

ASCOTT RESIDENCE TRUST REPORTS DISTRIBUTABLE INCOME OF S\$32.6 MILLION IN 1H 2020

ART remains well capitalised and strengthens its financial position through active portfolio management and capital recycling

Singapore, 28 July 2020 – Ascott Residence Trust (ART) reported a distributable income of S\$32.6 million in 1H 2020 amidst the COVID-19 pandemic. This was 56% lower compared to 1H 2019. It included a S\$5.0 million top-up to mitigate the impact of COVID-19 on distributions and to share past divestment gains with stapled securityholders. Distribution per stapled security for 1H 2020 is 1.05 cents, a 69% year-on-year decrease compared to 3.43 cents in 1H 2019.

ART's revenue declined by 16% to S\$208.5 million while gross profit declined by 28% to S\$88.6 million. This was mainly attributed to the decrease in contributions from the divestment of Ascott Raffles Place Singapore and Somerset West Lake Hanoi and lower revenue from the existing portfolio. The decrease was partially offset by the additional income contribution from ART's successful combination with Ascendas Hospitality Trust in December 2019, and the acquisition of Quest Macquarie Park Sydney and Citadines Connect Sydney Airport in February 2020 and May 2019 respectively. In 1H 2020, ART's revenue per available unit (RevPAU¹) decreased by 52% to S\$70.

In 1H 2020, 21 of ART's properties were temporarily closed either due to government mandate or weak accommodation demand. However, lower operating costs from cost containment and government support measures further contributed to offset the decline in gross profit. While 12 properties have since reopened and seven more are scheduled to reopen in 3Q 2020, operators and lessees of ART's properties continue to face operating challenges brought about by the COVID-19 pandemic.

Mr Bob Tan, Chairman of Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (the Managers of ART), said: "ART's financial performance in 1H 2020 has been adversely impacted by global lockdowns and movement restrictions as a result of the COVID-19 pandemic. However, ART's geographically diversified portfolio and focus on the long-stay segment have helped to buffer some of the impact. ART remains in a strong financial position. We will continue to strengthen ART's financial position through active portfolio management and capital recycling, and exercise prudence in managing our capital and cashflow. ART's inclusion in the FTSE EPRA Nareit Global Real Estate Index² (Global Developed Index) in June 2020 has also raised ART's profile as the proxy hospitality trust in Asia Pacific, broadening ART's reach amongst global investors and increase our trading liquidity. ART remains committed to delivering sustainable, long-term value to our stapled securityholders."

¹ Portfolio RevPAU refers to the revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income.

² FTSE EPRA Nareit Developed Index tracks the performance of listed real estate companies and REITs worldwide.

Ms Beh Siew Kim, Chief Executive Officer of the Managers of ART, said: “We expect recovery of the hospitality industry to be led by the domestic, leisure and free independent travel segments and ART’s properties are well-placed to cater to the needs of these first travellers. Together with our partners, ART’s immediate focus is to capture accommodation demand from these segments and continue to source for alternative business opportunities. We are also taking steps to future-ready our properties. For example, leveraging the ‘work-from-home’ trend, we have redesigned some of our apartments and introduced daytime work-stay packages to cater to guests who need a productive and conducive environment to work remotely. We have also leveraged technologies to optimise operational efficiencies and minimise physical contact for the safety of our guests.”

“Given the risk of resurgence of COVID-19, we expect the RevPAU of our properties to remain under pressure in the near term. Nonetheless, ART remains well capitalised with sufficient liquidity to navigate through the crisis. We will assess the level of distribution payout to stapled securityholders holistically, taking into consideration market outlook and past divestment gains that ART has unlocked,” added Ms Beh.

ART has a total of approximately S\$620 million in cash on-hand and unutilised credit facilities as at 30 June 2020. In mid-July 2020, ART received S\$163.3 million from the completion of the sale of partial gross floor area of Somerset Liang Court Singapore and has also secured an additional S\$60 million in credit facilities. Where applicable, loan covenant waivers have been granted by ART’s lenders, and steps have been taken to manage expenses, including implementing cost containment measures at ART’s properties and deferring all non-essential capital expenditure. Assuming a worst-case, zero-income scenario, ART has sufficient liquidity to cover approximately two years of fixed costs.

ART has entered into two conditional agreements in July 2020 to divest Ascott Guangzhou in China and Citadines Didot Montparnasse Paris in France for a total of about S\$191.4 million, at 52% and 69% above their respective book values. These divestments have further strengthened ART’s financial position. ART is expected to realise total estimated net gains of about S\$23.2 million upon the completion of both transactions. Redevelopment works at the site of Somerset Liang Court Singapore will commence soon. The brand new Somerset serviced residence with a fresh 99-year lease is expected to open in 1H 2025. lyf one-north Singapore, ART’s first coliving property, is also on track to open in 2021.

ART’s effective borrowing cost remains low at 1.8% per annum. ART’s gearing of 36.1% as at 30 June 2020 is well below the 50% gearing threshold set by the Monetary Authority of Singapore.

Summary of Results

	1H 2020	1H 2019	Variance (%)
Revenue (S\$ million)	208.5	248.4	-16
Gross Profit (S\$ million)	88.6	122.3	-28
Income Available for Distribution to Stapled Securityholders (S\$ million)	32.6	74.6	-56
Distributable Income (S\$ million)	32.6 ^(a)	74.6	-56
Distribution Per Stapled Security (DPS) (cents)	1.05	3.43	-69
Revenue Per Available Unit (RevPAU) S\$/day	70	146	-52

- (a) In view of the uncertainty surrounding the COVID-19 situation, ART has retained approximately 15% (S\$5.0 million) of its income available for distribution to stapled securityholders, as rent negotiations are still on-going and ART may grant further rental deferment and/or waivers to support some tenants through this challenging period.

To mitigate the impact of COVID-19 on distributions and to share past divestment gains with stapled securityholders, ART has included a S\$5.0 million top-up in the 1H 2020 distribution.

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

Distribution and Book Closure Date

- ART's distributions, made on a semi-annual basis, are as follows:

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

For ART's 1H 2020 financial statement and presentation, please visit: www.ascottresidencetrust.com.

About Ascott Residence Trust

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S\$7.6 billion as at 30 June 2020. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, ART's objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, hotels, rental housing properties 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 88 properties with more than 16,000 units in 39 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 30 June 2020.

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

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 Limited, one of Asia's largest diversified real estate groups.

About CapitaLand Limited (www.capitaland.com)

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth S\$131.9 billion as at 31 December 2019. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 200 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages seven listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Real Estate Investment Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

Important Notice

This release may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this release. Neither Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (“**Managers**”) nor any of their affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this release or its contents or otherwise arising in connection with this release.

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

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

Issued by:

Ascott Residence Trust Management Limited
Ascott Business Trust Management Pte. Ltd.
168 Robinson Road, #30-01 Capital Tower, Singapore 068912
Tel: (65) 6713 2888 Fax: (65) 6713 2121
Website: <http://www.ascottresidencetrust.com>

For more information, please contact:

Analyst Contact

Kang Wei Ling
Vice President
Investor Relations & Asset Management
Tel: (65) 6713 3317
Email: kang.weiling@the-ascott.com

Media Contact

Joan Tan
Vice President
Group Communications
Tel: (65) 6713 2864 / HP: (65) 9743 9503
Email: joan.tanzm@capitaland.com

