



**CAPITALAND ASCOTT TRUST
2022 FULL YEAR SUMMARY OF GROUP PERFORMANCE
TABLE OF CONTENTS**

| Item No. | Description | Page No. |
|----------|---|----------|
| | Summary of Group Results | 1 |
| | Introduction | 2 – 3 |
| 1(a)(i) | Consolidated Statement of Total Return | 4 – 5 |
| 1(a)(ii) | Explanatory Notes to Consolidated Statement of Total Return | 6 – 8 |
| 1(b)(i) | Statement of Financial Position | 9 |
| 1(b)(ii) | Explanatory Notes to Statement of Financial Position | 10 – 12 |
| 2 | Group Performance Review | 13 – 21 |
| 3 | Audit Statement | 21 |
| 4 | Variance from Forecast | 22 |
| 5 | Outlook and Prospects | 22 |
| 6 & 7 | Distributions | 23 |
| 8 | General mandate for Interested Person Transactions | 24 |
| 9 | Confirmation pursuant to Rule 720(1) of the Listing Manual | 24 |
| 10 | Review of Performance | 24 |
| 11 | Breakdown of Revenue and Total Return | 24 |
| 12 | Breakdown of Total Distributions | 24 |
| 13 | Confirmation pursuant to Rule 704(13) of the Listing Manual | 25 |

CAPITALAND ASCOTT TRUST 2022 FULL YEAR SUMMARY OF GROUP PERFORMANCE

Summary of Group Results

| | 2H 2022 S\$'000 | 2H 2021 S\$'000 | Better / (Worse) % | YTD Dec 2022 S\$'000 | YTD Dec 2021 S\$'000 | Better / (Worse) % |
|---|--------------------|--------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| Revenue | 353,844 | 209,370 | 69 | 621,242 | 394,412 | 58 |
| Gross Profit | 164,618 | 91,210 | 80 | 282,818 | 173,290 | 63 |
| Total Distribution ^{(1), (2)} | 113,182 | 73,545 | 54 | 189,834 | 137,323 | 38 |
| Distribution Per Stapled Security ("DPS") (cents) | 3.33 | 2.27 | 47 | 5.67 | 4.32 | 31 |
| For information only DPS (cents) (adjusted for one-off items) ⁽³⁾ | 3.00 | 1.51 | 99 | 4.79 | 2.32 | 106 |

Notes:

1. Total distribution for 2H 2022 and FY 2022 included one-off items relating to realised exchange gain arising from repayment of foreign currency bank loans.

2. Total distribution for 2H 2021 included one-off distribution of divestment gain of S\$25.0 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of Covid-19 on distributions.

Total distribution for FY 2021 included the following one-off items:

- (a) one-off distribution of divestment gain of S\$45.0 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of Covid-19 on distributions;
- (b) termination fee income received upon termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan;
- (c) realised exchange gain on the receipt of the divestment proceeds; and
- (d) realised exchange gain arising from the repayment of foreign currency bank loans with the divestment proceeds.

3. Adjusted DPS for the one-off items and divestment gain mentioned in notes 1 and 2 above.

DISTRIBUTION AND BOOK CLOSURE DATE

On 24 August 2022, 151,786,000 new Stapled Securities were issued pursuant to the private placement. In order to ensure fairness to holders of the existing Stapled Securities, CLAS paid, in lieu of the scheduled semi-distribution, an advanced distribution of 1.078 cents per Stapled Security for the period from 1 July 2022 to 23 August 2022 (prior to the date on which the new Stapled Securities are issued pursuant to the private placement). The next distribution therefore will comprise the distribution income from 24 August 2022 to 31 December 2022. Semi-annual distributions will resume thereafter.

| Distribution | For 1 January 2022 to 30 June 2022 | For 1 July 2022 to 23 August 2022 | For 24 August 2022 to 31 December 2022 | For 1 July 2022 to 31 December 2022 |
|---|---------------------------------------|--------------------------------------|---|--|
| Distribution Rate per Stapled Security | 2.332 cents | 1.078 cents | 2.255 cents | 3.333 cents |
| Book Closure Date | 8 August 2022 | 23 August 2022 | 7 February 2023 | |
| Payment Date | 29 August 2022 | 18 October 2022 | 1 March 2023 | |

CAPITALAND ASCOTT TRUST

2022 FULL YEAR SUMMARY OF GROUP PERFORMANCE

INTRODUCTION

CapitaLand Ascott Trust (“CLAS”) (formerly known as Ascott Residence Trust) is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust (“CapitaLand Ascott REIT”), formerly known as Ascott Real Estate Investment Trust, a real estate investment trust, and CapitaLand Ascott Business Trust (“CapitaLand Ascott BT”), formerly known as Ascott Business Trust, a business trust (collectively, the “Group”). CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited) is the manager of CapitaLand Ascott REIT (“REIT Manager”) and CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) is the trustee-manager of CapitaLand Ascott BT (“BT Trustee-Manager”) (collectively, the “Managers”).

CLAS’ objective is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences, rental housing properties, student accommodation and other hospitality assets. It has a portfolio of serviced residences, rental housing, student accommodation and hospitality properties across Asia Pacific, Europe and United States of America (“US”). CLAS’ investment policy covers any country in the world.

On 31 March 2006, CapitaLand Ascott REIT was listed on the Singapore Exchange Securities Trading Limited (“SGX”) with an initial portfolio of 12 properties in five countries (Singapore, China, Indonesia, the Philippines and Vietnam). In 2010, CapitaLand Ascott REIT enhanced the geographical diversification of its portfolio by acquiring 26 properties in Europe.

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

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

CLAS has an active business trust component which derive certain of its income from non-passive income sources. Pursuant to the Property Funds Appendix, a Real Estate Investment Trust should not derive more than 10 per cent of its revenue from non-passive income sources. The CapitaLand Ascott BT Group has been put in place to hold such assets so as to facilitate compliance by CLAS with the Property Funds Appendix.

CapitaLand Ascott REIT completed the acquisition of Quest Macquarie Park Sydney in February 2020. In July 2020, CapitaLand Ascott REIT completed the sale of the partial gross floor area of Somerset Liang Court. The net proceeds are being redeployed for the redevelopment of the retained gross floor area, and the development is expected to complete in 2H 2025. Ascott Guangzhou and Somerset Azabu East was divested in December 2020.

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

In February 2022, CapitaLand Ascott REIT completed the acquisition of a student accommodation property in US, Paloma Kent (formerly known as Latitude at Kent). CapitaLand Ascott REIT announced the acquisition of four turnkey rental housing properties and its first student accommodation property in Japan in March 2022. The acquisition of the student accommodation property was completed in March 2022. The acquisition of two turnkey rental housing properties was completed in December 2022 and the remaining two acquisitions are expected to complete by 1H 2023.

On 30 November 2022, CapitaLand Ascott REIT completed the acquisition of 3 serviced residence properties in Australia, France and Vietnam, 5 rental housing properties in Japan and 1 student accommodation property in US.

CAPITALAND ASCOTT TRUST

2022 FULL YEAR SUMMARY OF GROUP PERFORMANCE

INTRODUCTION

As at 31 December 2022, CLAS' portfolio comprises 103 operating properties¹ with more than 18,000 units in 47 cities across 15 countries.

CLAS makes distributions to Stapled Securityholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions are paid in Singapore dollar. Since its listing until FY2021, CLAS has paid 100% of its distribution income (other than gains from the sale of real estate properties).

