ASCOTT
RESIDENCE
TRUST

A Member of
CapitaLand Investment

ASCOTT RESIDENCE TRUST

A stapled group comprising:

Ascott Real Estate Investment Trust
(A real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Managed by
Ascott Residence Trust Management Limited
(Company Registration No. 200516209Z)

Ascott Business Trust
(A business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

Managed by
Ascott Business Trust Management Pte. Ltd.
(Company Registration No. 201925299R)

ANNOUNCEMENT

Annual General Meeting to be held on 22 April 2022
Responses to Substantial and Relevant Questions

The Managers of Ascott Residence Trust ("**ART**") would like to thank all Stapled Securityholders who submitted their questions in advance of our Annual General Meeting ("**AGM"**) to be held virtually via live audio-visual webcast and live audio-only stream at 10:00am on Friday, 22 April 2022.

We have grouped the most asked questions into a few key topics below.

A. Operating Performance and Property Matters
B. Investment and Portfolio Reconstitution Strategy
C. Mitigation of Recent Risk Factors

Please refer to our responses to these substantial and relevant questions in the following pages.

The CEO of ART's Managers, Ms Beh Siew Kim will deliver a presentation to Stapled Securityholders at the AGM. Please refer to the AGM presentation slides and all AGM-related documents at: https://investor.ascottresidencetrust.com/agm_egm.html.

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and made available on ART's website. The minutes of the AGM will be published on SGXNet and ART's website on or before 22 May 2022.

By Order of the Boards

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED
(Company Registration No. 200516209Z)
As manager of Ascott Real Estate Investment Trust

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.
(Company Registration No. 201925299R)
As trustee-manager of Ascott Business Trust

Karen Chan
Company Secretary
19 April 2022

Important Notice
The past performance of Ascott Residence Trust ("**ART**") is not indicative of future performance. The listing of the stapled securities in ART (the "**Stapled Securities**") on the Singapore Exchange Securities Trading Limited (the "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, Ascott Residence Trust Management Limited as manager of Ascott Real Estate Investment Trust or Ascott Business Trust Management Pte. Ltd. as trustee-manager of Ascott Business Trust (collectively, the "**Managers**") or any of their respective 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 announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.

A. Operating Performance and Property Matters	
1.	ART has fared and recovered well in FY2021. Part of its strong performance can be attributed to the diversity inherent in its portfolio, e.g. 16% of portfolio allocated to longer-stay assets, 60% of assets in the Asia Pacific, and approximately 70% of ART's gross profit from stable income sources. **Two years into the pandemic, can management briefly identify and explain the segments which are faring better/worse to expectations? Has Covid-19 changed the business strategy and operations going forward? What are some learning points from the Covid-19 pandemic that are applicable for ART?**
	The effects of Covid-19 on the hospitality sector were first felt in early-2020, and ever since, it has been an unprecedented journey. In the initial stages, travel came to a complete standstill as borders were shut and movement restrictions were imposed. Due to the lack of transient travel for an extended period of time, the performance of more traditional hospitality assets such as hotels saw the most impact as short-stay demand declined significantly. ART's portfolio comprises a range of lodging types, including serviced residences, hotels/business hotels, rental housing and student accommodation properties. Because of this diversity, ART has 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, our serviced residences increased its focus on and pursued long stay bookings, and some of our 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%. Over the course of 2021, vaccination programmes picked up pace in most of ARTs key markets and demand for travel gradually returned with countries easing border control restrictions. Larger markets such as Europe and the USA led the reopening, domestically and internationally. Several other markets also progressively opened their borders to vaccinated travellers. Even as reopening started to take place, demand for accommodation remained largely driven by the domestic and leisure segments in most markets, as travel restrictions had not been fully lifted. At this point (April 2022), more governments have shown their commitment in reopening their economies and as such, we are observing a pickup in booking enquiries and demand. 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. Against the backdrop of the pandemic, the resilience of ART's diversification and long-stay operating model was demonstrated, and it was also shown that having both stable and growth income through our mix of contract types would enable us to enjoy an earnings upside in market upturns while also having protection to the downside during market downturns. Covid-19 had also brought to the fore the importance of a carefully-constructed investment strategy coupled with the adaptability to swiftly counter challenges faced, in order to emerge stronger and well-positioned for continued growth in the recovery phase. At some of ART's serviced residence properties, alternative sources of demand were captured as we leveraged on our sponsor's expertise in developing new uses of space and enhancing product offerings to meet the needs of customers during Covid-19 (e.g. reconfiguring apartments into productive workspaces for those looking for alternative work-from-home locations). In addition, we worked together with our operators and lessees to manage costs and conserve cashflow. In the aspect of health and safety, a strong commitment to deliver stringent hygiene and cleanliness standards had been demonstrated at our properties, with the adoption of digital technologies to minimise physical contact and provide seamless service to guests.

