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The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Ascott REIT MTN Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust (“**Ascott Reit**”)), Ascott Reit, Ascott Residence Trust Management Limited, as manager of Ascott Reit, Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust (“**Ascott BT**”)), Ascott BT, DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Ascott REIT MTN Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of Ascott Reit), Ascott Reit, Ascott Residence Trust Management Limited, as manager of Ascott Reit, Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott BT), Ascott BT, DBS Bank Ltd. or Oversea-Chinese Banking Corporation Limited

to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of Ascott REIT MTN Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of Ascott Reit), Ascott Reit, Ascott Residence Trust Management Limited, as manager of Ascott Reit, Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott BT) and Ascott BT in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



A Member of CapitaLand

ASCOTT REIT MTN PTE. LTD.

(Incorporated in the Republic of Singapore on 20 August 2009)
(UEN/Company Registration No. 200915390H)

DBS TRUSTEE LIMITED

(Incorporated in the Republic of Singapore on 24 November 1975)
(UEN/Company Registration No. 197502043G)
(in its capacity as trustee of Ascott Real Estate Investment Trust
(formerly known as Ascott Residence Trust))

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Incorporated in the Republic of Singapore on 2 August 2019)
(UEN/Company Registration No. 201925299R)
(in its capacity as trustee-manager of Ascott Business Trust)

S\$2,000,000,000

Multicurrency Debt Issuance Programme (the "Programme")

(in the case of Notes issued by Ascott REIT MTN Pte. Ltd.)
unconditionally and irrevocably guaranteed by
DBS Trustee Limited
(in its capacity as trustee of Ascott Real Estate Investment Trust
(formerly known as Ascott Residence Trust))

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "Notes") and perpetual securities (the "Perpetual Securities" and, together with the Notes, the "Securities") to be issued from time to time by (only in relation to the Notes) Ascott REIT MTN Pte. Ltd. ("ARMPL"), (in relation to the Securities) DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust ("Ascott Reit")) (the "Ascott Reit Trustee") and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust ("Ascott BT")) (the "Ascott BT Trustee-Manager" and, together with ARMPL and the Ascott Reit Trustee, the "Issuers" and each, an "Issuer") pursuant to the S\$2,000,000,000 Multicurrency Debt Issuance Programme (the "Programme") may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

All sums payable in respect of the Notes issued from time to time by ARMPL are unconditionally and irrevocably guaranteed by DBS Trustee Limited (in its capacity as trustee of Ascott Reit) (the "Guarantor").

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the listing and quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Securities on, the SGX-ST is not to be taken as an indication of the merits of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, Ascott Residence Trust ("ART") or any of their respective subsidiaries (if any) or associated companies (if any) or any other entities to which it is related (together, the "Related Entities") (if any), the Programme or the Securities.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include bearer Securities that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of bearer Securities, delivered within the United States or (in respect of any offering of Securities under Category 2 of Regulation S of the Securities Act) to a United States person. Registered Securities are subject to certain restrictions on transfer, see the section "Subscription, Purchase and Distribution".

An investment in Securities issued under the Programme involves certain risks. For a discussion of some of these risks, see the section "Risk Factors".

Arrangers and Dealers



Information Memorandum dated 9 July 2020

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NOTICE

DBS Bank Ltd. has been authorised by ARMPL and the Ascott Reit Trustee to arrange the S\$1,000,000,000 medium term note programme. Pursuant to the Amendment and Restatement Programme Agreement (as defined below), the Issuers appointed Oversea-Chinese Banking Corporation Limited as a joint arranger of the Programme and the programme limit was increased to S\$2,000,000,000. Under the Programme, each of the Issuers may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes issued by ARMPL will be unconditionally and irrevocably guaranteed by the Guarantor.

This Information Memorandum contains information with regard to the Programme, the issue and offering of the Securities and the giving of the Guarantee (as defined herein). ARMPL (in respect of itself, Ascott Reit, the Ascott Reit Group (as defined herein) and ART only), the Ascott Reit Trustee (in respect of itself, the Ascott Reit Manager (as defined herein), Ascott Reit, the Ascott Reit Group and ART only) and Ascott BT Trustee-Manager (in respect of itself, Ascott BT, the Ascott BT Group (as defined herein) and ART only) confirms that this Information Memorandum contains all information with regard to the Issuers, the Guarantor, the Ascott Reit Manager, Ascott Reit, Ascott BT and ART and to the Securities and the Guarantee which is material in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee, and such information is true and accurate in all material respects, and that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held, and there are no other facts the omission of which in the said context would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, CDP (as defined herein) or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Relevant Issuer (as defined herein) and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Relevant Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Conditions (as defined herein) of the Notes as amended and/or supplemented by the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and

may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security or a Permanent Global Security or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Relevant Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Conditions of the Perpetual Securities as amended and/or supplemented by the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S\$2,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms and conditions set out in the Programme Agreement (as defined herein). On 9 July 2020, the aggregate principal amount of Securities outstanding under the Programme was increased from S\$1,000,000,000 to S\$2,000,000,000.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor, either of the Arrangers or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART or any of their respective Related Entities (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute and shall not be deemed to constitute, an offer of, or solicitation or invitation by or on behalf of any of the Issuers, the Guarantor, either of the Arrangers or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities and the Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Securities are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or (in respect of any offering of Securities under Category 2 of Regulation S of the Securities Act) to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of any of the Issuers, the Guarantor, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other document or material in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART or any of their respective Related Entities (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation or warranty express or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART or their respective Related Entities (if any). Further, neither of the Arrangers nor any of the Dealers makes any representation or warranty and no responsibility or liability is accepted by the Arrangers or any of the Dealers as to any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART or their respective Related Entities (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART and their respective Related Entities (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART and their respective Related Entities (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers or any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with any of the Issuers, the Guarantor, the ART Group (as defined herein), the

Programme or the issue and offering of the Securities. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any series of Securities, one or more Dealers named as stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Securities or 60 days after the date of the allotment of the relevant series of Securities. Any stabilisation action will be conducted in accordance with all applicable laws and regulations.

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) the Audited Consolidated Financial Statements of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) and its subsidiaries for the Financial Year ended 31 December 2017, (2) the Audited Consolidated Financial Statements of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) and its subsidiaries for the Financial Year ended 31 December 2018, (3) any audited consolidated financial statements and/or unaudited consolidated financial statements of ART published from time to time after the date hereof and (4) any supplement or amendment to this Information Memorandum published from time to time after the date hereof by the Issuers (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of (1) the Audited Consolidated Financial Statements of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) and its subsidiaries for the Financial Year ended 31 December 2017, (2) the Audited Consolidated Financial Statements of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) and its subsidiaries for the Financial Year ended 31 December 2018 and (3) the most recent published audited consolidated financial statements of ART deemed incorporated by reference in this Information Memorandum are available on the website of the SGX-ST at www.sgx.com.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

On 31 December 2019, ART completed the Combination (as defined below) (for further details of the Combination, see “Description of Ascott Residence Trust – 8. Recent Developments – 8.1 Combination between Ascott Reit and A-HTRUST”). The selected consolidated statement of financial position of the ART Group as at 31 December 2019 includes A-HTRUST’s (as defined below) portfolio. However, the selected consolidated statement of total return of the ART Group for FY2019 excludes the financial performance of A-HTRUST, whose financial results will be

incorporated only from 1 January 2020 onwards. The audited consolidated financial statements of A-HTRUST as at and for the years ended 31 March 2018 and 31 March 2019 are available on the website of the SGX-ST. Investors should note that information contained on the website of the SGX-ST does not constitute part of this Information Memorandum, and no representation or warranty is made in respect of the truth, accuracy or completeness of such information.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuers, the Guarantor, the Arrangers or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

Any discrepancies (if any) in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuers, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and distribution of this Information Memorandum set out under the section titled "Subscription, Purchase and Distribution".

Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before subscribing for, purchasing or acquiring the Securities.

Prospective investors should pay attention to the risk factors set out in the section titled "Risk Factors".

Prospective investors are advised to consult their own tax advisors concerning the tax consequences of the acquisition, ownership or disposal of the Securities.

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs/IMPORTANT – EEA AND UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Applicable", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1)

of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II product governance/target market – The Pricing Supplement in respect of any Securities may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of each Issuer, the Guarantor, Ascott Reit, Ascott BT and/or the ART Group (including statements as to each Issuer’s, the Guarantor’s, Ascott Reit’s, Ascott BT’s and/or the ART Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of each Issuer, the Guarantor, Ascott Reit, Ascott BT and/or the ART Group, expected growth in each Issuer, the Guarantor, Ascott Reit, Ascott BT and/or the ART Group and other related matters), if any, are forward-looking statements and, accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of each Issuer, the Guarantor, Ascott Reit, Ascott BT and/or the ART Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of each Issuer, the Guarantor, Ascott Reit, Ascott BT or the ART Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuers, the Guarantor, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuers, the Guarantor, Ascott Reit, Ascott BT or the ART Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Securities by the Relevant Issuer shall under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, ART or any of their respective Related Entities (if any) or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently supplemented or amended.

Further, the Issuers, the Guarantor, the Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

“2015 Securities”	:	The S\$250 million fixed rate perpetual securities issued by ART in 2015.
“2H2020”	:	The second half of FY2020.
“3.88% Securities”	:	The S\$150.0 million fixed rate perpetual securities at 3.88% per annum issued by ART in September 2019.
“A-HTRUST”	:	Ascendas Hospitality Trust (a stapled group comprising A-HTRUST REIT and A-HTRUST BT).
“A-HTRUST BT”	:	Ascendas Hospitality Business Trust.
“A-HTRUST Stapled MTN Programme”	:	The S\$1.0 billion Multicurrency Stapled Debt Issuance Programme established by Ascendas Hospitality MTN Pte. Ltd., the trustee-manager of A-HTRUST BT, and the trustee of A-HTRUST REIT.
“A-HTRUST REIT”	:	Ascendas Hospitality Real Estate Investment Trust.
“ADR”	:	Average daily rate, determined by dividing Apartment Rental Income by the number of paid occupied nights during the applicable period.
“AEI”	:	Asset enhancement initiative(s).
“AFL”	:	Agreement for lease.
“Agency Agreement”	:	The agency agreement dated 9 September 2009 made between (1) ARMPL, as issuer, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, as issuing and paying agent, (4) The Bank of New York Mellon, as agent bank, and (5) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 9 July 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as CDP issuing and paying agent, CDP calculation agent, CDP transfer agent and CDP registrar, (4) The Bank of New York Mellon, London Branch, as non-CDP issuing and paying agent and non-CDP calculation agent, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as non-CDP transfer agent and non-CDP registrar, and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time.
“aggregate leverage”	:	The total borrowings and deferred payments.
“AIM”	:	Ascott International Management (2001) Pte Ltd, a wholly owned subsidiary of the Sponsor.

“Amendment and Restatement Programme Agreement”	:	The amendment and restatement programme agreement dated 9 July 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as arrangers, and (4) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers.
“Apartment Rental Income”	:	Income from the rental or licensing of apartment units or hotel rooms of the Properties, excluding rental income under the Master Leases.
“ARMPL”	:	Ascott REIT MTN Pte. Ltd.
“Arrangers”	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
“ART”, “ART Group” or the “Stapled Group”	:	Ascott Residence Trust (a stapled group comprising Ascott Reit and Ascott BT).
“Ascott” or the “Sponsor”	:	The Ascott Limited.
“Ascott BT”	:	Ascott Business Trust, a business trust constituted on 9 September 2019 under the laws of the Republic of Singapore.
“Ascott BT Group”	:	Ascott BT and its subsidiaries.
“Ascott BT Holders”	:	The holders from time to time of the units issued by Ascott BT.
“Ascott BT Note”	:	A medium term note of the Ascott BT Trustee-Manager, issued or to be issued pursuant to the Programme, and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“Ascott BT Perpetual Security”	:	A perpetual security of the Ascott BT Trustee-Manager, issued or to be issued pursuant to the Programme, and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“Ascott BT Trust Deed”	:	The deed of trust dated 9 September 2019 made by the Ascott BT Trustee-Manager, as trustee-manager, as supplemented by a first supplemental deed dated 27 December 2019, and as further amended, modified or supplemented from time to time.
“Ascott BT Trustee-Manager”	:	Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott BT.
“Ascott BT Unit”	:	An undivided interest in Ascott BT as provided for in the Ascott BT Trust Deed.