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

1(a)(i) Consolidated Statement of Total Return for 2H 2022 and 2H 2021

| | Note | GROUP | | |
|---|------|-----------------------|-----------------------|--------------------------|
| | | 2H 2022 S\$'000 | 2H 2021 S\$'000 | Better / (Worse) % |
| Revenue | A.1 | 353,844 | 209,370 | 69 |
| Direct expenses | A.2 | (189,226) | (118,160) | (60) |
| Gross Profit | A.1 | 164,618 | 91,210 | 80 |
| Depreciation of buildings, plant and machinery | A.3 | (10,636) | (9,448) | (13) |
| Finance income | A.5 | 1,055 | 388 | 172 |
| Other operating income | A.4 | 655 | 6,981 | (91) |
| Finance costs | A.5 | (37,678) | (28,264) | (33) |
| Managers' management fees | A.6 | (16,120) | (12,674) | (27) |
| Trustee's fee | | (434) | (453) | 4 |
| Professional fees | A.7 | (2,716) | (2,533) | (7) |
| Audit fees | A.7 | (2,076) | (1,187) | (75) |
| Foreign exchange loss | A.8 | (18,161) | (16,926) | (7) |
| Other operating expenses | A.9 | (2,014) | (490) | (311) |
| Share of results of associate (net of tax) | | 19 | (16) | 219 |
| Share of results of joint venture (net of tax) | | 4,549 | (211) | n.m. |
| Net income | | 81,061 | 26,377 | 207 |
| Net change in fair value of financial derivatives | A.10 | (260) | (104) | (150) |
| Net change in fair value of investment properties, investment properties under development and assets held for sale | A.11 | 122,353 | 126,058 | (3) |
| Revaluation surplus on land and buildings | A.11 | 5,393 | 21,201 | (75) |
| Profit from divestments | A.12 | 47 | 1,347 | (97) |
| Assets written off | | (44) | (4) | n.m. |
| Total return for the period before tax | | 208,550 | 174,875 | 19 |
| Income tax expense | A.13 | (21,204) | (29,411) | 28 |
| Total return for the period after tax | | 187,346 | 145,464 | 29 |
| Attributable to: | | | | |
| Stapled Securityholders and perpetual securities holders | | 186,373 | 146,049 | |
| Non-controlling interests | | 973 | (585) | |
| Total return for the period | | 187,346 | 145,464 | 29 |

1(a)(i) **Consolidated Statement of Total Return for YTD Dec 2022 and YTD Dec 2021**

| | GROUP | | |
|---|----------------------------|----------------------------|--------------------------|
| | YTD Dec 2022 S\$'000 | YTD Dec 2021 S\$'000 | Better / (Worse) % |
| Revenue | 621,242 | 394,412 | 58 |
| Direct expenses | (338,424) | (221,122) | (53) |
| Gross Profit | 282,818 | 173,290 | 63 |
| Depreciation of buildings, plant and machinery | (20,496) | (19,015) | (8) |
| Finance income | 1,468 | 3,070 | (52) |
| Other operating income | 1,308 | 16,676 | (92) |
| Finance costs | (69,012) | (55,977) | (23) |
| Managers' management fees | (30,419) | (24,720) | (23) |
| Trustee's fee | (867) | (892) | 3 |
| Professional fees | (5,125) | (4,272) | (20) |
| Audit fees | (3,910) | (2,801) | (40) |
| Foreign exchange loss | (24,394) | (3,310) | (637) |
| Other operating expenses | (3,843) | (7,359) | 48 |
| Share of results of associate (net of tax) | (27) | (28) | 4 |
| Share of results of joint venture (net of tax) | 3,918 | (211) | n.m. |
| Net income before changes in fair value of financial derivatives | 131,419 | 74,451 | 77 |
| Net change in fair value of financial derivatives | 597 | – | 100 |
| Net change in fair value of investment properties, investment properties under development and assets held for sale | 122,353 | 126,058 | (3) |
| Revaluation surplus on land and buildings | 5,393 | 21,201 | (75) |
| Profit upon divestment | 99 | 153,226 | (100) |
| Assets written off | (78) | (4) | n.m. |
| Total return for the year before tax | 259,783 | 374,932 | (31) |
| Income tax expense | (33,563) | (64,515) | 48 |
| Total return for the year after tax | 226,220 | 310,417 | (27) |
| Attributable to: | | | |
| Stapled Securityholders and perpetual securities holders | 223,305 | 309,317 | |
| Non-controlling interests | 2,915 | 1,100 | |
| Total return for the year | 226,220 | 310,417 | (27) |

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

A.1 Revenue and Gross profit

Revenue for 2H 2022 of S\$353.8 million comprised S\$47.2 million (13% of total revenue) from properties on master leases, S\$45.8 million (13%) from properties on management contracts with minimum guaranteed income and S\$260.8 million (74%) from properties on management contracts.

Revenue for 2H 2022 increased by S\$144.4 million or 69% as compared to 2H 2021. This was mainly attributed to:

- higher revenue of S\$119.0 million from the existing portfolio; and
- additional contribution of S\$25.4 million from the acquisition of five student accommodation properties in US in 2H 2021, a student accommodation property in US (acquired in February 2022), a student accommodation property in Japan (acquired in March 2022), lyf one-north Singapore (soft opened in 4Q 2021), nine properties in Australia, France, Japan, Vietnam and US (acquired on 30 November 2022) and two turnkey rental housing properties in Japan (acquired in December 2022).

The Group achieved a revenue per available unit ("REVP AU") of S\$143 for 2H 2022, an increase of 81% as compared to 2H 2021.

Gross profit for 2H 2022 of S\$164.6 million comprised S\$42.6 million (26% of total gross profit) from properties on master leases, S\$19.7 million (12%) from properties on management contracts with minimum guaranteed income and S\$102.3 million (62%) from properties on management contracts.

As compared to 2H 2022, gross profit increased by S\$73.4 million or 80%.

On a same store basis, revenue and gross profit increased by 58% and 67% respectively.

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

A.2 Direct expenses include the following items:

| | GROUP | | Better / (Worse) % |
|-------------------------------|--------------------|--------------------|--------------------------|
| | 2H 2022 S\$'000 | 2H 2021 S\$'000 | |
| Depreciation and amortisation | (7,899) | (7,435) | (6) |
| Staff costs ¹ | (53,305) | (34,902) | (53) |

Note:

1. Staff costs were higher in 2H 2022 mainly due to higher staffing to support the business at the properties with the resumption of international travelling, and lower wage subsidies in 2H 2022 from the government in the different countries in which CLAS operates.

A.3 Depreciation of buildings, plant and machinery

This relates to the depreciation of freehold land and buildings, plant and machinery for the six hotels properties in Australia and the depreciation of leasehold land and building of Riverside Hotel Robertson Quay.

A.4 Other operating income

Other operating income was lower in 2H 2022 due to one-off items last year.

In 2H 2021, other operating income included:

- forgiveness of the government assisted bank loans amounting to S\$2.8 million
- insurance claim of S\$2.3 million for some of hotels in Australia
- government grant of S\$0.8 million for the properties in Belgium

A.5 Finance income / Finance costs

Finance income was higher in 2H 2022 mainly due to higher fixed deposit placements and higher interest rates.

Finance costs were higher in 2H 2022 mainly due to interest expense incurred on the new bank loans drawn down for the acquisitions and higher interest rates on the floating rate loans.

A.6 Managers' management fees

Managers' management fees were higher in 2H 2022 mainly due to higher base fees (arising from the acquisitions during the year and higher valuation of the properties) and higher performance fee (arising from stronger operating performance).

A.7 Professional fees / Audit fees

Professional fees were higher in 2H 2022 mainly due to the new acquisitions made. Audit fees were higher in 2H 2022 mainly due to inflationary adjustments and the new acquisitions made.

A.8 Foreign exchange loss

The foreign exchange loss recognised in 2H 2022 mainly comprised unrealised exchange loss of S\$29.8 million and realised exchange gain of S\$11.6 million (mainly arising from repayment of foreign currency bank loans).

The unrealised exchange loss in 2H 2022 mainly arose from AUD, EUR and JPY denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of these currencies against SGD as at balance sheet date, unrealised exchange loss on USD bank loans recorded by the China subsidiaries arising from appreciation of USD against RMB and unrealised exchange loss on USD bank loans recorded by the Philippines subsidiaries arising from appreciation of USD against PHP.