2.	**Please discuss the resilience of master leases, arising from challenges brought about by Covid-19.**
	As at 31 December 2021, 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. Covid-19 has had an adverse impact on the hospitality sector, and our lessees are no exception. Our position has been to work closely with our lessees and operators towards a more sustainable recovery. Rental support was granted to some of our lessees over the past two years. Adjustments were made to the rent structure of some of our expiring master leases as well. While these changes will inevitably affect ART in the near term, they are crucial in tiding us over the immediate operating challenges. In 2022, we have two expiring master leases (with our Sponsor, The Ascott Limited) for Ascott Orchard Singapore (AOS) and Citadines Kurfürstendamm Berlin. Negotiations for the renewal of AOS are underway. For the Berlin lease, we have renewed it on fixed rent terms based on an independent market review. In addition, we renewed the lease for Citadines Les Halles Paris due to expire in 2024 on fixed rent terms at pre-Covid levels, which will limit downside risks arising from unexpected downturns in business climate, and provide certainty and stability of income to ART. The master lessee will be renovating the apartment units and common areas, which will enhance the competitiveness and attractiveness of the property. As an industry, we see a general shift towards leases which have a combination of fixed/variable rent components. Regardless, we believe that master leases will still provide a good base of stable income for ART, to cushion against future downturns. Having a variable component will also allow us to capture the upside in a recovering market.
3.	**Do you intend to distribute divestment gains in FY 2022 as well? When do you expect DPS to return to pre-Covid levels?**
	In FY 2020 and FY 2021, we distributed S$45 million of past divestment gains to mitigate the impact of COVID-19 on distributions and replace lost income from divested assets. Since 2H 2021, we have observed an encouraging recovery in several of our key markets, where restrictions had been eased and travel picked up. Despite some slowdown in the recovery due to the Omicron variant, the outlook for the travel industry remains positive. As of February / March 2022, industry experts (e.g. IATA) expect overall traveller numbers to nearly meet pre-Covid levels in 2023 (forecasted to reach 94% of the 2019 total)[1]. In relation to reviewing and determining the amount of divestment gains to be distributed, we remain committed to delivering a stable income to Stapled Securityholders and will consider holistically the financial performance and financial position of ART as well as our growth plans. ART possesses flexibility in this aspect as we have undistributed divestment gains. As the performance of ART's portfolio improves further, we may make adjustments accordingly, to the amount of divestment gains to be distributed.

[1] "Air Passenger Numbers to Recover in 2024", IATA Pressroom, March 2022

4.	**In terms of performance, how far are we from pre-Covid levels?**
	In the second half of 2021 (2H 2021), more countries reopened their international borders to vaccinated travellers, as compared to 1H 2021. As such, ART's performance also reflected a healthy recovery, with some markets doing better than others. To view the RevPAU performance of ART's key markets (for properties under management contracts) each quarter from 1Q 2020 to 4Q 2021, please refer to the charts in our AGM Presentation Slide 14. From the charts, we can see that in FY 2021, the USA and the UK was leading the recovery. For other key markets like Australia, Vietnam, Singapore and Japan, there was a gradual albeit slightly uneven pick-up observed, as restrictions were eased (Japan chart reflects a spike in RevPAU in 3Q 2021, which was mainly attributed to robust demand during the Tokyo Olympics period). China has generally remained resilient given the large domestic market and focus on long stays, despite the sporadic reintroduction of localised movement restrictions in provinces affected by resurgence in cases. More details will be shared during our 1Q 2022 business updates announcement on 29 April 2022.
5.	**Japan makes up 19% of ART's assets, one of the highest amongst the countries it is present in. Is Japan open to international travellers? If not, what is the impact to ART and when can we expect Japan to reopen its borders?**
	As at 31 December 2021, ART has 22 properties in Japan. 14 of these are rental housing properties, three are hotels under master leases, and together, these 17 properties provide stable income streams. They constitute 13% of ART's total assets, representing the majority of ART's 19% asset allocation in Japan. The remaining properties comprise two hotels and three serviced residences under management contracts. Our rental housing properties registered an average occupancy of above 95% in FY 2021. Rental housing properties in Japan typically serve the domestic corporate segment, and leases are on average two years in length, which provide greater visibility and stability in future cashflows for ART. These longer-stay accommodation properties remain largely unaffected even as variants emerge, and there is minimal effect caused by any reintroduction of travel restrictions on the underlying demand. We continue to receive stable rent from our tenants throughout the pandemic. Similarly, the three hotels under master leases have fixed rent components that provide a stable income stream to ART. The three serviced residences under management contracts pursued corporate long stays and domestic leisure bookings to mitigate some of the impact caused by the absence of international leisure demand in Japan. The other two hotels under management contracts are temporarily closed due to poor market demand. They constitute about 2% of ART's total operating units and do not have a significant impact on ART's performance. On 1 March 2022, Japan's government had reopened the country's borders to business travellers and students, and also eased self-isolation and quarantine restrictions for this group of entrants, with the daily cap increased to 10,000 per day with effect from 10 April 2022. Aside from business travellers and foreign students, new entries allowed under 'special exceptional circumstances' include foreign residents, spouses and children of a Japanese national or permanent resident, and spouses and children of a foreign resident coming to Japan to be reunited with family members living in the country[2]. Demand for accommodation by domestic leisure travellers is also expected to continue to gain strength and pick up pace, as the government had announced the full lifting of quasi-emergency measures in all 18 previously-covered prefectures on 22 March 2022[2]. In addition, the government is expected to restart its Go To Travel campaign which subsidises and promotes