“Ascott Management Agreements”	:	The serviced residence management agreements between the Ascott Management Companies and ART.
“Ascott Management Companies”	:	The management companies for 43 of the Properties which are subsidiaries of the Sponsor.
“Ascott Reit”	:	Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust), a unit trust constituted on 19 January 2006 under the laws of the Republic of Singapore.
“Ascott Reit Group”	:	Ascott Reit and its subsidiaries.
“Ascott Reit Holders”	:	The holders from time to time of the units issued by Ascott Reit.
“Ascott Reit Manager”	:	Ascott Residence Trust Management Limited, as manager of Ascott Reit.
“Ascott Reit Note”	:	A medium term note of ARMPL or the Ascott Reit Trustee, issued or to be issued pursuant to the Programme, and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“Ascott Reit Perpetual Security”	:	A perpetual security of the Ascott Reit Trustee, issued or to be issued pursuant to the Programme, and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“Ascott Reit Scheme”	:	The trust scheme of arrangement by Ascott Reit to facilitate the Combination, pursuant to which the units of Ascott BT were distributed <i>in specie</i> to the Ascott Reit Holders, and each unit in Ascott BT was stapled to an Ascott Reit Unit in accordance with the terms of the Stapling Deed.
“Ascott Reit Trust Deed”	:	The deed of trust dated 19 January 2006 made between (1) the Ascott Reit Manager, as manager, and (2) the Ascott Reit Trustee, as supplemented by a first supplemental deed dated 22 March 2007, a second supplemental deed dated 9 September 2009, a third supplemental deed dated 16 September 2010, a fourth supplemental deed dated 16 October 2014, a fifth supplemental deed dated 14 April 2016, a sixth supplemental deed dated 4 May 2018, a seventh supplemental deed dated 28 January 2019, an eighth supplemental deed dated 18 June 2019 and a ninth supplemental deed dated 1 November 2019, and as amended and restated by an amending and restating deed dated 31 December 2019, each made between the same parties (and as further amended, modified or supplemented from time to time).

“Ascott Reit Unit”	:	An undivided interest in Ascott Reit as provided for in the Ascott Reit Trust Deed.
“Australia Management Companies”	:	The third-party hotel managers which manage six of the Properties located in Australia which were acquired from A-HTRUST BT pursuant to the Combination.
“Bearer Securities”	:	Securities in bearer form.
“Boards”	:	The board of Directors of the Ascott Reit Manager and Ascott BT Trustee-Manager.
“BTA”	:	Business Trusts Act, Chapter 31A of Singapore.
“BT Base Fees”	:	The base component of the management fee payable to the Ascott BT Trustee-Manager under the Ascott BT Trust Deed.
“BT Performance Fees”	:	The performance component of the management fee payable to the Ascott BT Trustee-Manager under the Ascott BT Trust Deed.
“CapitaLand”	:	CapitaLand Limited.
“CapitaLand Group”	:	CapitaLand and its subsidiaries.
“Cash Consideration”	:	The cash component of the consideration paid by ART for the acquisition of A-HTRUST pursuant to the Combination.
“CDP” or the “Depository”	:	The Central Depository (Pte) Limited.
“Calculation Agent”	:	In the case of Securities cleared or to be cleared through the CDP System, the CDP Calculation Agent or, in the case of Non-CDP Securities, the Non-CDP Calculation Agent, in its capacity as calculation agent under the Agency Agreement, or their respective successors in such capacity.
“CDP Calculation Agent”	:	The Bank of New York Mellon, Singapore Branch in its capacity as CDP calculation agent under the Agency Agreement, or its successors in such capacity.
“CDP Issuing and Paying Agent”	:	The Bank of New York Mellon, Singapore Branch in its capacity as CDP issuing and paying agent under the Agency Agreement, or its successors in such capacity.
“CDP Registrar”	:	The Bank of New York Mellon, Singapore Branch in its capacity as CDP registrar under the Agency Agreement, or its successors in such capacity.
“CDP System”	:	The computerised system operated by the Depository whereby Securities Accounts are maintained by Depositors with the Depository and, <i>inter alia</i> , transfers of the Securities are effected electronically between Securities Accounts.

“CDP Transfer Agent”	:	The Bank of New York Mellon, Singapore Branch in its capacity as CDP transfer agent under the Agency Agreement, or its successors in such capacity.
“Certificate”	:	A registered certificate representing one or more Registered Securities of the same Series, being substantially in the form set out in Part II of Schedule 1 to the Trust Deed or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
“CIS Code”	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.
“Clearstream, Luxembourg”	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
“CMS Licence”	:	Capital Markets Services Licence.
“Combination”	:	The combination of Ascott Reit and A-HTRUST through the acquisition by Ascott Reit of all of the units of A-HTRUST REIT and the acquisition by Ascott BT of all the units of A-HTRUST BT, which was completed on 31 December 2019.
“Common Depositary”	:	In relation to a Series of Securities, a depositary common to Euroclear and Clearstream, Luxembourg.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
“Conditions”	:	(i) In relation to the Ascott BT Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Ascott BT Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Ascott BT Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Ascott BT Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly;

- (ii) in relation to the Ascott Reit Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part IV of Schedule 1 to the Trust Deed, as modified, with respect to any Ascott Reit Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Ascott Reit Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Ascott REIT Notes” as set out in Part IV of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly;

- (iii) in relation to the Ascott BT Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Ascott BT Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Ascott BT Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Ascott BT Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and

(iv) in relation to the Ascott Reit Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part IV of Schedule 5 to the Trust Deed, as modified, with respect to any Ascott Reit Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Ascott Reit Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Ascott REIT Perpetual Securities” as set out in Part IV of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

“Controlling Stapled Securityholders”	:	A person who (i) holds directly or indirectly, 15.0% or more of the total voting Stapled Units; or (ii) in fact exercises control over ART, as defined in the Listing Manual.
“Couponholders”	:	The holders of the Coupons.
“Coupons”	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
“COVID-19 Update”	:	The announcement dated 9 April 2020, in which the Managers provided an update on the COVID-19 pandemic and its impact on ART.
“Dealers”	:	Persons appointed as dealers under the Programme.
“Definitive Security”	:	A definitive Bearer Security, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
“Deposited Property”	:	All the assets of Ascott Reit, including all its authorised investments held or deemed to be held upon the trusts under the Ascott Reit Trust Deed.
“Depositors”	:	Persons (including Depository Agents) having any Securities standing to the credit of their Securities Accounts at that time.
“Depository Agent”	:	A corporation authorised by the Depository to maintain Sub-Accounts.
“DPU”	:	Distribution per Ascott Reit Unit.

“Euro”	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“Euroclear”	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns.
“Extraordinary Resolution”	:	A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.
“Fitch Ratings”	:	Fitch Ratings, Inc. or its successors.
“France Properties”	:	The 17 Properties located in France as at the Latest Practicable Date.
“FRS 116”	:	Financial Reporting Standard 116 <i>Leases</i> .
“FY”	:	Financial year ended 31 December.
“FY2017”	:	Financial year ended 31 December 2017.
“FY2018”	:	Financial year ended 31 December 2018.
“FY2019”	:	Financial year ended 31 December 2019.
“FY2020”	:	Financial year ended 31 December 2020.
“GFA”	:	Gross Floor Area.
“Global Certificate”	:	A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depositary, (ii) the Depositary and/or (iii) any other clearing system.
“Global Security”	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
“Guarantee”	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed.
“Guarantor” or “Ascott Reit Trustee”	:	DBS Trustee Limited (in its capacity as trustee of Ascott Reit).
“Implementation Agreement”	:	The implementation agreement between Ascott Reit and A-HTRUST dated 3 July 2019, pursuant to which the parties agreed to implement the Combination of Ascott Reit and A-HTRUST on the terms and subject to the conditions set out therein.
“IRAS”	:	Inland Revenue Authority of Singapore.

“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“Issuing and Paying Agent”	:	In the case of Securities cleared or to be cleared through the CDP System, the CDP Issuing and Paying Agent or, in the case of Non-CDP Securities, the Non-CDP Issuing and Paying Agent, in its capacity as issuing and paying agent under the Agency Agreement, or their respective successors in such capacity.
“JTC”	:	Jurong Town Corporation.
“Latest Practicable Date”	:	26 June 2020.
“Listing Manual”	:	The listing manual of the SGX-ST.
“Management”	:	The management team of the Managers.
“Management Companies”	:	The Australia Management Companies, Ascott Management Companies and the US Management Companies.
“Management Contracts”	:	The management contracts in respect of 52 of ART’s operating Properties, entered into between ART and the Management Companies which provide property management services to ART.
“Managers”	:	The Ascott BT Trustee-Manager and the Ascott Reit Manager.
“MAS”	:	Monetary Authority of Singapore.
“Master Leases”	:	The master lease arrangements between ART and the relevant Master Lessees in relation to: <ul style="list-style-type: none"> (i) Quest Campbelltown, Quest Mascot, Quest Macquarie Park and Quest Sydney Olympic Park in Australia; (ii) the 17 France Properties; (iii) the five Properties in Germany; (iv) Hotel WBF Kitasemba East¹, Hotel WBF Kitasemba West¹, Hotel WBF Honmachi¹, Sotetsu Grand Fresa Osaka-Namba and Sotetsu Grand Fresa Tokyo-Bay Ariake in Japan; (v) Ascott Orchard Singapore and Park Hotel Clarke Quay; and (vi) Sotetsu Hotels The Splaisir Seoul Dongdaemun and ibis Ambassador Seoul Insadong in South Korea.

¹ The Master Lessee of Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi filed for civil rehabilitation on 27 April 2020. See “Description of Ascott Residence Trust – 8. Recent Developments – 8.14 1Q2020 Business Update” for further details.

“Master Lessees”	:	The following master lessees which have entered into the Master Leases: <ul style="list-style-type: none"> (i) the master lessees in relation to Quest Campbelltown, Quest Mascot, Quest Macquarie Park and Quest Sydney Olympic Park; (ii) Citadines SA in relation to the 17 France Properties; (iii) Citadines Betriebsgesellschaft GmbH in relation to two of the Properties in Germany, Citadines Betriebs (Frankfurt) GmbH in relation to one Property in Germany, Citadines Betriebs GmbH in relation to one Property in Germany, and the local German operator in relation to the remaining Property in Germany; (iv) Kabushiki Kaisha White Bear Family¹ in relation to Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi and Sotetsu Hotel Development Co., Ltd. in relation to Sotetsu Grand Fresa Osaka-Namba and Sotetsu Grand Fresa Tokyo-Bay Ariake; (v) Ascott Orchard Management (S) Pte. Ltd. in relation to Ascott Orchard Singapore and Park Hotel CQ Pte Ltd in relation to Park Hotel Clarke Quay; and (vi) Sotetsu International Korea Co., Ltd. in relation to Sotetsu Hotels The Splaisir Seoul Dongdaemun and Ambastel, Inc. in relation to ibis Ambassador Seoul Insadong.
“Moody’s”	:	Moody’s Investors Service, Inc. or its successors.
“NAV”	:	Net asset value.
“Non-CDP Calculation Agent”	:	The Bank of New York Mellon, London Branch in its capacity as non-CDP calculation agent under the Agency Agreement, or its successors in such capacity.
“Non-CDP Issuing and Paying Agent”	:	The Bank of New York Mellon, London Branch in its capacity as non-CDP issuing and paying agent under the Agency Agreement, or its successors in such capacity.
“Non-CDP Registrar”	:	The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as non-CDP registrar under the Agency Agreement, or its successors in such capacity.
“Non-CDP Securities”	:	Each Series of Securities other than Securities which have been or will be cleared through the CDP System.
“Non-CDP Transfer Agent”	:	The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as non-CDP transfer agent under the Agency Agreement, or its successors in such capacity.
“Noteholders”	:	The holders of the Notes.