The foreign exchange loss recognised in 2H 2021 mainly comprised unrealised exchange loss of S\$17.9 million and realised exchange gain of S\$1.0 million (mainly arising from gain on the settlement of shareholders' loans).

The unrealised exchange loss in 2H 2021 mainly arose from AUD, EUR and JPY denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of these currencies against SGD as at balance sheet date.

A.9 Other operating expenses

Other operating expenses were higher in 2H 2022 mainly due to higher provision for doubtful debts and loss on disposal of property, plant and equipment.

A.10 Net change in fair value of financial derivatives

This mainly relates to the fair value change of foreign currency forward contracts (entered into to hedge distribution income).

A.11 Net change in fair value of investment properties, investment properties under development and assets held for sale / Revaluation surplus on land and buildings

This relates to the surplus on revaluation of investment properties, investment properties under development and assets held for sale. The surplus for 2H 2022 resulted mainly from higher valuation of the Group's properties in Australia, Singapore, United Kingdom and USA, partially offset by lower valuation from the properties in China and Vietnam.

The revaluation surplus on land and buildings relates to the six hotels in Australia and Riverside Hotel Robertson Quay.

In 2H 2021, the surplus on revaluation resulted mainly from higher valuation of the Group's properties in Europe, Japan and USA, partially offset by lower valuation from the properties in Philippines and Vietnam.

A.12 Profit from divestments

In 2H 2022, this mainly relates to the profit from divestment of sale of one strata unit at Somerset Grand Citra Jakarta.

In 2H 2021, this mainly relates to the profit from divestment of:

- (1) Ascott Guangzhou (arising from the completion accounts adjustments)
- (2) sale of one strata unit at Somerset Grand Citra Jakarta.

A.13 Income tax expense

Taxation for 2H 2022 was lower by S\$8.2 million due to reversal of deferred tax liability previously provided upon liquidation of subsidiaries in Hong Kong and recognition of deferred tax asset on unutilised tax losses.

1(b)(i) Statement of Financial Position

| | Note | GROUP | |
|---|------|------------------------|------------------------|
| | | 31 Dec 2022 S\$'000 | 31 Dec 2021 S\$'000 |
| Non-Current Assets | | | |
| Investment properties | B.1 | 6,103,633 | 6,297,854 |
| Property, plant and equipment | B.2 | 944,878 | 624,767 |
| Investment properties under development | B.3 | 385,707 | 302,863 |
| Associate | | 3,035 | 3,013 |
| Joint venture | B.4 | – | 13,800 |
| Financial derivative assets | B.5 | 69,942 | 19,911 |
| Deferred tax assets | | 14,875 | 7,576 |
| | | 7,522,070 | 7,269,784 |
| Current Assets | | | |
| Inventories | | 295 | 334 |
| Trade and other receivables | B.6 | 112,187 | 104,429 |
| Assets held for sale | B.7 | 1,020 | 1,519 |
| Financial derivative assets | B.5 | 24,487 | 10,848 |
| Cash and cash equivalents | B.8 | 363,634 | 346,332 |
| | B.16 | 501,623 | 463,462 |
| Total Assets | | 8,023,693 | 7,733,246 |
| Non-Current Liabilities | | | |
| Financial liabilities | B.14 | (2,472,880) | (1,964,739) |
| Financial derivative liabilities | B.5 | (6,939) | (1,100) |
| Trade and other payables | B.9 | (8,656) | (9,618) |
| Deferred income | B.10 | (876) | (1,128) |
| Deferred tax liabilities | B.11 | (160,883) | (149,785) |
| Lease liabilities | B.12 | (257,368) | (267,238) |
| | | (2,907,602) | (2,393,608) |
| Current Liabilities | | | |
| Financial liabilities | B.14 | (401,706) | (764,185) |
| Financial derivative liabilities | B.5 | (815) | (728) |
| Trade and other payables | B.13 | (244,243) | (166,562) |
| Deferred income | B.10 | (135) | (969) |
| Current tax liabilities | | (14,751) | (30,834) |
| Lease liabilities | B.12 | (9,646) | (8,641) |
| | B.16 | (671,296) | (971,919) |
| Total Liabilities | | (3,578,898) | (3,365,527) |
| Net Assets | | 4,444,795 | 4,367,719 |
| Represented by: | | | |
| Stapled Securityholders' funds | | 3,965,436 | 3,890,860 |
| Perpetual securities holders | B.15 | 396,298 | 396,298 |
| Non-controlling interests | | 83,061 | 80,561 |
| Total Equity | | 4,444,795 | 4,367,719 |

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

B.1 Investment properties

The decrease in the Group's investment properties as at 31 December 2022 was mainly due to:

- foreign currency translation differences (from translating the Group's investment properties as a result of the depreciation of all currencies against SGD, mitigated by appreciation of USD against SGD).
- reclassification of Riverside Hotel Robertson Quay from "investment properties" to "property, plant and equipment".

The master lease for Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) was terminated and CLAS took possession of the property in August 2021. It was operated by Ascott International Management Pte Ltd under a short-term management agreement.

From 1 October 2022, the property is leased by CapitaLand Ascott REIT's subsidiary to CapitaLand Ascott BT's subsidiary under a master lease arrangement. CapitaLand Ascott BT's subsidiary has separately entered into a hotel management agreement with Ascott International Management Pte Ltd for the management of the property as well as the rebranding and renovation of the property. The hotel management agreement is effective from 1 October 2022 and will continue for a period of 20 years from completion of rebranding and renovation.

Upon the signing of the hotel management agreement, the property is classified as property, plant and equipment instead of investment property in the Group's financial statements as it will be operated as a full facility hotel and the proportion of ancillary income is deemed significant.

These decreases are partially offset by the acquisition of Paloma Kent (formerly known as Latitude at Kent) in February 2022, a student accommodation property in Japan in March 2022, nine properties in Australia, France, Japan, Vietnam and US (acquired on 30 November 2022) and two rental housing properties in Japan (acquired in December 2022) as well as the transfer of lyf one-north Singapore to investment properties after it obtained its final Temporary Occupation Permit ("TOP") in January 2022.

B.2 Property, plant and equipment

The increase in property, plant and equipment as at 31 December 2022 was mainly due to:

- the reclassification of Riverside Hotel Robertson Quay from "investment properties" to "property, plant and equipment". Refer to paragraph B.1 for more details.
- fair value surplus on revaluation of the six hotels in Australia and Riverside Hotel Robertson Quay.

The increase is partially offset by depreciation expense recognised during the year and translation differences (from translating the Group's property, plant and equipment as a result of the depreciation of all currencies against SGD, mitigated by appreciation of USD against SGD).

B.3 Investment properties under development

Investment properties under development as at 31 December 2022 relate to the redevelopment of Somerset Liang Court Singapore and Standard at Columbia.

The increase in the investment properties under development as at 31 December 2022 was mainly due to the acquisition of Standard at Columbia on 30 November 2022 and capitalisation of costs for Somerset Liang Court during the year.

These increases are partially offset by the transfer of lyf one-north Singapore to investment properties, after it obtained its final TOP in January 2022.

B.4 Joint venture

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

The balance as at 31 December 2021 mainly relates to the loan extended to the joint venture.

On 30 November 2022, CLAS acquired the remaining 45% stake in the property from TAL.

Prior to November 2022, CLAS equity accounted for the entities as a joint venture as TAL has joint control over the activities of the development of the student accommodation asset. With effect from November 2022, CLAS consolidated the entities as it has effective control over the entities.

The decrease in the joint venture as at 31 December 2022 was due to the consolidation of the entities arising from the effective stake of 90% being held.

B.5 Financial derivative assets / liabilities

The financial derivatives relate to the fair value of interest rate swaps (entered into to hedge interest rate risk) and fair value of cross currency swaps (entered into to hedge foreign currency risk).

Movement in financial derivatives during the period was mainly due to fair value change upon re-measurement of derivatives and new interest rate swaps and cross currency swaps entered into the year.