[2] "Japan ends Covid-19 quasi-emergency in all 18 prefectures covered", Kyodo News, April 2022

	domestic travel. 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 progressive reopening of international borders, ART's serviced residences and hotels are expected to show greater recovery in 2022.
6.	**What are Management's plans for Hotel WBF Kitasemba East and Hotel WBF Kitasemba West properties in Osaka, Japan?**
	Hotel WBF Kitasemba East and Hotel WBF Kitasemba West remained closed in 2021 due to poor market demand in Osaka, and hotels in the area are reliant on demand from international travellers. Both properties constitute about 2% of ART's total operating units, and do not have a significant impact on ART's performance. The other WBF property in Osaka, Hotel WBF Honmachi, is under a master lease and continues to receive fixed rent from the lessee. As Japan's reopening continues to take place and as the increased demand for accommodation returns in tandem, ART will continue to monitor the recovery and reopen the two closed properties at the opportune time (***please refer to the response in Question 5 for more details on the progress of Japan's border reopening***).
7.	**Please share what "long-term options" are currently being explored for Riverside Hotel Robertson Quay (formerly known as Park Hotel Clarke Quay) in Singapore.**
	In August 2021, the master lease for the Park Hotel Clarke Quay (currently Riverside Hotel Robertson Quay) was terminated. The tenant had failed to make payment on the outstanding sum of rental demanded for under the master lease. As the sole shareholder and guarantor of the tenant was under liquidation, the Managers are working with the liquidators to recover the outstanding rent and damages due under the master lease. The property was repossessed and is currently operational and managed by our Sponsor under a short-term management contract agreement. This agreement may be extended on mutual agreement of the parties. For most of 2021, the hotel was fully contracted by the government. The possible long-term options for the property that ART is exploring include fresh management agreements, and we will also consider opportunities to rebrand the property. We remain positive on the prospects of our properties in Singapore as the government continues its commitment of reopening the country to vaccinated inbound visitors. We are also encouraged to see demand gradually picking up. More details on the plans for Riverside Hotel Robertson Quay will be shared at a later time.