“Notes”	:	The Ascott BT Notes and/or the Ascott Reit Notes, as the context requires.
“October 2019 Securities”	:	The S\$150.0 million in aggregate principal amount of 5.00% perpetual securities with first call date on 27 October 2019.
“Paying Agents”	:	The CDP Issuing and Paying Agent and the Non-CDP Issuing and Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuers as paying agent for the Securities and Coupons.
“PCOA”	:	A put and call option agreement in relation to the sale of the partial GFA of Somerset Liang Court Property Singapore.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security, being substantially in the form set out in Schedule 3 to the Trust Deed, or as the case may be, Schedule 7 to the Trust Deed.
“Perpetual Securities”	:	The Ascott BT Perpetual Securities and/or the Ascott Reit Perpetual Securities, as the context requires.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“Pricing Supplement”	:	In relation to any Tranche or Series of Securities, a pricing supplement, supplemental to the Information Memorandum, issued by the Relevant Issuer and (where the Relevant Issuer is ARMPL) the Guarantor specifying the relevant issue details in relation to such Tranche or, as the case may be, Series of Securities.
“Programme”	:	The S\$2,000,000,000 Multicurrency Debt Issuance Programme of the Issuers.
“Programme Agreement”	:	The programme agreement dated 9 September 2009 made between (1) ARMPL, as issuer, (2) the Guarantor, as guarantor, (3) DBS Bank Ltd., as arranger, and (4) DBS Bank Ltd., as dealer, as amended and restated by the amendment and restatement programme agreement dated 9 July 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as arrangers and dealers, and as amended, varied or supplemented from time to time.
“Properties”	:	The properties of ART, which as at the Latest Practicable Date comprise the 88 properties listed under “Information on the Properties” on pages 302 to 314 of this Information Memorandum.
“Property Companies”	:	Entities which have direct ownership of the Properties.

“Property Funds Appendix”	:	Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts as may be modified, amended, supplemented, revised or replaced from time to time.
“Property Holding Companies”	:	Entities which own the Properties through the Property Holding Companies.
“PSSP”	:	The performance stapled security plan of the Managers.
“Registered Business Trusts”	:	Business trusts registered with the MAS.
“REIT”	:	Real estate investment trust.
“Reit Base Fees”	:	The base component of the management fee payable to the Ascott Reit Manager under the Ascott Reit Trust Deed.
“Reit Performance Fees”	:	The performance component of the management fee payable to the Ascott Reit Manager under the Ascott Reit Trust Deed.
“Relevant Issuer”	:	In relation to any Tranche or Series, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued, the Securities of that Tranche or Series.
“RevPAU”	:	Revenue per available unit in ART’s portfolio, determined by dividing Apartment Rental Income by the number of available nights in the applicable period.
“ROU”	:	Right-of-use.
“RSSP”	:	The restricted stapled security plan of the Managers.
“S&P”	:	S&P Global Ratings, a division of S&P Global Inc., or its successors.
“Securities”	:	The Notes and the Perpetual Securities.
“Securities Accounts”	:	The securities accounts of the Depositors maintained with the Depository (but does not include Sub-Accounts).
“Securities Act”	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
“Securityholders”	:	The holders of the Notes and the holders of the Perpetual Securities.

“Series”	:	(1) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“Senior Perpetual Securities”	:	Perpetual Securities which are expressed to rank as senior obligations of the Relevant Issuer.
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Singapore Properties”	:	The Properties located in Singapore as at the Latest Practicable Date.
“Stapled Securityholders”	:	Holders of Stapled Securities.
“Stapled Securities”	:	Stapled securities in Ascott Residence Trust, each comprising one Ascott Reit Unit and one Ascott BT Unit stapled together under the terms of the Stapling Deed.
“Stapling Deed”	:	The stapling deed dated 9 September 2019 made between (1) the Ascott Reit Manager, as manager of Ascott Reit, (2) the Ascott Reit Trustee, as trustee of Ascott Reit, and (3) the Ascott BT Trustee-Manager, as trustee-manager of Ascott BT, as amended, modified or supplemented from time to time.
“Sub-Accounts”	:	The securities sub-accounts maintained by each Depository Agent for its own account and for the account of its clients.
“Subordinated Perpetual Securities”	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Relevant Issuer.
“subsidiary”	:	Any corporation which is, for the time being, a subsidiary (within the meaning of Section 5 of the Companies Act, Chapter 50 of Singapore) and, in relation to Ascott BT or Ascott Reit, means a company, corporation, trust, fund or other entity (whether or not a body corporate): <ul style="list-style-type: none"> (i) which is controlled, directly or indirectly, by Ascott BT or, as the case may be, Ascott Reit (whether through the Ascott BT Trustee-Manager as trustee-manager of Ascott BT or, as the case may be, the Ascott Reit Trustee as trustee of Ascott Reit or otherwise); or

- (ii) more than half the shares or interests of which are beneficially owned, directly or indirectly, by Ascott BT or, as the case may be, Ascott Reit (whether through the Ascott BT Trustee-Manager as trustee-manager of Ascott BT or, as the case may be, the Ascott Reit Trustee as trustee of Ascott Reit or otherwise); or
- (iii) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or (ii) of this definition applies,

and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by Ascott BT or, as the case may be, Ascott Reit if Ascott BT or, as the case may be, Ascott Reit (whether through its trustee-manager or, as the case may be, trustee or otherwise) is able to direct its affairs and/or control the composition of its board of directors or equivalent body.

“S\$” or “\$” and “cents”	:	Singapore dollars and cents, respectively.
“Talons”	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.
“TARGET System”	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“Tax Rulings”	:	The tax rulings and tax exemptions obtained by Ascott Reit from the IRAS and the Ministry of Finance, including the tax transparency ruling and exemptions on foreign-sourced income received in Singapore in respect of its overseas Properties.
“Temporary Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed, or as the case may be, Schedule 6 to the Trust Deed.
“Tranche”	:	Securities which are identical in all respects (including as to listing).
“Trust Deed”	:	The trust deed dated 9 September 2009 made between (1) ARMPL, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 9 July 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.

“Trust Property”	:	All the property and rights of any kind whatsoever which are held on trust for the Ascott BT Holders.
“Trustee”	:	The Bank of New York Mellon, Singapore Branch, in its capacity as trustee under the Trust Deed, or its successors in such capacity.
“UK”	:	United Kingdom.
“US Management Companies”	:	The third-party hotel managers which manage three of the Properties located in the United States.
“United States” or “U.S.”	:	United States of America.
“US\$” or “US dollars”	:	United States dollars.
“Variable Rate Notes”	:	Notes which are to bear interest on the basis of a variable rate (in accordance with Condition 5(II)(d) of the REIT Notes or, as the case may be, the BT Notes).
“YTD March 2020”	:	Year-to-date 31 March 2020.
“%”	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

ARMPL

Board of Directors	:	Ms Beh Siew Kim Mr Chan Kin Leong, Gerry Ms Kang Siew Fong (as alternate director to Ms Beh Siew Kim)
Company Secretary	:	Ms Chang Tsuey Woan Karen
Registered Office	:	168 Robinson Road #30-01 Capital Tower Singapore 068912

The Guarantor and the Ascott Reit Trustee

Registered Office	:	12 Marina Boulevard Marina Bay Financial Centre Singapore 018982
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The Ascott Reit Manager and the Ascott BT Trustee-Manager

Board of Directors	:	Mr Tan Beng Hai, Bob Ms Beh Siew Kim Mr Zulkifli Bin Baharudin Mr Sim Juat Quee Michael Gabriel Mr Chia Kim Huat Ms Deborah Lee Siew Yin Mr Lee Chee Koon Mr Lim Cho Pin Andrew Geoffrey Mr Goh Soon Keat Kevin
Company Secretaries	:	Ms Chan Yim Mei Karen Ms Chang Tsuey Woan Karen
Registered Office	:	168 Robinson Road #30-01 Capital Tower Singapore 068912
Auditors for Ascott Residence Trust	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arrangers and Dealers of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982

		Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arrangers and the Dealers	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Ascott Reit Manager, the Issuers and the Guarantor	:	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
Legal Advisers to the Trustee, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the CDP Registrar, the Non-CDP Calculation Agent, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #02-01 Millenia Tower Singapore 039192
Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon SA/NV, Luxembourg Branch Vertigo Building-Polaris 2-4, rue Eugène Ruppert L-2453 Luxembourg
Trustee for the Securityholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #02-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuers	:	(In relation to the Notes) Ascott REIT MTN Pte. Ltd. (In relation to the Securities) DBS Trustee Limited (in its capacity as trustee of Ascott Reit). (In relation to the Securities) Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott BT).
Guarantor	:	(In relation to the Notes issued by ARMPL) DBS Trustee Limited (in its capacity as trustee of Ascott Reit).
Arrangers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
Dealers	:	DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuers in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent	:	The Bank of New York Mellon, London Branch.
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Description	:	S\$2,000,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$2,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the Programme Agreement.

NOTES

- Currency : Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Relevant Issuer and the relevant Dealer(s).
- Method of Issue : Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
- Issue Price : Notes may be issued at par or at a discount, or premium, to par.
- Maturities : Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer(s).
- Mandatory Redemption : Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
- Interest Basis : Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Relevant Issuer and the relevant Dealer(s) or may not bear interest.
- Fixed Rate Notes : Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
- Floating Rate Notes : Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable spread. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.
- Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).

Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.

Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ Swap Rate (or such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable spread (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer and the relevant Dealer(s).

Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes : The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s).

Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request, as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein.

Each Tranche or Series of registered Notes will initially be represented by a Global Certificate.

Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.

- Custody of the Notes : Notes may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.
- Status of the Notes and the Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.
- The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
- Optional Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes.
- Redemption at Option of Noteholders upon Cessation or Suspension of Listing and/or Trading of Units – Ascott BT Notes only : In the event that (a) (i) (for so long as the Ascott Reit Units and the Ascott BT Units are Stapled) the Stapled Units or (ii) (in the case where the Ascott Reit Units and the Ascott BT Units are not Stapled) the Ascott BT Units cease to be listed and/or traded

on the SGX-ST or (b) trading in the Stapled Units or, as the case may be, the Ascott BT Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days, the Ascott BT Trustee-Manager shall, at the option of the holder of any Note, redeem such Note at its redemption amount, together with interest accrued to (but excluding) the date fixed for redemption on the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date.

For the purposes of the paragraph above,

- (A) **“Ascott Reit Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;
- (B) **“Effective Date”** means (in the case of (a) above) the date of cessation of listing and/or trading or (in the case of (b) above) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (C) **“market day”** means a day on which the SGX-ST is open for securities trading.

Redemption at Option of Noteholders upon Cessation or Suspension of Listing and/or Trading of Units – Ascott Reit Notes only

: In the event that (a) (i) (for so long as the Ascott Reit Units and the Ascott BT Units are Stapled) the Stapled Units or (ii) (in the case where the Ascott Reit Units and the Ascott BT Units are not Stapled) the Ascott Reit Units cease to be listed and/or traded on the SGX-ST or (b) trading in the Stapled Units or, as the case may be, the Ascott Reit Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days, the Relevant Issuer shall, at the option of the holder of any Note, redeem such Note at its redemption amount, together with interest accrued to (but excluding) the date fixed for redemption on the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date.

For the purposes of the paragraph above,

- (A) **“Ascott Reit Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;
- (B) **“Effective Date”** means (in the case of (a) above) the date of cessation of listing

and/or trading or (in the case of (b) above) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and

(C) “**market day**” means a day on which the SGX-ST is open for securities trading.

Mandatory Redemption upon Termination of Ascott BT – Ascott BT Notes only : In the event that Ascott BT is or is to be terminated in accordance with the provisions of the Ascott BT Trust Deed, the Ascott BT Trustee-Manager shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Ascott BT.

Mandatory Redemption upon Termination of Ascott Reit – Ascott Reit Notes only : In the event that Ascott Reit is or is to be terminated in accordance with the provisions of the Ascott Reit Trust Deed, the Relevant Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Ascott Reit.