B.6 Trade and other receivables

The increase in the Group's trade and other receivables as at 31 December 2022 was mainly due to deposits paid for acquisition of three turnkey rental housing properties in Japan.

B.7 Assets held for sale

The decrease in the assets held for sale as at 31 December 2022 was mainly due to the sale of two strata unit at Somerset Grand Citra Jakarta during the year.

As at 31 December 2022, there are seven remaining strata units at Somerset Grand Citra Jakarta.

B.8 Cash and cash equivalents

The increase in the Group's cash and cash equivalents as at 31 December 2022 was mainly due to cash generated from operations, partially offset by acquisition of investment properties and distribution payment to Stapled Securityholders.

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

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

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

Deferred income of the Group relates to the following:

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

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

The decrease in deferred income as at 31 December 2022 was mainly due to the amortisation of deferred income recognised during the year.

B.11 Deferred tax liabilities

The increase in deferred tax liabilities as at 31 December 2022 was mainly due to deferred tax liability provided on the fair value surplus recognised in FY 2022.

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

The lease liabilities as at 31 December 2022 refer to the liabilities arising from the adoption of FRS 116 *Leases*.

B.13 Trade and other payables (current)

The increase in the trade and other payables as at 31 December 2022 was mainly due to increased business activities, and deferred payment relating to the acquisition of La Clef Tour Eiffel.

B.14 Financial liabilities

The decrease in current financial liabilities as at 31 December 2022 was mainly due to refinancing of bank loans during the year.

The increase in non-current financial liabilities as at 31 December 2022 was mainly due to draw down of bank loans to fund the acquisitions and issuance of medium terms notes during the year, partially offset by translation differences arising from translating the foreign currency borrowings mainly arising from depreciation of JPY against SGD.

Capital management

As at 31 December 2022, the Group's gearing was 38.0%, well below the 50% gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. In this regard, the lease liabilities recognised by virtue of FRS 116 were excluded as these operating leases were entered into in the ordinary course of business and were in effect before 1 January 2019. The average cost of debts was 1.8% per annum, with a 12-month trailing interest cover of 4.4 times. S\$2,244 million or 78% of the Group's borrowings are effectively on fixed interest rates, of which S\$353 million is due in the next 12 months.

Out of the Group's total borrowings, 14% falls due in 2023, 18% falls due in 2024, 11% falls due in 2025, 17% falls due in 2026 and the balance falls due after 2026.

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

B.15 Perpetual securities

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

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

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

B.16 Working capital

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

2. Group Performance Review

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

| | | <u>Revenue</u> ¹ | | | | <u>Gross Profit</u> ¹ | | | | <u>REVPAU Analysis</u> ² | | |
|---|-----|-----------------------------|---------|-----------------|------|----------------------------------|---------|-----------------|------|-------------------------------------|---------|-----------------|
| | | 2H 2022 | 2H 2021 | Better/ (Worse) | | 2H 2022 | 2H 2021 | Better/ (Worse) | | 2H 2022 | 2H 2021 | Better/ (Worse) |
| | | LC'm | LC'm | LC'm | % | LC'm | LC'm | LC'm | % | LC/day | LC/day | % |
| <u>Master Leases</u> | | | | | | | | | | | | |
| Australia | AUD | 5.6 | 2.2 | 3.4 | 155 | 5.3 | 2.1 | 3.2 | 152 | – | – | – |
| France | EUR | 10.0 | 8.6 | 1.4 | 16 | 9.2 | 8.1 | 1.1 | 14 | – | – | – |
| Germany | EUR | 4.2 | 4.7 | (0.5) | (11) | 3.8 | 4.3 | (0.5) | (12) | – | – | – |
| Japan | JPY | 1,041.2 | 1,028.6 | 12.6 | 1 | 945.3 | 896.0 | 49.3 | 6 | – | – | – |
| Singapore | S\$ | 8.4 | 6.6 | 1.8 | 27 | 7.2 | 5.3 | 1.9 | 36 | – | – | – |
| South Korea | KRW | 2,859.3 | 1,958.1 | 901.2 | 46 | 2,616.3 | 1,741.4 | 874.9 | 50 | – | – | – |
| <u>Management contracts with minimum guaranteed income</u> | | | | | | | | | | | | |
| Belgium | EUR | 5.5 | 2.5 | 3.0 | 120 | 1.9 | 0.1 | 1.8 | n.m. | 88 | 41 | 115 |
| Singapore ³ | S\$ | 3.6 | – | 3.6 | n.m. | 2.1 | – | 2.1 | n.m. | 437 | – | n.m. |
| Spain | EUR | 2.9 | 1.8 | 1.1 | 61 | 1.4 | 0.7 | 0.7 | 100 | 103 | 66 | 56 |
| United Kingdom ⁴ | GBP | 18.2 | 9.1 | 9.1 | 100 | 7.7 | 4.7 | 3.0 | 64 | 157 | 79 | 99 |
| <u>Management contracts</u> | | | | | | | | | | | | |
| Australia | AUD | 90.8 | 41.0 | 49.8 | 121 | 26.7 | 5.2 | 21.5 | 413 | 148 | 64 | 131 |
| China | RMB | 63.1 | 58.2 | 4.9 | 8 | 17.9 | 11.8 | 6.1 | 52 | 283 | 265 | 7 |
| Indonesia | IDR | 77.1 | 54.2 | 22.9 | 42 | 30.1 | 12.0 | 18.1 | 151 | 1,045 | 738 | 42 |
| Japan | JPY | 1,837.0 | 1,545.5 | 291.5 | 19 | 912.2 | 868.8 | 43.4 | 5 | 6,913 | 4,117 | 68 |
| Malaysia | MYR | 6.4 | 3.9 | 2.5 | 64 | 1.8 | 0.2 | 1.6 | 800 | 164 | 99 | 66 |
| Philippines | PHP | 428.2 | 303.1 | 125.1 | 41 | 120.0 | 83.8 | 36.2 | 43 | 4,358 | 3,054 | 43 |
| Singapore | S\$ | 19.5 | 5.5 | 14.0 | 255 | 8.4 | 1.5 | 6.9 | 460 | 128 | 65 | 97 |
| United States of America | USD | 63.5 | 28.8 | 34.7 | 120 | 29.7 | 9.7 | 20.0 | 206 | 231 | 117 | 97 |
| Vietnam | VND | 262.2 | 169.0 | 93.2 | 55 | 131.8 | 85.8 | 46.0 | 54 | 1,244 | 640 | 94 |

¹ Revenue and Gross Profit figures are stated in millions, except for IDR and VND which are stated in billions.

² REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties. REVPAU for IDR and VND are stated in thousands.

³ The master lease for Ascott Orchard has been converted to “Management Contracts with Minimum Guaranteed Income” from December 2022.

⁴ The management contracts for three of the properties in United Kingdom have been converted to management contracts with minimum guaranteed income from May 2022. For comparison purposes, the revenue, gross profit and REVPAU amounts for 2H 2021 has been reclassified from the “Management Contracts” category to “Management Contracts with Minimum Guaranteed Income” category.