B. Investment and Portfolio Reconstitution Strategy	
8.	Portfolio reconstitution strategy was one of ART's strategic thrusts during the pandemic, where it invested about S$780 million in longer-stay portfolio such as student accommodation and rental housing sectors. Following this, ART looks to increase its allocation to its segment, from the current 16% to 25-30% over the medium-term. **For the benefit of all Stapled Securityholders, can management expound on the merits of this segment i.e. the risk and return profile, and what is so attractive about student accommodation and rental housing segments? Moreover, can management briefly explain its acquisition strategy – as it seems like ART is making smaller but more frequent acquisitions?**
	In a strategic pivot, ART's investment mandate was expanded in January 2021 to include student accommodation properties, to future-proof ART's portfolio, and further enhance the stability of its income streams. In 2021, we invested in 8 student accommodation properties in the USA comprising about 4,400 beds, and predominantly situated in strategic locations within USA's Sunbelt states, Ivy League and 'Power 5' / Division 1 markets, where there are reputable universities with strong athletics programmes, large student populations and steady enrolment growth. In June 2021, ART acquired 3 rental housing properties in Sapporo, adding to its existing portfolio of 11 rental housing properties in Japan. In March 2022, we also completed the turnkey acquisition of our first student accommodation property in Osaka, Japan and announced the acquisition of four more rental housing properties in Japan on a turnkey basis. The acquisitions are expected to be completed by 2Q 2023. 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. Covid-19 bears testament to the resilience of the longer-stay accommodation segment, which offered a new platform for growth and diversification beyond traditional hospitality assets, helping to mitigate current headwinds faced in the hospitality sector. Apart from being characterised by resilient demand and stable income, longer-stay accommodation such as rental housing and student accommodation also has higher operating margins as much less manning is required. In addition, student accommodation is also countercyclical to other hospitality asset classes, as people tend to invest in education during recession in preparation for economic recovery. In line with expectations, ART's student accommodation and rental housing properties performed well in FY 2021. Our seven operating student accommodation properties in the USA had a robust average occupancy rate of close to 100% as the student population in the USA is predominantly domestic. Pre-leasing rates for Academic Year 2021 were high, even surpassing pre-Covid levels in 2019. Leases for student accommodation typically last for a year and thus further strengthened our stable income streams. We had started to see good pre-leasing momentum for the next academic year as well. Besides our operating properties, we have a student accommodation development project, Standard at Columbia (located in South Carolina), which is a joint investment with our Sponsor. Construction started in 3Q 2021 and is expected to complete in 2Q 2023. Our rental housing properties registered an average occupancy of above 95% in FY 2021. Rental housing properties in Japan typically serve the domestic corporate segment, and leases are on average two years in length, which provide greater visibility and stability in future cashflows for ART. These longer-stay accommodation properties remain largely unaffected even as variants emerge, and there is minimal effect caused by any reintroduction of travel restrictions on the underlying demand. We continue to receive stable rent from our tenants throughout the pandemic.

	In terms of asset allocation, we target to grow our base of longer-stay properties to 25-30% of our total portfolio value in the medium term. We constantly review investment opportunities in markets including the USA, UK, Australia and Japan, backed by our local investment teams on ground who source out the best deals. We are open to both single-asset and portfolio deals. ART has a track record of efficiently executing the deals, given its strong financial position and ability to tap the capital markets expeditiously. With this base of longer-stay properties, our Stapled Securityholders can look forward to stable income which is unaffected by market cycles in the hospitality sector. The remaining 70-75% of our portfolio will be allocated towards serviced residences and hotels. We are open to acquiring serviced residences and hotels which allow us to capture growth as global travel continues on the path of recovery.
9.	**Should we expect more student accommodation deals in the USA, or will you explore other markets (e.g. UK or Australia)? What about rental housing and multifamily properties?**
	Our expansion into the student accommodation asset class is in line with our strategy to enhance the income stability of our portfolio in the longer-term. Moving forward, the Managers would continue to look at increasing the ART portfolio's asset allocation in longer-stay lodging asset classes, which includes student accommodation and rental housing. For student accommodation deals, at present, we see more opportunities in the USA as the market is deep and it is the largest student accommodation market globally. It is also more liquid and transparent as compared to other geographies, and we have more visibility of demand and supply in any particular area within the USA. Moreover, as about 95% of the USA student population is local, the sector was relatively unaffected by international border restrictions and closures. We like the USA market for its strong domestic demand and proven resilience. We also explore acquisition opportunities in the UK and Australia. During the earlier part of 2021, the return to campus was slower in universities in the UK and Australia, compared to the USA. These universities have a higher proportion of international students and hence the impact of border or movement restrictions was more pronounced. The UK student accommodation market had since recovered, with international students returning to their universities. Operators of student accommodation in the UK have also reported high occupancies. The Australia market is softer in comparison. Apart from student accommodation, we continue to like the Japan rental housing sector as it has been very resilient and we continued to receive stable rent from our tenants despite the ongoing Covid-19 pandemic. These properties have long leases of approximately two years and had an average occupancy of >90% throughout the pandemic. Possessing similar attributes to student accommodation and rental housing, multi-family properties are another asset class we are keen on. However, the compression in cap rates makes it more challenging to acquire at this point. We continuously assess opportunities for investment, whether from the Sponsor or third parties.