Redemption for Taxation Reasons – Ascott BT Notes only : If so provided on the face of the Notes, the Notes may be redeemed at the option of the Ascott BT Trustee-Manager in whole, but not in part, on any interest payment date or, if so specified on the face of the Note, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their redemption amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) of the Ascott BT Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Ascott BT Trustee-Manager has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Ascott BT Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the issue date or any other date specified in the Pricing Supplement, and (ii) such obligations

cannot be avoided by the Ascott BT Trustee-Manager taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Ascott BT Trustee-Manager would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Redemption for Taxation Reasons – : If so provided on the face of the Notes, the Notes
Ascott Reit Notes only may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any interest payment date or, if so specified on the face of the Note, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their redemption amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) of the Ascott Reit Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Ascott Reit Notes, or, if the Guarantee was called, the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Ascott Reit Notes in excess of the additional amounts that it would have otherwise paid as at the issue date, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the issue date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Mandatory Redemption upon Change of Issuer – Ascott BT Notes only : In the event that there is to be a substitution in place of the Ascott BT Trustee-Manager as the principal debtor of the Notes, the Coupons and the Trust Deed (a “**Change of Issuer Event**”), and the approval of the Noteholders for the Change of Issuer Event has not been obtained, the Ascott BT Trustee-Manager shall redeem all (and not some only) of the Notes at their Redemption Amount, together with interest accrued to the date fixed for redemption, not later than COI Redemption Date.

The Ascott BT Trustee-Manager shall forthwith notify the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders its intention whether to convene a meeting of the Noteholders to approve the Change of Issuer Event, and if there is no such intention, of the Redemption Amount of the Notes and the COI Redemption Date (“**COI Notification**”).

For the purposes of the above paragraph, “**COI Redemption Date**” means the date falling at least 30 days from (i) (in the case where a meeting of the Noteholders has been convened to approve the Change of Issuer Event and such approval has not been obtained) the date of such meeting (or if adjourned, the date of such adjourned meeting) or (ii) (in the case where no such meeting has been convened) the date of the COI Notification, and in any event in the case of (i) and (ii) above, no later than the effective date of the Change of Issuer Event.

For the avoidance of doubt, such mandatory redemption shall not apply if, at least five business days before the COI Redemption Date, the Ascott BT Trustee-Manager delivers to the Trustee a certificate confirming that the Change of Issuer Event will no longer occur. Any notice of redemption of the Notes from the Ascott BT Trustee-Manager shall be given no later than 15 business days prior to the COI Redemption Date.

Redemption in the case of Minimum Outstanding Amount : If so provided on the face of the Notes, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Negative Pledge – Ascott BT Notes : The Ascott BT Trustee-Manager has covenanted only with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”), other than a Permitted Security Interest (as defined below), upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the Ascott BT Trustee-Manager or the Principal Subsidiaries (as defined below), to secure any Relevant Indebtedness (as defined below) unless the Ascott BT Trustee-Manager, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with any such Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution of the Noteholders.

For the purposes of this paragraph:

“**Permitted Security Interest**” means a Security Interest over any present and future assets or revenues or any part thereof in connection with any asset-based financing (including, without limitation, a securitisation or project financing) where the primary source of payment of the obligations secured by such Security Interest is the assets or revenues subject to such Security Interest, without further recourse to the relevant obligor;

“**Principal Subsidiaries**” means any subsidiary of Ascott BT whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Ascott BT Group have been prepared, is at least 10 per cent. of the total assets of the Ascott BT Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or Ascott BT (the “**transferee**”) then:

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the

transferee (unless it is Ascott BT) shall thereupon become a Principal Subsidiary; and

- (II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is Ascott BT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (aa) the first audited consolidated accounts of the Ascott BT Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets of the Ascott BT Group, as shown by such audited consolidated accounts and (bb) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 10 per cent. of the total assets of the Ascott BT Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

“Relevant Indebtedness” means (1) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original tenure of more than one year; and (2) any guarantee or indemnity of any such indebtedness.

Financial Covenant – Ascott BT Notes only : The Ascott BT Trustee-Manager has covenanted with the Trustee in the Trust Deed that for so long as any of the Notes remains outstanding, it will ensure that the ratio of Consolidated Total Borrowings to Consolidated Total Assets shall not exceed 0.70:1.

For the purposes of this paragraph:

“Consolidated Total Assets” means at any time in relation to Ascott BT, the value of the total assets of the Ascott BT Group based on the latest valuation in accordance with the Ascott BT Trust Deed at such time; and

“Consolidated Total Borrowings” means an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):

- (i) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months of the Ascott BT Group;
- (ii) the principal amount of the Notes or any bonds or debentures of any member of the Ascott BT Group whether issued for cash or a consideration other than cash;
- (iii) the liabilities of the Ascott BT Trustee-Manager under the Trust Deed or the Notes;
- (iv) all other indebtedness whatsoever of the Ascott BT Group for borrowed moneys; and
- (v) any redeemable preference shares or units issued by any member of the Ascott BT Group and which are regarded by generally accepted accounting principles in Singapore as debt or other liabilities of the Ascott BT Group (other than those shares or units which are regarded as equity as reflected in the most recently published consolidated balance sheet of the Ascott BT Group prepared in accordance with generally accepted accounting principles in Singapore).

Negative Pledge – Ascott Reit Notes : (In the case where ARMPL or the Ascott Reit only
Trustee is the Issuer) the Relevant Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”), other than a Permitted Security Interest (as defined below), upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the Issuer or (where the Ascott Reit Trustee is the Issuer) the Principal Subsidiaries (as defined below), to secure any Relevant Indebtedness (as defined below) unless the Relevant Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with any such Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution of the Noteholders.

(In the case where the Ascott Reit Trustee is the Guarantor) the Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the Guarantor or any of the Principal Subsidiaries, to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with any such Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution of the Noteholders.

For the purposes of this paragraph:

“Permitted Security Interest” means a Security Interest over any present and future assets or revenues or any part thereof in connection with any asset-based financing (including, without limitation, a securitisation or project financing) where the primary source of payment of the obligations secured by such Security Interest is the assets or revenues subject to such Security Interest, without further recourse to the relevant obligor;

“Principal Subsidiaries” means any subsidiary of Ascott Reit whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Ascott Reit Group have been prepared, is at least 10 per cent. of the total assets of the Ascott Reit Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or Ascott Reit (the **“transferee”**) then:

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is Ascott Reit) shall thereupon become a Principal Subsidiary; and
- (II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is Ascott Reit) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (aa) the first audited consolidated accounts of the Ascott Reit Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 10

per cent. of the total assets of the Ascott Reit Group, as shown by such audited consolidated accounts and (bb) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 10 per cent. of the total assets of the Ascott Reit Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

“Relevant Indebtedness” means (1) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original tenure of more than one year; and (2) any guarantee or indemnity of any such indebtedness.

- Further Covenants by the Ascott Reit Trustee – Ascott Reit Notes only : In the Trust Deed, the Ascott Reit Trustee has covenanted with the Trustee that so long as any of the Notes remains outstanding, *inter alia*:
- (a) it will ensure that it will at all times own (directly or indirectly) the whole of the issued share capital for the time being of ARMPL; and
 - (b) it will comply with the Property Fund Appendix and, if applicable, the listing guidelines of the SGX-ST.
- Events of Default : See Condition 10 of the Notes.
- Substitutions – Ascott Reit Notes only : In the case where ARMPL is the Relevant Issuer, the Trustee may, without the consent of the Noteholders, agree with ARMPL and the Guarantor to the substitution in place of ARMPL (or of any previous substitute under Condition 12 of the Ascott Reit Notes) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company being the Guarantor or a wholly-owned subsidiary of Ascott Reit, subject to:
- (a) except in the case of the substitution of the Issuer by the Guarantor, the Notes being unconditionally and irrevocably guaranteed by the Guarantor;

- (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (c) certain other conditions set out in the Trust Deed being complied with.

In addition, the Issuer and (where the Relevant Issuer is ARMPL) the Guarantor may substitute in place of DBS Trustee Limited (in its capacity as trustee of Ascott Reit) (or of any previous substitute under Condition 12 of the Ascott Reit Notes) as (where the Relevant Issuer is not ARMPL) the principal debtor and (where the Relevant Issuer is ARMPL) the guarantor under the Notes, the Coupons and the Trust Deed another company being appointed as the replacement or substitute trustee of Ascott Reit (such substituted company being hereinafter called the “**New Ascott Reit Trustee**”) in accordance with the terms of the Ascott Reit Trust Deed, subject to:

- (i) the Trustee being provided with evidence to its satisfaction that the appointment of the New Ascott Reit Trustee has been completed in accordance with the terms of the Ascott Reit Trust Deed, including a copy of the deed supplemental to the Ascott Reit Trust Deed providing for such appointment, a confirmation from the Ascott Reit Manager that the Deposited Property has been vested in the New Ascott Reit Trustee, and an opinion from independent legal advisors of recognised standing to the effect such appointment of the New Ascott Reit Trustee is legal, valid and binding on Ascott Reit; and
- (ii) certain other conditions set out in the Trust Deed being complied with.

Taxation

- : All payments in respect of the Notes and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or

withholding been required, save for certain exceptions. For further details, please see the section on “Singapore Taxation” herein.

- Listing : Each Series of the Notes may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of the Notes and the distribution of offering material relating to the Notes, see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
- Governing Law : The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

- Currency : Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars, or any other currency agreed between the Relevant Issuer and the relevant Dealer(s).
- Method of Issue : Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Relevant Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
- Issue Price : Perpetual Securities may be issued at par or at a discount, or premium, to par.
- No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Relevant Issuer shall only have the right

(but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.

Distribution Basis : Subject to Condition 4(IV) of the Ascott BT Perpetual Securities or, as the case may be, Condition 4(IV) of the Ascott Reit Perpetual Securities, Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities : Subject to Condition 4(IV) of the Ascott BT Perpetual Securities or, as the case may be, Condition 4(IV) of the Ascott Reit Perpetual Securities, Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities : Subject to Condition 4(IV) of the Ascott BT Perpetual Securities or, as the case may be, Condition 4(IV) of the Ascott Reit Perpetual Securities, Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable spread. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).

Distribution Discretion – Ascott BT Perpetual Securities only : If Optional Payment is set out on the face of the Perpetual Securities, the Ascott BT Trustee-Manager may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Ascott BT Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Ascott BT Perpetual Securities)

not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Securities and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out on the face of the Perpetual Securities, the Ascott BT Trustee-Manager may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Ascott BT Trustee-Manager's Junior Obligations (as defined in Condition 4(IV)(a)(1) of the Ascott BT Perpetual Securities) or (except on a *pro rata* basis) any of the Ascott BT Trustee-Manager's Specified Parity Obligations (as defined in Condition 4(IV)(a)(2) of the Ascott BT Perpetual Securities); or
- (ii) any of the Ascott BT Trustee-Manager's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Ascott BT Trustee-Manager's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration; and/or
- (iii) as otherwise specified in the applicable Pricing Supplement,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott BT Group, (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Ascott BT Trustee-Manager for Junior Obligations of the Ascott BT Trustee-Manager and/or (3) as otherwise specified in the applicable Pricing Supplement.

