	2020 $
Related companies		
Management fee expenses	**2,101,022**	2,165,330

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
Temasek Holdings (Private) Limited & its subsidiaries	**Ultimate controlling shareholder of the Managers and ultimate controlling stapled securityholder**		
Rental income		114	–
Purchase of goods and services		152	–
CapitaLand Investment Limited & its subsidiaries	**Intermediate controlling shareholder of the Managers and intermediate controlling stapled securityholder**		
Master lease income		65,249	–
Management fees		27,333	–
Manager's management fees		20,252[2]	–
Service fees		20,180	–
Loan to a Joint Venture		13,823	–
Acquisition fees		6,227[2]	–
Trustee-Manager's management fees		2,167[2]	–
Divestment fees		2,128[2]	–
Waiver of partial income top-up for management contracts with minimum guaranteed income		616	–
Trustee-Manager's trustee fees		163[2]	–
Technical fee		150	–
Rental income		124	–
DBS Trustee Limited	**Ascott Reit Trustee**		
Ascott Reit Trustee's fee		652[2]	–
Total		**159,330**	**–**

1 The aggregate value is for the contract period, except for Managers' management fees, Trustee-Manager's management fees, Acquisition fees, Divestment fees, Ascott Reit Trustee's fee and Trustee-Manager's trustee fees.

2 These are in respect of fees incurred during the year.

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 2021 was S$255.2 million. The amount included all fees and charges paid to the Managers and interested parties. This translates to 6.6% of the property fund's net asset value as at 31 December 2021. Taxation incurred was S$64.5 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 2021 to 31 March 2021	3 May 2021	2,521,942	1.0738	2,708
1 April 2021 to 30 June 2021	10 August 2021	2,745,990	1.0091	2,771
1 July 2021 to 30 September 2021	5 November 2021	3,005,079	0.9494	2,853
1 October 2021 to 31 December 2021	23 February 2022	2,888,484	1.0144	2,930
				11,262
Performance Management Fees				
1 January 2021 to 31 December 2021	23 February 2022	3,598,488	1.0144	3,650
				14,912

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 2021 to 31 March 2021	3 May 2021	493,181	1.0738	530
1 April 2021 to 30 June 2021	10 August 2021	554,404	1.0091	559
1 July 2021 to 30 September 2021	5 November 2021	512,178	0.9494	486
1 October 2021 to 31 December 2021	23 February 2022	497,926	1.0144	505
				2,080

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 2 MARCH 2022

ISSUED AND FULLY PAID STAPLED SECURITIES

3,283,531,537 (Voting Rights: 1 vote per Stapled Security)
Market Capitalisation of S$3,414,872,798 based on market closing Stapled Security price of S$1.04 on 2 March 2022.

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

Size of Stapled Securityholdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 – 99	493	1.72	25,879	0.00
100 – 1,000	2,911	10.17	2,251,036	0.07
1,001 – 10,000	15,092	52.74	79,954,893	2.43
10,001 – 1,000,000	10,063	35.16	471,361,918	14.36
1,000,001 and above	59	0.21	2,729,937,811	83.14
Total	**28,618**	**100.00**	**3,283,531,537**	**100.00**

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	27,870	97.39	3,264,419,651	99.42
Malaysia	492	1.72	11,961,574	0.36
Others	256	0.89	7,150,312	0.22
Total	**28,618**	**100.00**	**3,283,531,537**	**100.00**

TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	Somerset Capital Pte Ltd	568,792,760	17.32
2	The Ascott Limited	476,152,416	14.50
3	Citibank Nominees Singapore Pte Ltd	398,992,552	12.15
4	DBS Nominees (Private) Limited	286,359,711	8.72
5	Ascott Residence Trust Management Limited	230,410,028	7.02
6	HSBC (Singapore) Nominees Pte Ltd	171,433,494	5.22
7	Raffles Nominees (Pte.) Limited	170,316,117	5.19
8	DBSN Services Pte. Ltd.	108,179,635	3.29
9	AHDF Pte Ltd	36,660,272	1.12
10	United Overseas Bank Nominees (Private) Limited	35,201,643	1.07
11	BPSS Nominees Singapore (Pte.) Ltd.	21,414,834	0.65
12	OCBC Securities Private Limited	20,339,587	0.62
13	Phillip Securities Pte Ltd	18,383,210	0.56
14	Ko Woon Hong	17,769,200	0.54
15	UOB Kay Hian Private Limited	17,561,504	0.53
16	DB Nominees (Singapore) Pte Ltd	13,153,115	0.40
17	BNP Paribas Nominees Singapore Pte. Ltd.	11,849,059	0.36
18	OCBC Nominees Singapore Private Limited	10,608,183	0.32
19	Heng Siew Eng	8,824,493	0.27
20	iFAST Financial Pte. Ltd.	8,035,854	0.24
	Total	**2,630,437,667**	**80.09**

