



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

PROFIT GUIDANCE ON UNAUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Ascott Residence Trust Management Limited, as manager of Ascott Real Estate Investment Trust and Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott Business Trust (collectively, the “**Managers**”), refer to the announcements issued by the Managers relating to the performance of Ascott Residence Trust (“**ART**”) amidst the COVID-19 pandemic.

The Managers wish to provide updates and guidance for the unaudited financial results for the full year ended 31 December 2020 (“**FY 2020**”).

ART’s geographically diversified portfolio has, under usual business conditions, provided resilience to ART’s earnings. Extensive global travel restrictions, however, have brought travel to a standstill and significantly impacted the operating performance of ART’s properties. According to The World Tourism Organization (“**UNWTO**”), international tourist arrivals have fallen by 72% for the first ten months of 2020 and are expected to decline by 70% to 75% for the whole of 2020¹.

To mitigate the absence of traditional demand, the Managers, together with the operators, have pursued alternative sources of business and implemented comprehensive cost-containment measures to address the operating and financial impact of COVID-19. ART’s mix of stable and growth income sources has also cushioned some of the impact from COVID-19, even as the pandemic placed a strain on our master lessees.

While there has been a gradual pick-up in demand for accommodation since the easing of travel restrictions, the pace of recovery has varied across markets. Countries with large domestic markets

¹ “*Tourism back to 1990 levels as arrivals fall by more than 70%*” (17 December 2020), The World Tourism Organization (UNWTO)

have led the recovery, as locals restart their travels during the weekends and holidays. The surge in domestic travel has, however, resulted in new waves of infections, prompting fresh lockdowns and stay-at-home orders. As at 31 December 2020, 10 ART properties were temporarily closed.

The COVID-19 situation remains fragile. While advances in vaccine development have brought renewed optimism, there is uncertainty around new strains of the coronavirus. As travel resumes, risks of a resurgence remain.

In the prior announcements, the Managers have guided that ART's financial performance is expected to be adversely impacted due to the unprecedented disruption brought about by the COVID-19 pandemic. The Managers have also cautioned that property valuations, conducted at the end of the financial year, are expected to be impacted in view of the soft operating performance and business outlook.

Based on the preliminary review of its draft and unaudited financial statements for FY 2020, the Managers wish to inform stapled securityholders of ART ("**Stapled Securityholders**") that:

- (i) ART's income available for distribution for FY 2020 is expected to reduce by 40% to 50%² from the S\$165.6 million³ recorded for the financial year ended 31 December 2019 ("**FY 2019**"); and
- (ii) ART's distribution per stapled security for FY 2020 is expected to reduce by 60% to 70%² from the 7.61 Singapore cents recorded for FY 2019; and
- (iii) In line with the requirements of Appendix 5 of the Code on Collective Investment Schemes⁴ issued by the Monetary Authority of Singapore, ART conducts valuation of all its properties on an annual basis. In view of the weaker operating performance and unprecedented disruption brought about by the COVID-19 pandemic, the Managers expect ART to record a decline in the value of its portfolio of approximately 6% to 8%, resulting in unrealised fair value losses of S\$325 million to S\$345 million (net of tax and non-controlling interests). This will result in a negative Total Return for FY 2020 compared to the Total Return of S\$216.3 million reported in FY 2019, and a corresponding effect on ART's Net Asset Value as at 31 December 2020. The unrealised fair value losses, which are non-cash in nature, will not have any impact on ART's income available for distribution.

Notwithstanding the above, the Managers wish to emphasise that ART has a strong financial position with sufficient liquidity to meet its operating and financial commitments. As at 30 September 2020, ART had approximately S\$305 million in cash on-hand and S\$550 million in undrawn credit facilities. Gearing remained low at 34.6%. The Managers have exercised prudence in capital and cash flow management by conserving cash, reducing operational costs and deferring discretionary expenditure.

In addition, despite the challenging market conditions, the Managers have divested several properties at a premium to their book values. The sale proceeds would further strengthen ART's

² Taking into account the realised exchange gains and partial distribution of divestment gains.

³ Income available for distribution for FY 2019 excluded contributions from the Ascendas Hospitality Trust ("A-HTRUST") portfolio, as the combination of ART and A-HTRUST was completed on 31 December 2019.

⁴ A full valuation of real estate assets should be conducted by a valuer at least once a financial year, in accordance with any applicable code of practice for such valuations.

financial capacity and flexibility to distribute part of the proceeds to Stapled Securityholders, pare down debt and/or finance potential acquisitions.

The Managers will closely monitor the situation and provide further update(s) as and when there are material developments in accordance with the listing manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Managers will release the FY 2020 financial results on 27 January 2021 before trading hours.

Stapled Securityholders and potential investors are advised to exercise caution when dealing or trading in the stapled securities of ART.

By Order of the Board

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

15 January 2021

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 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.