Distribution Discretion – Ascott Reit : If Optional Payment is set out on the face of the Perpetual Securities only : Perpetual Securities only : If Optional Payment is set out on the face of the Perpetual Securities, the Ascott Reit Trustee may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Ascott Reit Perpetual Securities) by giving notice to the

Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Ascott Reit Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Securities and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out on the face of the Perpetual Securities, the Ascott Reit Trustee may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Ascott Reit Trustee's Junior Obligations (as defined in Condition 4(IV)(a)(1) of the Ascott Reit Perpetual Securities) or (except on a *pro rata* basis) any of the Ascott Reit Trustee's Specified Parity Obligations (as defined in Condition 4(IV)(a)(2) of the Ascott Reit Perpetual Securities); or
- (ii) any of the Ascott Reit Trustee's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Ascott Reit Trustee's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration; and/or
- (iii) as otherwise specified in the applicable Pricing Supplement,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott Reit Group, (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Ascott Reit Trustee for Junior Obligations of the Ascott Reit Trustee and/or (3) as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is set out on the face of the Perpetual Securities, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Relevant Issuer is not under any

obligation to pay that or any other distributions that have not been paid in whole or in part. The Relevant Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (“**Optional Distribution**”) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Relevant Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

Any partial payment of outstanding Optional Distribution by the Relevant Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

If Cumulative Deferral is set out on the face of the Perpetual Securities, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Relevant Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 4(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Relevant Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is set out on the face of the Perpetual Securities, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing

thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Non-Payment – Ascott BT Perpetual Securities only :

If Dividend Stopper is set out on the face of the Perpetual Securities and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Ascott BT Perpetual Securities, the Ascott BT Trustee-Manager shall not, and shall procure that none of the subsidiaries of Ascott BT shall, in respect of the Ascott BT Trustee-Manager's Junior Obligations or the Ascott BT Trustee-Manager's Specified Parity Obligations:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Ascott BT Trustee-Manager's Junior Obligations or (except on a *pro rata* basis) any of the Ascott BT Trustee-Manager's Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Ascott BT Trustee-Manager's Junior Obligations or (except on a *pro rata* basis) any of the Ascott BT Trustee-Manager's Specified Parity Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott BT Group or (2) as a result of the exchange or conversion of Specified Parity Obligations of the Ascott BT Trustee-Manager for the Junior Obligations of the Ascott BT Trustee-Manager, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Ascott BT Trustee-Manager has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Ascott BT Trustee-Manager is permitted to do so (or to procure or permit the subsidiaries of Ascott BT to do

so) by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Restrictions in the case of Non-Payment – Ascott Reit Perpetual Securities only :

If Dividend Stopper is set out on the face of the Perpetual Securities and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Ascott Reit Perpetual Securities, the Ascott Reit Trustee shall not and shall procure that none of the subsidiaries of Ascott Reit shall, in respect of the Ascott Reit Trustee's Junior Obligations or the Ascott Reit Trustee's Specified Parity Obligations:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Ascott Reit Trustee's Junior Obligations or (except on a *pro rata* basis) any of the Ascott Reit Trustee's Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Ascott Reit Trustee's Junior Obligations or (except on a *pro rata* basis) any of the Ascott Reit Trustee's Specified Parity Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott Reit Group or (2) as a result of the exchange or conversion of Specified Parity Obligations of the Ascott Reit Trustee for the Junior Obligations of the Ascott Reit Trustee, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Ascott Reit Trustee has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Ascott Reit Trustee is permitted to do so (or to procure or permit the subsidiaries of Ascott Reit to do so) by an Extraordinary Resolution of the Perpetual

Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form and Denomination of Perpetual Securities : The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s).

Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request, as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate.

Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.

Custody of the Perpetual Securities : Perpetual Securities may be cleared through CDP. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.

Status of the Senior Perpetual Securities : The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among

themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.

Status of the Subordinated Perpetual Securities : The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations (as defined in Condition 3(b)(i) of the Perpetual Securities) of the Relevant Issuer.

Subordination of the Subordinated Perpetual Securities – Ascott BT Perpetual Securities only : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 9(a) of the Ascott BT Perpetual Securities) of the Ascott BT Trustee-Manager or Ascott BT, there shall be payable by the Ascott BT Trustee-Manager in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Ascott BT Trustee-Manager), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Ascott BT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**Ascott BT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a) of the Ascott BT Perpetual Securities) of the Ascott BT Trustee-Manager but junior to the claims of all other present and future creditors of the Ascott BT Trustee-Manager (other than Parity Obligations of the Ascott BT Trustee-Manager), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Ascott BT Notional Preferred Unit on a return of assets in such Winding-Up of the Ascott BT Trustee-Manager or Ascott BT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may

be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Ascott BT Perpetual Securities) in respect of which the Ascott BT Trustee-Manager has given notice to the Perpetual Securityholders.

- Subordination of the Subordinated Perpetual Securities – Ascott Reit Perpetual Securities only : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 9(a) of the Ascott Reit Perpetual Securities) of the Ascott Reit Trustee or Ascott Reit, there shall be payable by the Ascott Reit Trustee in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Ascott Reit Trustee), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Ascott Reit Trustee or Ascott Reit, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Ascott Reit (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**Ascott Reit Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the Ascott Reit Trustee or Ascott Reit and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Ascott Reit Trustee or Ascott Reit, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a) of the Ascott Reit Perpetual Securities) of the Ascott Reit Trustee but junior to the claims of all other present and future creditors of the Ascott Reit Trustee (other than Parity Obligations of the Ascott Reit Trustee), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Ascott Reit Notional Preferred Unit on a return of assets in such Winding-Up of the Ascott Reit Trustee or Ascott Reit were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Ascott Reit Perpetual Securities) in respect of which the Ascott Reit Trustee has given notice to the Perpetual Securityholders.
- Set-off in relation to the Subordinated Perpetual Securities – Ascott BT Perpetual Securities only : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention

in respect of any amount owed to it by the Ascott BT Trustee-Manager in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Ascott BT Trustee-Manager. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Ascott BT Trustee-Manager in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Ascott BT Trustee-Manager (or, in the event of the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT, the liquidator or, as appropriate, administrator of the Ascott BT Trustee-Manager or, as the case may be, Ascott BT) and, until such time as payment is made, shall hold such amount in trust for the Ascott BT Trustee-Manager (or the liquidator or, as appropriate, administrator of the Ascott BT Trustee-Manager or, as the case may be, Ascott BT) and accordingly any such discharge shall be deemed not to have taken place.

Set-off in relation to the Subordinated Perpetual Securities – Ascott Reit Perpetual Securities only :

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Ascott Reit Trustee in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Ascott Reit Trustee. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Ascott Reit Trustee in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to

applicable law, immediately pay an amount equal to the amount of such discharge to the Ascott Reit Trustee (or, in the event of the Winding-Up of the Ascott Reit Trustee or Ascott Reit, the liquidator or, as appropriate, administrator of the Ascott Reit Trustee or, as the case may be, Ascott Reit) and, until such time as payment is made, shall hold such amount in trust for the Ascott Reit Trustee (or the liquidator or, as appropriate, administrator of the Ascott Reit Trustee or, as the case may be, Ascott Reit) and accordingly any such discharge shall be deemed not to have taken place.

Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Securities, the Relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Relevant Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Securities, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, and the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will be subject to withholding tax in Singapore when paid

to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or

- (2) the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Relevant Issuer for the purposes of the withholding tax exemption on interest for “qualifying debt securities” under the ITA, and such distributions will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
- (ii) the Relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts as a result of:
- (1) any amendment to, or change in, the laws (or any rules or regulations or administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or administrative pronouncements promulgated thereunder by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or administrative pronouncements promulgated thereunder that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

and such obligation cannot be avoided by the Relevant Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons : The Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the "**SFRS**") or as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the "**SFRS (I)**") or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of (in the case of Ascott BT Perpetual Securities) Ascott BT or (in the case of Ascott Reit Perpetual Securities) Ascott Reit (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of (in the case of Ascott BT Perpetual Securities) Ascott BT or (in the case of Ascott Reit Perpetual Securities) Ascott Reit pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility

: If so provided in the terms of the relevant Perpetual Securities, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Securities, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption):

(i) if the Relevant Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

(2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

(3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) by the Relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of

Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the Relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Securities, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Securities, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

Redemption upon Cessation or Suspension of Trading of Units – Ascott BT Perpetual Securities only : If so provided in the terms of the relevant Perpetual Security, in the event that (i) (for so long as the Ascott Reit Units and Ascott BT Units are Stapled) the Stapled Units or (ii) (in the case where the Ascott Reit Units and the Ascott BT Unites are not Stapled) the Ascott BT Units cease to be listed and/or traded on the SGX-ST or trading in the Stapled Units or, as the case may be, the Ascott BT Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a “**Cessation or Suspension of Trading Event**”), the Perpetual Securities may be redeemed at the option of the Ascott BT Trustee-Manager in whole, but not in part, on any Distribution Payment Date or, if earlier, the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Optional Distributions,

Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption).

For the purposes of this paragraph:

- (i) **“Ascott Reit Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;
- (ii) **“Effective Date”** means (in the case where the Stapled Units or Ascott BT Units cease to be listed and/or traded on the SGX-ST) the date of cessation of listing or, as the case may be, trading or (in the case where trading in the Stapled Units or Ascott BT Units on the SGX-ST is suspended for a continuous period of more than 10 consecutive market days) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (iii) **“market day”** means a day on which the SGX-ST is open for securities trading.

Redemption upon Cessation or Suspension of Trading of Units – Ascott Reit Perpetual Securities only :

If so provided in the terms of the relevant Perpetual Security, in the event that (i) (for so long as the Ascott Reit Units and Ascott BT Units are Stapled) the Stapled Units or (ii) (in the case where the Ascott Reit Units and the Ascott BT Unites are not Stapled) the Ascott Reit Units cease to be listed and/or traded on the SGX-ST or trading in the Stapled Units or, as the case may be, Ascott Reit Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a **“Cessation or Suspension of Trading Event”**), the Perpetual Securities may be redeemed at the option of the Ascott Reit Trustee in whole, but not in part, on any Distribution Payment Date or, if earlier, the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption).

For the purposes of this paragraph:

- (i) **“Ascott Reit Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;

- (ii) **“Effective Date”** means (in the case where the Stapled Units or Ascott Reit Units cease to be listed and/or traded on the SGX-ST) the date of cessation of listing or, as the case may be, trading or (in the case where trading in the Stapled Units or Ascott Reit Units on the SGX-ST is suspended for a continuous period of more than 10 consecutive market days) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (iii) **“market day”** means a day on which the SGX-ST is open for securities trading.

Redemption upon a Regulatory Event – Ascott BT Perpetual Securities only : If so provided on the face of the relevant Perpetual Securities and only where the Ascott BT Trustee-Manager is subject to the Property Funds Appendix or such equivalent regulation for business trusts generally, the Ascott BT Trustee-Manager may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their redemption amount, together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Ascott BT Trustee-Manager giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Ascott BT Trustee-Manager to redeem the Perpetual Securities), if the Ascott BT Trustee-Manager satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix or such equivalent regulation for business trusts generally, or any change in the application or official interpretation of the Property Funds Appendix or such equivalent regulation for business trusts generally, the Perpetual Securities count or will count towards the percentage limit as property funds may from time to time be permitted under the Property Funds Appendix or such equivalent regulation for business trusts generally, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the percentage limit.

Redemption upon a Regulatory Event – Ascott Reit Perpetual Securities only : If so provided on the face of the relevant Perpetual Securities, the Ascott Reit Trustee may, at its option, redeem the Perpetual Securities in whole,

but not in part, at any time at their redemption amount, together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Ascott Reit Trustee giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Ascott Reit Trustee to redeem the Perpetual Securities), if the Ascott Reit Trustee satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Redemption upon a Ratings Event : If so provided on the face of the relevant Perpetual Security, the Relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable and shall oblige the Relevant Issuer to redeem the Perpetual Securities), at their Redemption Amount (together with distribution (including any Optional Distribution, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined below) requested from time to time by the Relevant Issuer to grant an equity classification to the Perpetual Securities and, in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time.

For the purposes of this paragraph, “**Rating Agency**” means Fitch Ratings, Moody’s Investor Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any of their respective successors.

Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for the Winding-Up (as defined in Condition 9(a) of the Ascott BT Perpetual Securities and Condition 9(a) of the Ascott Reit Perpetual Securities) in respect of Ascott BT or, as the case may be, Ascott Reit is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Ascott BT Perpetual Securities or, as the case may be, Condition 4(IV) of the Ascott Reit Perpetual Securities.

Proceedings for Winding-Up – Ascott BT Perpetual Securities only : If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Ascott BT Trustee-Manager and/or Ascott BT or (ii) the Ascott BT Trustee-Manager does not pay any principal, distribution or other amount payable by it under any of the Ascott BT Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such default continues for 15 business days after the due date, the Ascott BT Trustee-Manager shall be deemed to be in default under the Trust Deed and the Ascott BT Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Ascott BT Perpetual Securities, institute proceedings for the Winding-Up of Ascott BT, prove in the Winding-Up of the Ascott BT Trustee-Manager and/or Ascott BT and/or claim in the liquidation of the Ascott BT Trustee-Manager and/or Ascott BT for such payment.

Proceedings for Winding-Up – Ascott Reit Perpetual Securities only : If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Ascott Reit Trustee and/or Ascott Reit or (ii) the Ascott Reit Trustee does not pay any principal, distribution or other amount payable by it under any of the Ascott Reit Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such default continues for 15 business days after the due date, the Ascott Reit Trustee shall be deemed to be in default under the Trust Deed and the Ascott Reit Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Ascott Reit Perpetual

Securities, institute proceedings for the Winding-Up of Ascott Reit, prove in the Winding-Up of the Ascott Reit Trustee and/or Ascott Reit and/or claim in the liquidation of the Ascott Reit Trustee and/or Ascott Reit for such payment.