DIRECTORS' INTERESTS IN STAPLED SECURITIES AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2022

	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	115,381	–	–	–
Beh Siew Kim	798,499	–	0 to 955,780[2]	87,876[3,5] 71,078[4,5] 0 to 278,086[2,5]
Sim Juat Quee Michael Gabriel	72,683	–	–	–
Chia Kim Huat	100,845	–	–	–
Deborah Lee Siew Yin	7,290	–	–	–
LG Ong Su Kiat Melvyn	–	–	–	–
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') 2019 Award.

4 Being the unvested two-thirds of the RSSP 2020 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 2 MARCH 2022

SUBSTANTIAL STAPLED SECURITYHOLDERS' STAPLED SECURITYHOLDINGS AS AT 2 MARCH 2022

Based on the information available to the Managers, as at 2 March 2022, 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**")	–	–	1,300,211,253	39.59
Tembusu Capital Pte. Ltd.[3,4] ("**Tembusu**")	–	–	1,285,709,253	39.15
Bartley Investments Pte. Ltd.[4] ("**Bartley**")	–	–	1,282,811,853	39.06
Mawson Peak Holdings Pte. Ltd.[4] ("**Mawson**")	–	–	1,282,811,853	39.06
Glenville Investments Pte. Ltd.[4] ("**Glenville**")	–	–	1,282,811,853	39.06
TJ Holdings (III) Pte. Ltd.[4] ("**TJH**")	–	–	1,282,811,853	39.06
CLA Real Estate Holdings Pte. Ltd.[5] ("**CLA**")	–	–	1,282,811,853	39.06
CapitaLand Group Pte. Ltd.[6] ("**CL**")	–	–	1,282,811,853	39.06
CapitaLand Investment Limited[7] ("**CLI**")	–	–	1,282,811,853	39.06
The Ascott Limited[8] ("**Ascott**")	476,152,416	14.50	568,792,760	17.32
Somerset Capital Pte Ltd ("**SCPL**")	568,792,760	17.32	–	–
Ascott Residence Trust Management Limited ("**ARTML**")	230,410,028	7.01	–	–

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 2001 ("SFA").

3 Tembusu is deemed to have an interest in the Stapled Securityholdings in which its subsidiaries (including but not limited to CLA) have direct or deemed interests pursuant to Section 4 of the SFA.

4 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 52.30% 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.

5 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.

6 CL is deemed to have an interest in the Stapled Securityholdings that CLI is deemed to have an interest pursuant to Section 4 of the SFA.

7 CLI is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiaries, TAL, ARTML, Ascott Business Trust Management Pte. Ltd. and Carmel Plus Pte. Ltd.

8 Ascott is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiary, SCPL.

PUBLIC FLOAT

Based on the information available to the Managers as at 2 March 2022, approximately 60.32% 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:
Lim Pang Yew, Victor
(Since financial year ended 31 December 2021)

STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-03/07 Keppel Bay Tower
Singapore 098632
Tel: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:

The Central Depository (Pte) Limited
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

Sim Juat Quee Michael Gabriel
Non-Executive Independent Director

Chia Kim Huat
Non-Executive Independent Director

Deborah Lee Siew Yin
Non-Executive Independent Director

LG Ong Su Kiat Melvyn
Non-Executive 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)
Chia Kim Huat
Deborah Lee Siew Yin
LG Ong Su Kiat Melvyn

EXECUTIVE COMMITTEE

Goh Soon Keat Kevin (Chairman)
Beh Siew Kim
Lim Cho Pin Andrew Geoffrey

NOMINATING AND REMUNERATION COMMITTEE

Tan Beng Hai, Bob (Chairman)
LG Ong Su Kiat Melvyn
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

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