10.	**Can you give us an update on the status of lyf one-north Singapore (LONS)? How has LONS been performing since its opening? Will ART be acquiring more coliving properties from Ascott as it signs more properties under its lyf coliving brand?**
	ART's maiden development project, the new lyf one-north Singapore, located in Singapore's research and innovation business hub, one-north, soft opened in November 2021, and the final TOP was obtained in January 2022. LONS had achieved a strong occupancy of above 85% within less than six months of opening, with bookings from companies and educational institutions in the vicinity. Demand from foreign guests is expected to continue to grow as borders reopen. Ascott is growing the lyf brand via management contracts, currently having 17 lyf coliving properties with more than 3,200 units in 14 cities, and aiming to sign 150 properties with more than 30,000 units by 2030. lyf is a hybrid lodging solution that marries the best of hotels, serviced residences and coliving apartments. Based on the healthy demand and ongoing enquiries from corporate clients and potential guests, we see that there is a growing market of individuals that are drawn to alternative accommodation options compared to a more traditional apartment rental. These are also people who seek experiences and community-building as a key element in their decision-making process. As this hybrid lodging solution is an attractive asset class that is gaining popularity in the market, ART is also open to evaluating such coliving properties for future acquisitions.

C. Mitigation of Recent Risk Factors	
11.	**In view of rising interest rates, will ART be securing more fixed-rate debt?**
	Maintaining a strong financial position is one 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. The lower proportion of borrowings on fixed interest rates in 4Q 2021 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%. As at 31 December 2021, ART has about S$1.04 billion in total available funds, comprising cash on-hand and available credit facilities of S$690.2 million. ART's outstanding borrowings was S$2,728.9 million with an effective interest rate of 1.6% per annum. With the recovery of the lodging sector, ART's interest cover ratio has improved from 2.7 times in the previous year to 3.7 times. As at 31 December 2021, ART has a debt headroom of S$1.9 billion and gearing ratio of 37.1%, which is well below the 50% gearing threshold set by the Monetary Authority of Singapore. In 2022, about 28% of ART's debt (net of unamortised transaction costs) is due, and we have commenced the refinancing of the debt. Our lenders continue to give us their strong support.
12.	**Currently, what is the impact of the Russia-Ukraine conflict on ART's business, in terms of bookings and demand for accommodation? Do Russians form a sizeable proportion of guests at ART's properties? Which are ART's top 10 key source markets in FY 2021?**
	There has not been any noticeable impact of the Russia-Ukraine conflict on ART's business thus far, in terms of demand. ART does not have any properties in Russia or Ukraine. Across all of the countries ART has presence in, neither Russia nor Ukraine are big source markets for travel or for accommodation at ART's properties, and the proportion of guest base is insignificant. ART's top key source markets (at the Ascott-managed properties) are France, Japan, Indonesia, UK and China. Concentration risk is low as not more than c.15% of our total guests are from any one country of residence.
13.	**Do you expect an impact from the rising utilities and raw material costs on the business, and how are we mitigating this rise in costs and inflation?**
	At this point in time, most of ART's properties have secured fixed rates with energy brokers or have negotiated contracts to prevent cost escalation. For ART's properties with long stays, the rise in utility costs is partially mitigated by our long-stay lease terms which typically come with caps on utility usage. Guests will pay for utility usage that goes beyond the cap. At our rental housing and student accommodation properties, the utility costs are billed directly to the tenants. In 2H 2022, we expect to see some impact from the higher utility costs as some of the utility contracts undergo renewal, and will continue to work with our operators to mitigate the increase. On the revenue front, we seek to raise our rates to mitigate the higher expenses. At some of our properties, we also have rolled out "go-green" initiatives to reduce the consumption of utilities, and one example of energy-saving features are the installation of occupancy detection sensors to enable electricity cut-off when guests are not in the rooms.

14.	**What is ART's approach taken with regards to foreign exchange exposure and hedging, to mitigate any volatility seen in recent times?**
	With properties located globally across 15 countries, cash flow generated by our assets as well as their capital values are subjected to foreign exchange movements. To the extent possible, we adopt a natural hedging strategy, by borrowing in the same currency as the underlying asset. Due to the geographically diversified nature of ART's portfolio and with currencies working in pairs, the impact from the weakening of some currencies is offset by the strengthening of others. To further mitigate exposures to foreign currency fluctuations, we use hedging instruments such as cross currency interest rate swaps and foreign currency forward contracts where appropriate, taking the cost of hedging into consideration. As a result of proactive foreign exchange management and diversification in foreign currency exposure, the impact of foreign exchange rate movement on ART's gross profit was -0.2% in FY 2021. As at 31 December 2021, about 48% of our assets denominated in foreign currency are hedged.