Substitutions – Ascott Reit Perpetual Securities only : The Issuer may substitute in place of DBS Trustee Limited (in its capacity as trustee of Ascott Reit) (or of any previous substitute under Condition 10 of the Ascott Reit Perpetual Securities) as the principal debtor under the Perpetual Securities, the Coupons and the Trust Deed another company being appointed as the replacement or substitute trustee of Ascott Reit (such substituted company being hereinafter called the “**New Ascott Reit Trustee**”) in accordance with the terms of the Ascott Reit Trust Deed, subject to:

- (i) the Trustee being provided with evidence to its satisfaction that the appointment of the New Ascott Reit Trustee has been completed in accordance with the terms of the Ascott Reit Trust Deed, including a copy of the deed supplemental to the Ascott Reit Trust Deed providing for such appointment, a confirmation from the Ascott Reit Manager that the Deposited Property has been vested in the New Ascott Reit Trustee, and an opinion from independent legal advisors of recognised standing to the effect such appointment of the New Ascott Reit Trustee is legal, valid and binding on Ascott Reit; and
- (ii) certain other conditions set out in the Trust Deed being complied with.

Taxation : All payments in respect of the Perpetual Securities and the Coupons by the Relevant Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions.

Where the Ascott Reit Perpetual Securities issued by the Ascott Reit Trustee are not recognised as debt securities for Singapore income tax purposes,

all payments, or part thereof, of Distributions and Optional Distributions in respect of the Ascott Reit Perpetual Securities by or on behalf of the Ascott Reit Trustee may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, and the Ascott Reit Trustee may be obliged (in certain circumstances) to withhold or deduct tax on such payments. In that event, the Ascott Reit Trustee shall not be under any obligation to pay any additional amounts as will result in receipt by the holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

For further details, please see the section on "Singapore Taxation" herein.

Listing

- : Each Series of the Perpetual Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.

If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).

Selling Restrictions

- : For a description of certain restrictions on offers, sales and deliveries of the Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.

Governing Law

- : The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE ASCOTT BT NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 9 September 2009 made between (1) Ascott REIT MTN Pte. Ltd. (“**ARMPL**”), as issuer, (2) DBS Trustee Limited (in its capacity as trustee of Ascott Residence Trust (now known as Ascott Real Estate Investment Trust)), as guarantor, and (3) The Bank of New York Mellon, as trustee for the Noteholders (as defined below) (as amended and restated by an amendment and restatement trust deed dated 9 July 2020 made between (1) ARMPL, DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust (“**Ascott REIT**”)) (the “**Ascott REIT Trustee**”) and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust (“**Ascott BT**”)) (the “**Issuer**”), as issuers, (2) the Ascott REIT Trustee, in its capacity as guarantor for Notes (as defined in the Trust Deed) issued by ARMPL (the “**Guarantor**”), and (3) The Bank of New York Mellon, Singapore Branch (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) and as further amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 9 July 2020 (as amended and supplemented from time to time, the “**Deed of Covenant**”) executed by the Issuer, relating to CDP Notes issued by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. ARMPL and the Guarantor have entered into an agency agreement dated 9 September 2009 made between (1) ARMPL, (2) the Guarantor, (3) The Bank of New York Mellon, as issuing and paying agent and agent bank, and (4) The Bank of New York Mellon, as trustee (as amended and restated by an amendment and restatement agency agreement dated 9 July 2020 made between (1) the Issuer, ARMPL and the Ascott REIT Trustee, as issuers, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Notes (in such capacity, the “**CDP Issuing and Paying Agent**”), transfer agent in respect of CDP Notes (in such capacity, the “**CDP Transfer Agent**”), registrar in respect of CDP Notes (in such capacity, the “**CDP Registrar**”) and calculation agent in respect of CDP Notes (in such capacity, the “**CDP Calculation Agent**”), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Notes cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (“**Non-CDP Notes**”) (in such capacity, the “**Non-CDP Issuing and Paying Agent**” and, together with the CDP Issuing and Paying Agent and any other issuing and paying agents that may be appointed, the “**Issuing and Paying Agents**” and the Issuing and Paying Agents together with any other paying agents, the “**Paying Agents**”) and as calculation agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Calculation Agent**” and, together with the CDP Calculation Agent, the “**Calculation Agents**”), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the

“Registrars”), and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the **“Agency Agreement”**). The Noteholders and the holders (the **“Couponholders”**) of the coupons (the **“Coupons”**) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the **“Talons”**) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Calculation Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Calculation Agent, (c) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, and (d) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the specified office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agents for the time being upon prior written request and satisfactory proof of holdings.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the **“Notes”**) are issued in bearer form (**“Bearer Notes”**) or in registered form (**“Registered Notes”**), in each case in the Denomination Amount shown on the face of the Note. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown in its terms).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (**“Certificates”**) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **“Register”**).

- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of Notes shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).
- (iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name the relevant Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices

and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer, to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes

In the case of an exercise of an Issuer’s or a Noteholder’s option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Noteholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. Negative Pledge and Financial Covenant

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”), other than a Permitted Security Interest (as defined below), upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the Issuer or the Principal Subsidiaries (as defined in Condition 10), to secure any Relevant Indebtedness (as defined below) unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with any such Relevant Indebtedness; or

- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) Financial Covenant

The Issuer has further covenanted with the Trustee in the Trust Deed that for so long as any of the Notes remains outstanding, it will ensure that the ratio of Consolidated Total Borrowings to Consolidated Total Assets shall not exceed 0.70:1.

For the purpose of these Conditions:

“Consolidated Total Assets” means at any time in relation to Ascott BT, the value of the total assets of the Ascott BT Group based on the latest valuation in accordance with the Ascott BT Trust Deed (as defined in the Trust Deed) at such time;

“Consolidated Total Borrowings” means an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):

- (i) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months of the Ascott BT Group;
- (ii) the principal amount of the Notes or any bonds or debentures of any member of the Ascott BT Group whether issued for cash or a consideration other than cash;
- (iii) the liabilities of the Issuer under the Trust Deed or the Notes;
- (iv) all other indebtedness whatsoever of the Ascott BT Group for borrowed moneys; and
- (v) any redeemable preference shares or units issued by any member of the Ascott BT Group and which are regarded by generally accepted accounting principles in Singapore as debt or other liabilities of the Ascott BT Group (other than those shares or units which are regarded as equity as reflected in the most recently published consolidated balance sheet of the Ascott BT Group prepared in accordance with generally accepted accounting principles in Singapore);

“Permitted Security Interest” means a Security Interest over any present and future assets or revenues or any part thereof in connection with any asset-based financing (including, without limitation, a securitisation or project financing) where the primary source of payment of the obligations secured by such Security Interest is the assets or revenues subject to such Security Interest, without further recourse to the relevant obligor; and

“Relevant Indebtedness” means (1) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original tenure of more than one year; and (2) any guarantee or indemnity of any such indebtedness.

5. (I) Interest on Fixed Rate Notes

(a) Rate of Interest and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(VII)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Rate of Interest shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 5(VII)) shown on the face of the Note.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown on the face of such Note, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined below) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period.

(b) Business Day Convention

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately

preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;

- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) Rate of Interest – Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:
 - (1) in the case of Floating Rate Notes which are SIBOR Notes:
 - (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided on the face of such Note) and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period,

determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided on the face of such Note) and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
 - (D) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;
 - (E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date, and as adjusted by the Spread (if any); and
 - (F) if the Rate of Interest for an Interest Period is unable to be determined in accordance with paragraphs (c)(ii)(1)(A) to (c)(ii)(1)(E) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (c)(ii)(1)(A), (c)(ii)(1)(B), (c)(ii)(1)(C), (c)(ii)(1)(D) or (c)(ii)(1)(E) above shall have applied;
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate

which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (C) if on any Interest Determination Date, no such rate is quoted on Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body selected by the Issuer and advised in writing to the Calculation Agent where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Issuer may select and advised in writing to the Calculation Agent and as adjusted by the Spread (if any);
- (D) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (c)(ii)(2)(A), (c)(ii)(2)(B) and (c)(ii)(2)(C) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal

places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

- (E) if the Rate of Interest for an Interest Period is unable to be determined in accordance with paragraphs (c)(ii)(2)(A) to (c)(ii)(2)(D) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (c)(ii)(2)(A), (c)(ii)(2)(B), (c)(ii)(2)(C) or (c)(ii)(2)(D) above shall have applied; and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,and as adjusted by the Spread (if any);
 - (B) if paragraph (c)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (c)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any);
 - (C) if paragraph (c)(ii)(3)(B) applies and fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date; and
 - (D) if the Rate of Interest for an Interest Period is unable to be determined in accordance with paragraphs (c)(ii)(3)(A) to (c)(ii)(3)(C) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraphs (c)(ii)(3)(A), (c)(ii)(3)(B) or (c)(ii)(3)(C) above shall have applied.

- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Rate of Interest – Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (d).
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (d)(iv) below, be determined as follows:
 - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, an Agreed Rate in respect of such Variable Rate Note for such Interest Period and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:

- (1) notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(c)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(III) Interest on Hybrid Notes

(a) Rate of Interest and Accrual

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the

Rate of Interest shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown on the face of such Note, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be).
- (ii) The provisions of Condition 5(II)(c) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(d) Business Day Convention

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;

- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as determined in accordance with Condition 6(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period or make such determination or calculation, as the case may be. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Accrual of Interest

Interest will cease to accrue on each Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Rate of Interest and in the manner provided in this Condition 5 to (but excluding) the Relevant Date (as defined in Condition 8).

(c) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Registrar, the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest

Period by reason of any Interest Payment Date not being a business day. If the Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(d) Failure to Determine or Calculate Rate of Interest

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and as soon as reasonably practicable appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Notes will, for the relevant Interest Period, bear interest at the rate in effect for the last preceding Interest Period to which Conditions 5(II) and 5(III)(c) above shall have applied and the Issuing and Paying Agent will determine the relevant Interest Amount.

(e) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, if provision is made for them hereon and so long as any Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(VI) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use commercially reasonable endeavours at its own expense to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)) by no later than five Business Days prior to the relevant Interest Determination Date (or such other date as may be agreed between the Issuer and the Calculation Agent) (the "**IA Determination Cut-off Date**"). An Independent Adviser appointed pursuant to this Condition 5(VI) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(VI).

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)), provided that if the Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Spread that was applied to such preceding Interest Period for the Spread that is to be applied to the relevant Interest Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(VI).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(VI)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(VI)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(VI)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(VI)).

(c) Adjustment Spread

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be):

- (i) determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be); or
- (ii) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Relevant Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5(VI)).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(VI) and the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(VI)(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate signed by the duly authorised signatory of the Issuer pursuant to Condition 5(VI)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed and the Agency Agreement), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(VI). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 5(VI)(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(VI) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by the duly authorised signatory of the Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(VI); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Noteholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(VI)(a), 5(VI)(b), 5(VI)(c) and 5(VI)(d), the Original Reference Rate and the fallback provisions provided for in Condition 5 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5(VI)(e).

(g) Definitions

As used in this Condition 5(VI):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (2) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is recognised or acknowledged as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in local or international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

- (3) if no such customary application in local or international debt capital markets transactions is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (4) if no such industry standard is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines in accordance with Condition 5(VI)(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes, or, if the Independent Adviser or the Issuer determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as the case may be) determines (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Reference Rate;

“Benchmark Amendments” has the meaning given to it in Condition 5(VI)(d);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) unless such cessation is reasonably expected by the Issuer to not occur prior to the Maturity Date; or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued, unless such cessation is reasonably expected by the Issuer to not occur prior to the Maturity Date; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months unless such cessation is reasonably expected by the Issuer to not occur prior to the Maturity Date; or
- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

- (vi) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative;

“Independent Adviser” means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 5(VI)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes provided that if a Benchmark Event has occurred with respect to the originally specified or the then-current Original Reference Rate, then “Original Reference Rate” means the applicable Successor Rate or Alternative Rate (as the case may be);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

“Successor Rate” means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally published, endorsed, approved, recognised or recommended by any Relevant Nominating Body.