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

| | Revenue | | | | Gross Profit | | | | REVPAU Analysis ¹ | | |
|--|--------------|--------------|-----------------|-----------|--------------|-------------|-----------------|------------|------------------------------|------------|-----------------|
| | 2H 2022 | 2H 2021 | Better/ (Worse) | | 2H 2022 | 2H 2021 | Better/ (Worse) | | 2H 2022 | 2H 2021 | Better/ (Worse) |
| | S\$m | S\$m | S\$m | % | S\$m | S\$m | S\$m | % | S\$/day | S\$/day | % |
| Master Leases | | | | | | | | | | | |
| Australia | 5.3 | 2.3 | 3.0 | 130 | 5.0 | 2.1 | 2.9 | 138 | – | – | – |
| France | 14.1 | 13.6 | 0.5 | 4 | 13.0 | 12.9 | 0.1 | 1 | – | – | – |
| Germany | 5.9 | 7.5 | (1.6) | (21) | 5.3 | 6.9 | (1.6) | (23) | – | – | – |
| Japan | 10.5 | 12.5 | (2.0) | (16) | 9.4 | 10.9 | (1.5) | (14) | – | – | – |
| Singapore | 8.4 | 6.6 | 1.8 | 27 | 7.2 | 5.3 | 1.9 | 36 | – | – | – |
| South Korea | 3.0 | 2.3 | 0.7 | 30 | 2.7 | 2.0 | 0.7 | 35 | – | – | – |
| Sub-total | 47.2 | 44.8 | 2.4 | 5 | 42.6 | 40.1 | 2.5 | 6 | – | – | – |
| Management contracts with minimum guaranteed income | | | | | | | | | | | |
| Belgium | 7.8 | 3.9 | 3.9 | 100 | 2.8 | 0.2 | 2.6 | n.m. | 126 | 65 | 94 |
| Singapore ² | 3.6 | – | 3.6 | n.m. | 2.1 | – | 2.1 | n.m. | 437 | – | n.m. |
| Spain | 4.1 | 2.8 | 1.3 | 46 | 2.0 | 1.1 | 0.9 | 82 | 147 | 105 | 40 |
| United Kingdom ³ | 30.3 | 16.9 | 13.4 | 79 | 12.8 | 8.6 | 4.2 | 49 | 262 | 146 | 79 |
| Sub-total | 45.8 | 23.6 | 22.2 | 94 | 19.7 | 9.9 | 9.8 | 99 | 214 | 116 | 84 |
| Management contracts | | | | | | | | | | | |
| Australia | 86.0 | 41.5 | 44.5 | 107 | 25.4 | 5.2 | 20.2 | 388 | 140 | 65 | 115 |
| China | 12.8 | 12.2 | 0.6 | 5 | 3.7 | 2.5 | 1.2 | 48 | 57 | 55 | 4 |
| Indonesia | 7.2 | 5.1 | 2.1 | 41 | 2.8 | 1.1 | 1.7 | 155 | 97 | 69 | 41 |
| Japan | 18.6 | 18.8 | (0.2) | (1) | 9.3 | 10.6 | (1.3) | (12) | 72 | 50 | 44 |
| Malaysia | 2.0 | 1.3 | 0.7 | 54 | 0.6 | 0.1 | 0.5 | 500 | 51 | 32 | 59 |
| Philippines | 10.7 | 8.3 | 2.4 | 29 | 3.0 | 2.3 | 0.7 | 30 | 109 | 84 | 30 |
| Singapore | 19.5 | 5.5 | 14.0 | 255 | 8.4 | 1.5 | 6.9 | 460 | 128 | 65 | 97 |
| United States of America | 88.3 | 38.5 | 49.8 | 129 | 41.2 | 12.9 | 28.3 | 219 | 322 | 156 | 106 |
| Vietnam | 15.7 | 9.8 | 5.9 | 60 | 7.9 | 5.0 | 2.9 | 58 | 73 | 37 | 97 |
| Sub-total | 260.8 | 141.0 | 119.8 | 85 | 102.3 | 41.2 | 61.1 | 148 | 133 | 73 | 82 |
| Group | 353.8 | 209.4 | 144.4 | 69 | 164.6 | 91.2 | 73.4 | 80 | 143 | 79 | 81 |

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

² The master lease for Ascott Orchard has been converted to “Management Contracts with Minimum Guaranteed Income” from December 2022.

³ The management contracts for three of the properties in United Kingdom have been converted to management contracts with minimum guaranteed income from May 2022. For comparison purposes, the revenue, gross profit and REVPAU amounts for 2H 2021 has been reclassified from the “Management Contracts” category to “Management Contracts with Minimum Guaranteed Income” category.

Group

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

Analysis By Country

A. Master Leases

Australia

Revenue increased by AUD 3.4 million mainly due to absence of rent waiver provided to the master lessees in 2H 2022, adjustment of under provision of prior year's rent and acquisition of Quest Cannon Hill on 30 November 2022.

Gross profit increased by AUD 3.2 million due to higher revenue, partially offset by higher operation & maintenance expense and depreciation expense.

In SGD terms, revenue and gross profit increased by S\$3.0 million or 130% and S\$2.9 million or 138% respectively due to stronger underlying performance, partially offset by depreciation of AUD against SGD.

France

Revenue increased by EUR 1.4 million or 16%. This was mainly due to higher variable rent from 15 properties (due to high leisure demand during the summer holiday season and the return of international visitors), acquisition of La Clef Tour Eiffel on 30 November 2022 and higher recovery of costs.

Gross profit increased by EUR 1.1 million or 14% due to higher revenue (excluding recovery of costs).

In SGD terms, revenue and gross profit increased by S\$0.5 million or 4% and S\$0.1 million or 1% respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

Germany

Both revenue and gross profit decreased by EUR 0.5 million. This was mainly due to lower variable rent arising from adjustment of over-provision of prior years' rent, partially offset by lower rent waiver granted to one of the master lessees.

In SGD terms, both revenue and gross profit decreased by S\$1.6 million due to depreciation of EUR against SGD and weaker underlying performance.

Japan

This mainly relates to the contribution from the:

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

Revenue increased by JPY 12.6 million due to the contribution from the student accommodation property acquired in March 2022, partially offset by lower rental from Hotel WBF Honmachi. From January 2022, there was a change of rent structure for Hotel WBF Honmachi from fixed to fixed and variable lease structure.

Gross profit increased by JPY 49.3 million due to higher revenue and lower operation & maintenance expense.

In SGD terms, revenue and gross profit decreased by S\$2.0 million or 16% and S\$1.5 million or 14% respectively due to depreciation of JPY against SGD, partially offset by stronger underlying performance.

Singapore

Revenue and gross profit increased by S\$1.8 million or 27% and S\$1.9 million or 36% respectively due to the recognition of variable rent arising from stronger operating performance of Ascott Orchard.

From December 2022, the master lease for Ascott Orchard has been converted to "management contract with minimum guaranteed income".

South Korea

Revenue increased by KRW 901.2 million or 46% due to higher rent as the operating performance of the property has improved in 2H 2022. Gross profit increased by KRW 874.9 million or 50% due to higher revenue, partially offset by higher property tax expense.

Both revenue and gross profit, in SGD terms, increased by S\$0.7 million due to stronger underlying performance, partially offset by depreciation of KRW against SGD.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 3.0 million or 120% due to recovery from Covid-19 in 2H 2022. REVPAU increased by 115% in 2H 2022.

Gross profit increased by EUR 1.8 million due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$3.9 million and S\$2.6 million respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

Singapore

This relates to the contribution from Ascott Orchard for month of December 2022.

Spain

Revenue increased by EUR 1.1 million or 61% due to recovery from Covid-19 in 2H 2022. REVPAU increased by 56% in 2H 2022.

Gross profit increased by EUR 0.7 million or 100% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing fee.

In SGD terms, revenue and gross profit increased by S\$1.3 million or 46% and S\$0.9 million or 82% respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

United Kingdom

Revenue increased by GBP 9.1 million or 100% due to stronger domestic and international demand following the reopening of borders. REVPAU increased by 99% in 2H 2022.

Gross profit increased by GBP 3.0 million or 64% due to higher revenue, partially offset by higher staff costs (absence of wage subsidies in 2H 2022), property tax expense (due to end of relief from the UK Government in March 2022 and refund of prior years' property tax in 2H 2021), operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$13.4 million or 79% and S\$4.2 million or 49% respectively due to stronger underlying performance, partially offset by depreciation of GBP against SGD.

C. Management contracts

Australia

Revenue increased by AUD 49.8 million or 121% due to higher corporate and leisure demand with the reopening of borders and more entertainment and sporting events being held. REVPAU increased by 131% in 2H 2022.