(VII) Definitions

As used in these Conditions:

“Agreed Rate” means, in the case of any Variable Rate Note, the Rate of Interest in respect of that Variable Rate Note payable on the last day of an Interest Period relating to that Variable Rate Note;

“Agreed Yield” means, in the case of any Variable Rate Note, the interest payable in respect of that Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note;

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Note, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day on which banks and foreign exchange markets are

open for general business in the country of the Issuing and Paying Agent's specified office and (iii) (if a payment is to be made on that day):

- (a) (in the case of Notes denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore;
- (b) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (c) (in the case of Notes denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre; and
- (d) (in the case of Notes denominated in a currency other than Singapore dollars, Euros and Renminbi) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

"Calculation Amount" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown in the terms thereof;

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (a) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (c) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; and
- (d) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

“**Euro**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Interest Amount**” means, in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of the relevant Note;

“**Interest Determination Date**” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Offshore Renminbi Centre**” means the offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“**Reference Banks**” means the institutions specified as such on the face of the relevant Note or, if none, three major banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Notes are denominated;

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“Relevant Financial Centre” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Renminbi” means the lawful currency of the People’s Republic of China;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters and Bloomberg agency) as may be specified on the face of the Note for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date shown in its terms (if the Note is shown in its terms to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown in its terms (if the Note is shown in its terms to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided on the face of such Notes, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer’s Purchase Option Period shown on the face of such Notes. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent or, as the case may be, the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other paying agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any paying agent, the Registrar or the Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face of such Notes. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (ii) If so provided on the face of such Notes, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or the Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face of such Notes. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided on the face of such Notes, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face of such Notes, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

- (i) If so provided on the face of such Notes, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, the Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face of such Note. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.
- (ii) In the event that (1) (A) (for so long as the Ascott REIT Units and the Ascott BT Units are Stapled) the Stapled Units or (B) (in the case where the Ascott REIT Units and the Ascott BT Units are not Stapled) the Ascott BT Units cease to be listed and/or traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or (2) trading in the Stapled Units or, as the case may be, the Ascott BT Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any other Transfer Agent (as applicable), no later than 30 days after the Effective Date. The Issuer shall, within seven days after the Effective Date, notify the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence

of the event specified in this Condition 6(e)(ii) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(e)(ii):

- (aa) **“Ascott REIT Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;
- (bb) **“Effective Date”** means (in the case of (1) above) the date of cessation of listing and/or trading or (in the case of (2) above) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (cc) **“market day”** means a day on which the SGX-ST is open for securities trading.

(f) Redemption for Taxation Reasons

If so provided on the face of such Notes, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face of the Note, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment. The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(g) Purchases

The Issuer and/or any of the related corporations of Ascott BT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Notes so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of Ascott BT shall not entitle the holder to vote at any

meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

Notes purchased by the Issuer and/or any of the related corporations of Ascott BT may be surrendered by the purchaser to the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified on the face of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown on the face of such Note, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(i) Mandatory Redemption upon Termination of Ascott BT

In the event that Ascott BT is or is to be terminated in accordance with the provisions of the Ascott BT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Ascott BT.

The Issuer shall forthwith notify the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders of the termination of Ascott BT and the proposed date of redemption of the Notes.

(j) Mandatory Redemption upon Change of Issuer

In the event that there is to be a substitution in place of Ascott Business Trust Management Pte. Ltd. (“**ABTMPL**”) as the principal debtor of the Notes, the Coupons and the Trust Deed, and the approval of the Noteholders for the Change of Issuer Event has not been obtained, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount, together with interest accrued to the date fixed for redemption, not later than COI Redemption Date.

The Issuer shall forthwith notify the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders its intention whether to convene a meeting of the Noteholders to approve the Change of Issuer Event, and if there is no such intention, of the Redemption Amount of the Notes and the COI Redemption Date (“**COI Notification**”).

For the purposes of this Condition 6(j):

“**Change of Issuer Event**” means the substitution in place of Ascott Business Trust Management as the principal debtor of the Notes, the Coupons and the Trust Deed; and

“**COI Redemption Date**” means the date falling at least 30 days from (i) (in the case where a meeting of the Noteholders has been convened to approve the Change of Issuer Event and such approval has not been obtained) the date of such meeting (or if adjourned, the date of such adjourned meeting) or (ii) (in the case where no such meeting has been convened) the date of the COI Notification, and in any event in the case of (i) and (ii) above, no later than the effective date of the Change of Issuer Event.

For the avoidance of doubt, this Condition 6(j) shall not apply if, at least five business days before the COI Redemption Date, the Issuer delivers to the Trustee a certificate confirming that the Change of Issuer Event will no longer occur. Any notice of redemption of the Notes from the Issuer shall be given no later than 15 business days prior to the COI Redemption Date.

(k) Redemption in the case of Minimum Outstanding Amount

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

(l) Cancellation

All Notes purchased by or on behalf of the Issuer and/or any of the related corporations of Ascott BT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or, as the case may be, Coupons:

- (i) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
- (ii) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:
 - (1) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
 - (2) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the

Non-CDP Registrar and to appoint additional or other paying agents, calculation agents, transfer agents or registrars, provided that it will at all times maintain an Issuing and Paying Agent, a Calculation Agent, a Transfer Agent in relation to Registered Notes and a Registrar in relation to Registered Notes.

Notice of any such change or any change of any specified office will be promptly given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by, *inter alios*, the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which, *inter alios*, the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of, *inter alios*, the Issuer and the Trustee, adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of Notes other than Variable Rate Notes and Zero Coupon Notes) the Rate of Interest applicable to such Note, (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore, otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring the making of a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment.

Notwithstanding any other provisions of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs, the Trustee at its discretion may (but is not obliged to), and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer does not pay the principal of, or Redemption Amount (whether becoming due upon redemption or otherwise) or (in the case of Zero Coupon Notes) the Early Redemption Amount on, or any interest on, any Notes of any Series when due and such default continues for a period exceeding seven days;

- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a) above) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not remedied within 30 days after the date on which the notice is given by the Trustee to the Issuer requiring the same to be remedied;
- (c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any material respect or is or proves to have been incorrect in any material respect when made or deemed repeated and if the event resulting in such non-compliance or incorrectness is, in the opinion of the Trustee, capable of remedy, it is not remedied within 30 days after the date on which the notice is given by the Trustee to the Issuer requiring the same to be remedied;
- (d)
 - (i) any other indebtedness of the Issuer, Ascott BT or any of the Principal Subsidiaries in respect of borrowed moneys (1) is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) and, in the case of any default which results in any borrowed money being capable of being rendered due and payable, such default is not remedied within any grace period originally applicable thereto or extended or granted by way of agreement between the Issuer, Ascott BT or any of the Principal Subsidiaries (as the case may be) and the relevant creditor or (2) is not paid when due within any applicable grace period; or
 - (ii) the Issuer, Ascott BT or any of the Principal Subsidiaries fails to pay within 15 days after being properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this paragraph (d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S\$25,000,000 or its equivalent in other currency or currencies;

- (e) the Issuer, Ascott BT or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness (other than those contested in good faith and by appropriate proceedings), takes any proceeding under any law for a deferral, rescheduling or other readjustment of all or a material part of its indebtedness with its creditors generally (or any class of its creditors in respect of a material part of its indebtedness which it will, or might otherwise, be unable to pay when due), applies for a moratorium in respect of or affecting all or a material part of its indebtedness, proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally (or any class of its creditors in respect of a material part of its indebtedness) or a moratorium is agreed, declared or otherwise (by operation of law) arises in respect of or affecting all or a material part of the indebtedness of the Issuer, Ascott BT or any of the Principal Subsidiaries;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer, Ascott BT or any of the Principal Subsidiaries and is not discharged or stayed within 30 days;

- (g) any security on or over the whole or a material part of the assets of the Issuer, Ascott BT or any of the Principal Subsidiaries becomes enforceable;
- (h) (i) any meeting is convened or any petition or originating summons is presented or any order is made or any resolution is passed for the winding-up, amalgamation, reconstruction, reorganisation, merger, consolidation or termination of the Issuer, Ascott BT or any of the Principal Subsidiaries (except for an amalgamation, reconstruction, reorganisation, merger or consolidation where such event is either (1) not likely to have a material adverse effect on the Issuer or (2) on terms approved before such event by the Trustee or the Noteholders by way of Extraordinary Resolution) or for the appointment of a liquidator (including a provisional liquidator), judicial manager, trustee, administrator, agent or similar officer (in each case, including any provisional, interim or temporary officer or appointee) of the Issuer, Ascott BT or any of the Principal Subsidiaries or over any part of the assets of the Issuer, Ascott BT or any of the Principal Subsidiaries; or
 - (ii) any step is taken by any person for the appointment of a receiver of the Issuer, Ascott BT or any of the Principal Subsidiaries or over any material part of the assets of the Issuer, Ascott BT or any of the Principal Subsidiaries;
- (i) the Issuer or Ascott BT shall cease or threaten to cease to carry on its Authorised Business (as defined in the Trust Deed);
- (j) any condemnation, seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer, Ascott BT or any of the Principal Subsidiaries occurs and such condemnation, seizure, compulsory acquisition, expropriation or nationalisation will have a material adverse effect on the Issuer;
- (k) any decree, resolution, authorisation, approval, consent, filing, registration or exemption necessary for the execution and delivery of the Issue Documents or the Notes on behalf of the Issuer or the performance of the Issuer's obligations under the Notes is withdrawn or modified or otherwise ceases to be in full force and effect;
- (l) it is or will become unlawful for the Issuer to observe, perform or comply with, or the Issuer contests the validity or enforceability of or repudiates, any one or more of its obligations under any of the Issue Documents or any of the Notes;
- (m) (i) any of the Issue Documents to which it is a party or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms; or
 - (ii) any applicable law, directive, order or judgment is enacted, promulgated or entered, the effect of which would be to render any Issue Document to which the Issuer is a party unenforceable;
- (n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature) is current or pending against the Issuer or Ascott BT (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents to which it is a party or any of the Notes or (ii) which will have a material adverse effect on the Issuer;
- (o) (i) (1) ABTMPL resigns or is removed, (2) an order is made for the winding-up of ABTMPL, a receiver, judicial manager, administrator, agent or similar officer of ABTMPL is appointed, and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law,

directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of ABTMPL which prevents or restricts the ability of the Issuer to perform its obligations under any of the Notes, the Issue Documents to which it is a party and (ii) the replacement or substitute trustee-manager of Ascott BT is not appointed in accordance with the terms of the Ascott BT Trust Deed;

- (p) the Ascott BT Trustee-Manager loses its right to be indemnified out of the assets of Ascott BT in respect of any liability, claim, demand or action under or in connection with any of the Issue Documents or the Notes and, if in the opinion of the Trustee such loss of right is capable of remedy, it is not remedied within 21 days after the date on which the notice is given by the Trustee to the Issuer requiring the same to be remedied;
- (q) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); or
- (r) the Issuer or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

For the purposes of these Conditions:

- (A) **“Principal Subsidiaries”** means any subsidiary of Ascott BT whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Ascott BT Group have been prepared, is at least 10 per cent. of the total assets of the Ascott BT Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or Ascott BT (the **“transferee”**) then:
 - (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is Ascott BT) shall thereupon become a Principal Subsidiary; and
 - (II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is Ascott BT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (aa) the first audited consolidated accounts of the Ascott BT Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets of the Ascott BT Group, as shown by such audited consolidated accounts and (bb) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 10 per cent. of the total assets of the Ascott BT Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

- (B) **“subsidiary”** has the meaning ascribed to it in the Trust Deed.

11. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified on the face of the Note may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is to cure any ambiguity or of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of Ascott BT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

In the case where Ascott BT is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 16. In the case where notices to holders of Notes are made by more than one of the prescribed forms above, notice would be deemed to have been given on the first date in which the notices were validly given in accordance with the paragraphs above.