Gross profit increased by AUD 21.5 million or 413% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$44.5 million or 107% and S\$20.2 million or 388% respectively due to stronger underlying performance, partially offset by depreciation of AUD against SGD.

China

Revenue increased by RMB 4.9 million or 8% mainly due to higher occupancy with strong base from the corporate long stays and project groups and domestic leisure bookings during the summer holidays. REVENUE increased by 7% in 2H 2022.

Gross profit increased by RMB 6.1 million or 52% due to higher revenue and lower property expense (due to lower property tax refund in 2H 2022), partially offset by higher staff costs and utilities expense.

In SGD terms, revenue and gross profit increased by S\$0.6 million or 5% and S\$1.2 million or 48% respectively due to stronger underlying performance, partially offset by depreciation of RMB against SGD.

Indonesia

Revenue increased by IDR 22.9 billion or 42% and REVENUE increased by 42% due to opening of international borders, resulting in higher corporate and leisure demand.

Gross profit increased by IDR 18.1 billion or 151% due to higher revenue and lower property tax expense, partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$2.1 million or 41% and S\$1.7 million or 155% respectively due to stronger underlying performance.

Japan

Revenue increased by JPY 291.5 million or 19% due to stronger performance from the serviced residences, and the acquisition of seven rental housing properties (five properties in November 2022 and two turnkey properties in December 2022).

REVENUE increased by 68% in 2H 2022 with strong demand from domestic leisure and international travellers as the restrictions on inbound travel were eased from 11 October 2022.

WBF Kitasemba East and WBF Kitasemba West are temporarily closed.

Gross profit increased by JPY 43.4 million or 5% due to higher revenue, partially offset by higher staff costs (due to wage subsidy from the government in 2H 2021), operation & maintenance expense and marketing expense.

The contribution from the rental housing portfolio (which cater to local Japanese residents) remain resilient and was further boosted by the acquisition of seven rental housing properties in 2H 2022.

On a same store basis (excluding the contribution from seven rental housing properties acquired in 2H 2022 and the 2 WBF hotels which are temporarily closed), revenue and gross profit increased by 15% and 6% respectively.

In SGD terms, revenue and gross profit decreased by S\$0.2 million or 1% and S\$1.3 million or 12% respectively due to depreciation of JPY against SGD, partially offset by stronger underlying performance.

Malaysia

Revenue increased by MYR 2.5 million or 64% and REVENUE increased by 66% as compared to 2H 2021 due to opening of international borders and resumption of inter-state travel. Gross profit increased by MYR 1.6 million or 800% due to higher revenue, partially offset by higher staff costs and operation & maintenance expense.

In SGD terms, revenue and gross profit increased by S\$0.7 million or 54% and S\$0.5 million or 500% respectively due to stronger underlying performance, partially offset by depreciation of MYR against SGD.

The Philippines

Revenue increased by PHP 125.1 million or 41% due to more leisure and corporate demand which have higher average rental rates. In 2H 2021, the properties were primarily booked for self-isolation business. REVENUE increased by 43%.

Gross profit increased by PHP 36.2 million or 43% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$2.4 million or 29% and S\$0.7 million or 30% respectively due to stronger underlying performance, partially offset by depreciation of PHP against SGD.

Singapore

Revenue and gross profit increased by S\$14.0 million or 255% and S\$6.9 million or 460% respectively mainly due to the contribution from lyf one-north Singapore (soft opened in 4Q 2021 and final TOP obtained in January 2022) and full half year contribution from Riverside Hotel Robertson Quay ("RHRQ") in 2H 2022 (the master lease for Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) was terminated and CLAS took possession of the property in August 2021).

On a same store basis (excluding the contribution from RHRQ and lyf one-north Singapore), revenue increased by 165% due to higher room revenue after exit from government block booking in April 2022. REVPAU increased by 176%. Gross profit increased by 400% due to higher revenue, partially offset by higher operation & maintenance expense and marketing expense.

The United States of America

Revenue increased by USD 34.7 million or 120% due to stronger performance from the hotels and the contribution from the five student accommodation properties acquired in 2H 2021 and one student accommodation property acquired in February 2022.

Gross profit increased by USD 20.0 million or 206% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense, marketing expense and property tax expense.

Revenue and gross profit from the hotels increased by 98% and 236% respectively. There was strong domestic leisure demand at the hotels and increase in bookings from corporate groups and leisure travellers with the opening of the international borders. REVPAU increased by 97% in 2H 2022.

In SGD terms, revenue and gross profit increased by S\$49.8 million or 129% and S\$28.3 million or 219% respectively due to stronger underlying performance and appreciation of USD against SGD.

Vietnam

Revenue increased by VND 93.2 billion or 55% due to pick up in business with the re-opening of borders to international travellers and the acquisition of Somerset Central TD Hai Phong City on 30 November 2022. REVPAU increased by 94% in 1H 2022.

Gross profit increased by VND 46.0 billion or 54% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$5.9 million or 60% and S\$2.9 million or 58% respectively due to stronger underlying performance and appreciation of VND against SGD.

2(b) **Revenue and Gross Profit Analysis – YTD Dec 2022 vs YTD Dec 2021 (Local Currency (“LC”))**

| | | Revenue ¹ | | | | Gross Profit ¹ | | | | REVPAU Analysis ² | | |
|--|-----|----------------------|--------------|-----------------|------|---------------------------|--------------|-----------------|------|------------------------------|--------------|-----------------|
| | | YTD Dec 2022 | YTD Dec 2021 | Better/ (Worse) | | YTD Dec 2022 | YTD Dec 2021 | Better/ (Worse) | | YTD Dec 2022 | YTD Dec 2021 | Better/ (Worse) |
| | | LC'm | LC'm | LC'm | % | LC'm | LC'm | LC'm | % | LC/day | LC/day | % |
| Master Leases | | | | | | | | | | | | |
| Australia | AUD | 11.1 | 6.3 | 4.8 | 76 | 10.3 | 5.8 | 4.5 | 78 | – | – | – |
| France | EUR | 18.7 | 16.9 | 1.8 | 11 | 17.1 | 15.5 | 1.6 | 10 | – | – | – |
| Germany | EUR | 9.2 | 9.5 | (0.3) | (3) | 8.4 | 8.8 | (0.4) | (5) | – | – | – |
| Japan | JPY | 2,052.2 | 2,038.0 | 14.2 | 1 | 1,822.9 | 1,775.7 | 47.2 | 3 | – | – | – |
| Singapore | S\$ | 17.7 | 20.2 | (2.5) | (12) | 15.3 | 17.6 | (2.3) | (13) | – | – | – |
| South Korea | KRW | 5,075.4 | 3,791.7 | 1,283.7 | 34 | 4,602.6 | 3,375.6 | 1,227.0 | 36 | – | – | – |
| Management contracts with minimum guaranteed income | | | | | | | | | | | | |
| Belgium | EUR | 8.2 | 3.5 | 4.7 | 134 | 2.3 | 0.3 | 2.0 | 667 | 63 | 26 | 142 |
| Singapore ³ | S\$ | 3.6 | – | 3.6 | n.m. | 2.1 | – | 2.1 | n.m. | 437 | – | n.m. |
| Spain | EUR | 5.1 | 2.5 | 2.6 | 104 | 2.4 | 0.9 | 1.5 | 167 | 92 | 36 | 156 |
| United Kingdom ⁴ | GBP | 30.5 | 13.5 | 17.0 | 126 | 13.3 | 6.8 | 6.5 | 96 | 132 | 54 | 144 |
| Management contracts | | | | | | | | | | | | |
| Australia | AUD | 151.4 | 87.4 | 64.0 | 73 | 38.9 | 15.7 | 23.2 | 148 | 123 | 69 | 78 |
| China | RMB | 111.2 | 129.0 | (17.8) | (14) | 23.7 | 33.1 | (9.4) | (28) | 251 | 278 | (10) |
| Indonesia | IDR | 146.3 | 111.7 | 34.6 | 31 | 55.5 | 27.2 | 28.3 | 104 | 992 | 757 | 31 |
| Japan | JPY | 3,323.0 | 2,692.7 | 630.3 | 23 | 1,647.5 | 1,394.0 | 253.5 | 18 | 5,224 | 3,195 | 64 |
| Malaysia | MYR | 11.8 | 6.8 | 5.0 | 74 | 3.1 | (0.1) | 3.2 | n.m. | 153 | 88 | 74 |
| Philippines | PHP | 765.7 | 529.7 | 236.0 | 45 | 214.9 | 120.7 | 94.2 | 78 | 3,913 | 2,662 | 47 |
| Singapore | S\$ | 30.1 | 7.7 | 22.4 | 291 | 11.8 | 1.6 | 10.2 | 638 | 100 | 64 | 56 |
| United States of America | USD | 109.4 | 42.4 | 67.0 | 158 | 48.3 | 9.2 | 39.1 | 425 | 187 | 88 | 113 |
| Vietnam | VND | 467.8 | 358.6 | 109.2 | 30 | 237.7 | 184.9 | 52.8 | 29 | 1,055 | 692 | 52 |

¹ Revenue and Gross Profit figures are stated in millions, except for IDR and VND which are stated in billions.

² REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties. REVPAU for IDR and VND are stated in thousands.

³ The master lease for Ascott Orchard has been converted to “Management Contracts with Minimum Guaranteed Income” from December 2022.

⁴ The management contracts for three of the properties in United Kingdom have been converted to management contracts with minimum guaranteed income from May 2022. For comparison purposes, the revenue, gross profit and REVPAU amounts for YTD Dec 2021 has been reclassified from the “Management Contracts” category to “Management Contracts with Minimum Guaranteed Income” category.

2(b) **Revenue and Gross Profit Analysis – YTD Dec 2022 vs. YTD Dec 2021 (\$)**

| | Revenue | | | | Gross Profit | | | | REVPAU Analysis ¹ | | |
|--|--------------|--------------|-----------------|------------|--------------|--------------|-----------------|------------|------------------------------|--------------|-----------------|
| | YTD Dec 2022 | YTD Dec 2021 | Better/ (Worse) | | YTD Dec 2022 | YTD Dec 2021 | Better/ (Worse) | | YTD Dec 2022 | YTD Dec 2021 | Better/ (Worse) |
| | \$S'm | \$S'm | \$S'm | % | \$S'm | \$S'm | \$S'm | % | \$S/day | \$S/day | % |
| Master Leases | | | | | | | | | | | |
| Australia | 10.6 | 6.4 | 4.2 | 66 | 9.9 | 5.9 | 4.0 | 68 | – | – | – |
| France | 27.2 | 27.0 | 0.2 | 1 | 25.0 | 24.8 | 0.2 | 1 | – | – | – |
| Germany | 13.4 | 15.2 | (1.8) | (12) | 12.2 | 14.2 | (2.0) | (14) | – | – | – |
| Japan | 22.0 | 25.1 | (3.1) | (12) | 19.5 | 21.8 | (2.3) | (11) | – | – | – |
| Singapore | 17.7 | 20.2 | (2.5) | (12) | 15.3 | 17.6 | (2.3) | (13) | – | – | – |
| South Korea | 5.5 | 4.5 | 1.0 | 22 | 5.0 | 4.0 | 1.0 | 25 | – | – | – |
| Sub-total | 96.4 | 98.4 | (2.0) | (2) | 86.9 | 88.3 | (1.4) | (2) | – | – | – |
| Management contracts with minimum guaranteed income | | | | | | | | | | | |
| Belgium | 12.0 | 5.6 | 6.4 | 114 | 3.4 | 0.5 | 2.9 | 580 | 93 | 41 | 127 |
| Singapore ² | 3.6 | – | 3.6 | n.m. | 2.1 | – | 2.1 | n.m. | 437 | – | n.m. |
| Spain | 7.4 | 3.9 | 3.5 | 90 | 3.5 | 1.5 | 2.0 | 133 | 135 | 58 | 133 |
| United Kingdom ³ | 52.4 | 25.0 | 27.4 | 110 | 22.8 | 12.5 | 10.3 | 82 | 227 | 100 | 127 |
| Sub-total | 75.4 | 34.5 | 40.9 | 119 | 31.8 | 14.5 | 17.3 | 119 | 179 | 77 | 132 |
| Management contracts | | | | | | | | | | | |
| Australia | 145.2 | 89.3 | 55.9 | 63 | 37.4 | 16.0 | 21.4 | 134 | 118 | 70 | 69 |
| China | 23.0 | 26.7 | (3.7) | (14) | 4.9 | 6.9 | (2.0) | (29) | 52 | 58 | (10) |
| Indonesia | 13.7 | 10.5 | 3.2 | 30 | 5.2 | 2.6 | 2.6 | 100 | 93 | 71 | 31 |
| Japan | 35.6 | 33.1 | 2.5 | 8 | 17.7 | 17.1 | 0.6 | 4 | 56 | 39 | 44 |
| Malaysia | 3.7 | 2.2 | 1.5 | 68 | 1.0 | – | 1.0 | n.m. | 48 | 29 | 66 |
| Philippines | 19.6 | 14.6 | 5.0 | 34 | 5.5 | 3.3 | 2.2 | 67 | 100 | 73 | 37 |
| Singapore | 30.1 | 7.7 | 22.4 | 291 | 11.8 | 1.6 | 10.2 | 638 | 100 | 64 | 56 |
| United States of America | 150.9 | 56.6 | 94.3 | 167 | 66.6 | 12.3 | 54.3 | 441 | 258 | 117 | 121 |
| Vietnam | 27.6 | 20.8 | 6.8 | 33 | 14.0 | 10.7 | 3.3 | 31 | 62 | 40 | 55 |
| Sub-total | 449.4 | 261.5 | 187.9 | 72 | 164.1 | 70.5 | 93.6 | 133 | 111 | 68 | 63 |
| Group | 621.2 | 394.4 | 226.8 | 58 | 282.8 | 173.3 | 109.5 | 63 | 120 | 69 | 74 |

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

² The master lease for Ascott Orchard has been converted to “Management Contracts with Minimum Guaranteed Income” from December 2022.

³ The management contracts for three of the properties in United Kingdom have been converted to management contracts with minimum guaranteed income from May 2022. For comparison purposes, the revenue, gross profit and REVPAU amounts for YTD Dec 2021 has been reclassified from the “Management Contracts” category to “Management Contracts with Minimum Guaranteed Income” category.

For the year ended 31 December 2022 (“YTD Dec 2022”), revenue increased by S\$226.8 million as compared to the corresponding period last year (“YTD Dec 2021”). The increase in revenue was mainly due to:

- higher revenue of S\$176.2 million from the existing portfolio,
- additional contribution of S\$54.7 million from the properties acquired during FY 2022 and full year contribution from the properties acquired in FY 2021, partially offset by
- decrease in revenue of S\$4.1 million from the divestments in FY 2021 (namely, Citadines City Centre Grenoble, Citadines Didot Montparnasse and Somerset Xu Hui Shanghai).

REVPAU increased by 74%, from S\$69 in YTD Dec 2021 to S\$120 in YTD Dec 2022.

Gross profit for YTD Dec 2022 increased by S\$109.5 million or 63% mainly due to higher revenue.

2(c) Change in value of investment properties, investment properties under development and assets held for sale

The change in value of investment properties, investment properties under development and assets held for sale will affect the net asset value but has no impact on the total distribution to Stapled Securityholders.

Any increase or decrease in value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of investment properties, investment properties under development and assets held for sale.

As at 31 December 2022, independent full valuations were carried out by Colliers (except for the three hotel properties in USA, the two hotel properties in South Korea, the nine properties acquired on 30 November 2022 and the two Japan rental housing properties acquired in December 2022).

For the three hotel properties in USA and the two hotel properties in South Korea, the valuations were carried out by CBRE. For the eight properties acquired on 30 November 2022, namely La Clef Tour Eiffel, five rental housing properties in Japan, Quest Cannon Hill and Somerset Central TD Hai Phong City, the valuations were carried out by HVS. For Standard at Columbia, which was acquired on 30 November 2022, the valuation was carried out by JLL Valuation & Advisory Services, LLC. For Eslead Residence Bentecho Grande and Eslead Residence Umeda Grande acquired in December 2022, the valuations were carried out by Asset Valuation Partners.

In determining the fair value of the Group’s portfolio, the discounted cash flow method, direct capitalisation method and residual land method were used. The valuation methods used are consistent with that used for the 31 December 2021 valuation and prior years.

The Group’s portfolio was revalued at S\$7.2 billion, resulting in a surplus of S\$200.0 million of which S\$127.8 million was recognised in the Consolidated Statement of Total Return and S\$72.2 million was recognised in the Asset Revaluation Reserve on the balance sheet in 2H 2022. The surplus for 2H 2022 resulted mainly from higher valuation of the Group’s properties in Australia, Singapore, United Kingdom and USA, partially offset by lower valuation from the properties in China and Vietnam. The net impact on the Consolidated Statement of Total Return was S\$98.9 million (net of tax and non-controlling interests).

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

The condensed interim financial statements of CapitaLand Ascott Real Estate Investment Trust (“CapitaLand Ascott REIT”) and its subsidiaries (the “CapitaLand Ascott REIT Group”) which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2022, the Statement of Total Return for the six-month period ended 31 December 2022 and full year ended 31 December 2022, Statement of Movements in Stapled Securityholders’ Funds and Statement of Cash Flows of the CapitaLand Ascott REIT Group for the full year ended 31 December 2022 and certain explanatory notes have not been audited or reviewed.

The condensed interim financial statements of CapitaLand Ascott Business Trust (“CapitaLand Ascott BT”) and its subsidiaries (the “Ascott BT Group”) which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Total Return and Statement of Comprehensive Income for the six-month period ended 31 December 2022 and full year ended 31 December 2022, Statement of Movements in Stapled Securityholders’ Funds and Statement of Cash Flows of the CapitaLand Ascott BT Group for the full year ended 31 December 2022 and certain explanatory notes have not been audited or reviewed.

The condensed interim financial statements of CapitaLand Ascott Trust, which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2022, the Statement of Total Return for the six-month period ended 31 December 2022 and full year ended 31 December 2022, Distribution Statement, Statement of Movements in Stapled Securityholders’ Funds and Statement of Cash Flows of CapitaLand Ascott Trust for the full year ended 31 December 2022 and certain explanatory notes have not been audited or reviewed.

4. **Variance from forecast**

The Group has not disclosed any forecast to the market.

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

The International Monetary Fund (IMF) forecasts the global economy to grow 2.7% in 2023, a softer pace compared to 2022 mainly due to a slowdown in global economic activity, high inflation and tightening financial conditions¹.

Cognisant of the macroeconomic challenges present, CLAS has reconstituted its portfolio and built on its stable income streams in 2022, with the acquisition of longer-stay properties and serviced residences. The turnkey acquisition of two more rental housing properties in Japan and the development of Standard at Columbia are expected to complete in the first half of 2023, further enhancing CLAS' resilience against downside risks.

While macroeconomic uncertainties could affect travel demand in some segments and result in rising cost pressures, the overall outlook for the travel industry remains positive. In 2022, international visitor arrivals recovered 63% of pre-pandemic levels, and the World Tourism Organization (UNWTO) expects another strong year in 2023. It expects international visitor arrivals to reach 80% to 95% of pre-pandemic levels, supported by pent-up demand, particularly in Asia Pacific, and China's reopening. Europe, which recovered nearly 80% of pre-pandemic levels in 2022, is expected to reach or exceed pre-pandemic levels in 2023².

CLAS is cautiously optimistic of the continued recovery in the hospitality industry and is well-positioned to capture the opportunities with its geographically diversified portfolio, range of lodging asset classes and balanced mix of stable and growth income streams. CLAS will also undertake asset enhancement initiatives to uplift the value and profitability of its properties, with four properties scheduled to undergo refurbishment in 2023.

CLAS remains prudent in its capital management approach. As at 31 December 2022, CLAS has a strong financial position. About 78% of its debt is effectively on fixed rates, which mitigates the impact of rising interest rates. CLAS' average cost of debt remains low at 1.8% per annum and its interest cover is 4.4 times. CLAS has a low gearing of 38.0% and its geographically diversified portfolio with exposure to 12 foreign currencies mitigates the volatility in foreign exchange.

Sources:

1 "Appetite for global travel at its highest since pandemic began, say industry players" (December 2022), Channel NewsAsia

2 World Tourism Barometer (January 2023), World Tourism Organization

6. Distributions

On 24 August 2022, 151,786,000 new Stapled Securities were issued pursuant to the private placement. CLAS paid, in lieu of the scheduled semi-distribution, an advanced distribution of 1.078 cents per Stapled Security for the period from 1 July 2022 to 23 August 2022 (prior to the date on which the new Stapled Securities are issued pursuant to the private placement).

On 20 September 2021, 152,594,100 new Stapled Securities were issued pursuant to 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 are issued pursuant to the private placement).

6(a) Current financial period

Any distributions declared for the current financial period? Yes
Period of distribution: Distribution for 24 August 2022 to 31 December 2022

| Distribution Type | Distribution Rate (cents) |
|--------------------------|----------------------------------|
| Taxable Income | 0.347 |
| Tax Exempt Income | 1.081 |
| Capital | 0.827 |
| Total | 2.255 |

6(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes
Period of distribution: Distribution for 20 September 2021 to 31 December 2021

| Distribution Type | Distribution Rate (cents) |
|--------------------------|----------------------------------|
| Taxable Income | 0.143 |
| Tax Exempt Income | 1.452 |
| Capital | 0.131 |
| Total | 1.726 |

6(c) Tax rate : Taxable Income Distribution

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

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

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

Tax-Exempt Income Distribution

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

Capital Distribution

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

Other Gains Distribution

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

6(d) Book closure date : 7 February 2023

6(e) Date payable : 1 March 2023

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

Not applicable.

8. **General mandate for Interested Person Transactions (“IPT”)**

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

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

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

10. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 2 on the review.

11. **Breakdown of Revenue and Total Return**

| | FY 2022 S\$'000 | FY 2021 S\$'000 | Better/ (Worse) % |
|---|--------------------------------|--------------------------------|----------------------------------|
| (a) Revenue reported for first half year | 267,398 | 185,042 | 45 |
| (b) Total return after taxation reported for first half year | 38,874 | 164,953 | (76) |
| (c) Revenue reported for second half year | 353,844 | 209,370 | 69 |
| (d) Total return after taxation reported for second half year | 187,346 | 145,464 | 29 |

12. **Breakdown of Total Distributions**

1 January 2021 to 30 June 2021 - paid
1 July 2021 to 19 September 2021 - paid
20 September 2021 to 31 December 2021 - paid
1 January 2022 to 30 June 2022 - paid
1 July 2022 to 23 August 2022 - paid
24 August 2022 to 31 December 2022 - to be paid

| FY 2022 S\$'000 | FY 2021 S\$'000 |
|--------------------------------|--------------------------------|
| – | 63,746 |
| – | 17,006 |
| – | 56,571 |
| 76,648 | – |
| 35,468 | – |
| 77,718 | – |

13. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited), being the manager of CapitaLand Ascott REIT, and CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.), being the trustee-manager of CapitaLand Ascott Business Trust (collectively, the “Managers”) confirm that there is no person occupying a managerial position in the Managers or in any of its or CapitaLand Ascott Trust’s principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Managers or substantial Stapled Securityholder of CapitaLand Ascott Trust.

On behalf of the Board of Directors

Tan Beng Hai
Chairman

Serena Teo
Director

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

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

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

Karen Chan
Company Secretary

30 January 2023