Until such time as any Definitive Notes (as defined in the Trust Deed) or Certificate(s) are issued, there may, so long as the Global Note(s) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, be substituted for such publication in such newspapers, such mailing or announcement on the SGX-ST, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed and acknowledged that ABTMPL has entered into the Trust Deed solely in its capacity as trustee-manager of Ascott BT and not in ABTMPL's personal capacity and all references to the "Issuer" shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, ABTMPL has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee-manager of Ascott BT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by ABTMPL under the Trust Deed, the Notes and the Coupons, is given or to be given by ABTMPL only in its capacity as trustee-manager of Ascott BT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of Ascott BT over which ABTMPL in its capacity as trustee-manager of Ascott BT has recourse and shall not extend to any personal or other assets of ABTMPL or any assets held by ABTMPL in its capacity as trustee-manager of any other trust (other than Ascott BT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by ABTMPL under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to Ascott BT (and shall not extend to ABTMPL's obligations in respect of any other trust of which it is a trustee-manager). The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of ABTMPL.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby acknowledged and agreed that ABTMPL's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of ABTMPL and there shall be no recourse against the shareholders, directors, officers or employees of ABTMPL for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of ABTMPL.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against ABTMPL whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against ABTMPL in its capacity as trustee of Ascott BT and not in its personal capacity. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of ABTMPL.

(d) Survival of Provisions

This Condition shall survive the termination or rescission of the Trust Deed and the redemption or cancellation of the Notes and/or any Coupons and shall apply, *mutatis mutandis*, to any notice, certificate or other document which ABTMPL issues under or pursuant to the Trust Deed and the Notes as if expressly set out therein.

18. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee, the Noteholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) No immunity

The Issuer irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets and Ascott BT and Ascott BT’s assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed.

19. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

TERMS AND CONDITIONS OF THE ASCOTT REIT NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 9 September 2009 made between (1) Ascott REIT MTN Pte. Ltd. (“**ARMPL**”), as issuer, (2) DBS Trustee Limited (in its capacity as trustee of Ascott Residence Trust (now known as Ascott Real Estate Investment Trust)), as guarantor, and (3) The Bank of New York Mellon, as trustee for the Noteholders (as defined below) (as amended and restated by an amendment and restatement trust deed dated 9 July 2020 made between (1) ARMPL, DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust (“**Ascott REIT**”)) (the “**Ascott REIT Trustee**”) (each, an “**Issuer**” and together, the “**Issuers**”) and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust (“**Ascott BT**”)) (the “**Ascott BT Trustee-Manager**”), as issuers, (2) the Ascott REIT Trustee, in its capacity as guarantor for Notes (as defined in the Trust Deed) issued by ARMPL (the “**Guarantor**”), and (3) The Bank of New York Mellon, Singapore Branch (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) and as further amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 9 September 2009 (as supplemented by the supplemental deed of covenant dated 9 July 2020 and as further amended and supplemented from time to time, the “**ARMPL Deed of Covenant**”) executed by ARMPL, relating to CDP Notes (as defined in the Trust Deed) issued by ARMPL or, as the case may be, a deed of covenant dated 9 July 2020 (as amended and supplemented from time to time, the “**Ascott REIT Deed of Covenant**” and, together with the ARMPL Deed of Covenant, the “**Deeds of Covenant**”) executed by the Ascott REIT Trustee, relating to CDP Notes issued by the Ascott REIT Trustee. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. ARMPL and the Guarantor have entered into an agency agreement dated 9 September 2009 made between (1) ARMPL, (2) the Guarantor, (3) The Bank of New York Mellon, as issuing and paying agent and agent bank, and (4) The Bank of New York Mellon, as trustee (as amended and restated by an amendment and restatement agency agreement dated 9 July 2020 made between (1) ARMPL, the Ascott REIT Trustee and the Ascott BT Trustee-Manager, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Notes (in such capacity, the “**CDP Issuing and Paying Agent**”), transfer agent in respect of CDP Notes (in such capacity, the “**CDP Transfer Agent**”), registrar in respect of CDP Notes (in such capacity, the “**CDP Registrar**”) and calculation agent in respect of CDP Notes (in such capacity, the “**CDP Calculation Agent**”), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Notes cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (“**Non-CDP Notes**”) (in such capacity, the “**Non-CDP Issuing and Paying Agent**” and, together with the CDP Issuing and Paying Agent and any other issuing and paying agents that may be appointed, the “**Issuing and Paying Agents**” and the Issuing and Paying Agents together with any other paying agents, the “**Paying Agents**”) and as calculation agent in respect of Non-CDP Notes (in such

capacity, the “**Non-CDP Calculation Agent**” and, together with the CDP Calculation Agent, the “**Calculation Agents**”), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the “**Agency Agreement**”). The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Calculation Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Calculation Agent, (c) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, and (d) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deeds of Covenant are available for inspection at the specified office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agents for the time being upon prior written request and satisfactory proof of holdings.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown on the face of the Note. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown in its terms).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), The Central Depository (Pte) Limited (the “**Depository**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of Notes shall, unless otherwise specified by the relevant Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or

(3) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name the relevant Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuers, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the relevant Issuer, to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes

In the case of an exercise of an Issuer’s or a Noteholder’s option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the

existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, the Registrar or the Transfer Agents, but upon payment by the Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Noteholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the relevant Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status and Guarantee

(a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the relevant Issuer.

(b) Guarantee

The payment of all sums expressed to be payable by ARMPL under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are

contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. Negative Pledge

- (a) (In the case where ARMPL or the Ascott REIT Trustee is the Issuer) the relevant Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”), other than a Permitted Security Interest (as defined below), upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the relevant Issuer or (where the Ascott REIT Trustee is the Issuer) the Principal Subsidiaries (as defined in Condition 10), to secure any Relevant Indebtedness (as defined below) unless the relevant Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with any such Relevant Indebtedness; or
 - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
- (b) (In the case where the Ascott REIT Trustee is the Guarantor) the Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the Guarantor or any of the Principal Subsidiaries, to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
- (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with any such Relevant Indebtedness; or
 - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is approved by an Extraordinary Resolution of the Noteholders.

For the purpose of these Conditions:

“**Permitted Security Interest**” means a Security Interest over any present and future assets or revenues or any part thereof in connection with any asset-based financing (including, without limitation, a securitisation or project financing) where the primary source of payment of the obligations secured by such Security Interest is the assets or revenues subject to such Security Interest, without further recourse to the relevant obligor; and

“**Relevant Indebtedness**” means (1) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original tenure of more than one year; and (2) any guarantee or indemnity of any such indebtedness.

5. (I) Interest on Fixed Rate Notes

(a) Rate of Interest and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(VII)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Rate of Interest shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 5(VII)) shown on the face of the Note.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown on the face of such Note, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined below) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period.

(b) Business Day Convention

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar

month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;

- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) Rate of Interest – Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:
 - (1) in the case of Floating Rate Notes which are SIBOR Notes:
 - (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided on the face of such Note) and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant

Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided on the face of such Note) and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
- (D) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;
- (E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date, and as adjusted by the Spread (if any); and
- (F) if the Rate of Interest for an Interest Period is unable to be determined in accordance with paragraphs (c)(ii)(1)(A) to (c)(ii)(1)(E) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (c)(ii)(1)(A), (c)(ii)(1)(B), (c)(ii)(1)(C), (c)(ii)(1)(D) or (c)(ii)(1)(E) above shall have applied;

- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (C) if on any Interest Determination Date, no such rate is quoted on Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body selected by the relevant Issuer and advised in writing to the Calculation Agent where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the relevant Issuer may select and advised in writing to the Calculation Agent and as adjusted by the Spread (if any);
 - (D) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (c)(ii)(2)(A), (c)(ii)(2)(B) and (c)(ii)(2)(C) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating

Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

- (E) if the Rate of Interest for an Interest Period is unable to be determined in accordance with paragraphs (c)(ii)(2)(A) to (c)(ii)(2)(D) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (c)(ii)(2)(A), (c)(ii)(2)(B), (c)(ii)(2)(C) or (c)(ii)(2)(D) above shall have applied; and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,and as adjusted by the Spread (if any);
 - (B) if paragraph (c)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (c)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any);
 - (C) if paragraph (c)(ii)(3)(B) applies and fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date; and

- (D) if the Rate of Interest for an Interest Period is unable to be determined in accordance with paragraphs (c)(ii)(3)(A) to (c)(ii)(3)(C) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraphs (c)(ii)(3)(A), (c)(ii)(3)(B) or (c)(ii)(3)(C) above shall have applied.
- (iii) On the last day of each Interest Period, the relevant Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Rate of Interest – Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (d).
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (d)(iv) below, be determined as follows:
 - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the relevant Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (B) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the relevant Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, an Agreed Rate in respect of such Variable Rate Note for such Interest Period and, in the event of the relevant Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (2) if the relevant Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

- (iii) The relevant Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify (where the relevant Issuer is ARMPL) the Guarantor, the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(c)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the relevant Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the relevant Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(III) Interest on Hybrid Notes

(a) Rate of Interest and Accrual

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Rate of Interest shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown on the face of such Note, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be).
- (ii) The provisions of Condition 5(II)(c) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(d) Business Day Convention

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;

- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as determined in accordance with Condition 6(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period or make such determination or calculation, as the case may be. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Accrual of Interest

Interest will cease to accrue on each Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Rate of Interest and in the manner provided in this Condition 5 to (but excluding) the Relevant Date (as defined in Condition 8).

(c) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Registrar, the relevant Issuer and (where the relevant Issuer is ARMPL) the Guarantor as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified

to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(d) Failure to Determine or Calculate Rate of Interest

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period, the relevant Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and as soon as reasonably practicable appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the relevant Issuer fails to so appoint, the Notes will, for the relevant Interest Period, bear interest at the rate in effect for the last preceding Interest Period to which Conditions 5(II) and 5(III)(c) above shall have applied and the Issuing and Paying Agent will determine the relevant Interest Amount.

(e) Calculation Agent and Reference Banks

The relevant Issuer and (where the relevant Issuer is ARMPL) the Guarantor will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, if provision is made for them hereon and so long as any Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the relevant Issuer and (where the relevant Issuer is ARMPL) the Guarantor will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(VI) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the relevant Issuer shall use commercially reasonable endeavours at its own expense to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)) by no later than five Business Days prior to the relevant Interest Determination Date (or such other date as may be agreed between the relevant Issuer and the Calculation Agent) (the “**IA Determination Cut-off Date**”). An Independent Adviser appointed pursuant to this Condition 5(VI) as an expert shall act in good faith

and in a commercially reasonable manner and in consultation with the relevant Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the relevant Issuer in connection with any determination made by the relevant Issuer, pursuant to this Condition 5(VI).

If the relevant Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the IA Determination Cut-off Date, the relevant Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)), provided that if the relevant Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Spread that was applied to such preceding Interest Period for the Spread that is to be applied to the relevant Interest Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(VI).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(VI)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(VI)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(VI)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(VI)).

(c) Adjustment Spread

If the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be):

- (i) determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be); or

- (ii) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Relevant Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5(VI)).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(VI) and the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the relevant Issuer shall, subject to giving notice thereof in accordance with Condition 5(VI)(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the relevant Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate signed by the duly authorised signatory(ies) of the relevant Issuer pursuant to Condition 5(VI)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the relevant Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the relevant Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed and the Agency Agreement), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the relevant Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(VI). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 5(VI)(d), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(VI) will be notified promptly by the relevant Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable

and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the relevant Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by the duly authorised signatory(ies) of the relevant Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(VI); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Noteholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the relevant Issuer under Conditions 5(VI)(a), 5(VI)(b), 5(VI)(c) and 5(VI)(d), the Original Reference Rate and the fallback provisions provided for in Condition 5 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5(VI)(e).

(g) Definitions

As used in this Condition 5(VI):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (2) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is recognised or acknowledged as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in local or international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (3) if no such customary application in local or international debt capital markets transactions is recognised or acknowledged, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (4) if no such industry standard is recognised or acknowledged, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines in accordance with Condition 5(VI)(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes, or, if the Independent Adviser or the Issuer determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as the case may be) determines (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Reference Rate;

“Benchmark Amendments” has the meaning given to it in Condition 5(VI)(d);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) unless such cessation is reasonably expected by the relevant Issuer to not occur prior to the Maturity Date; or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within

the following six months, be permanently or indefinitely discontinued, unless such cessation is reasonably expected by the relevant Issuer to not occur prior to the Maturity Date; or

- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months unless such cessation is reasonably expected by the relevant Issuer to not occur prior to the Maturity Date; or
- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the relevant Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or
- (vi) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative;

“Independent Adviser” means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the relevant Issuer under Condition 5(VI)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes provided that if a Benchmark Event has occurred with respect to the originally specified or the then-current Original Reference Rate, then “Original Reference Rate” means the applicable Successor Rate or Alternative Rate (as the case may be);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

“Successor Rate” means the rate that the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally published, endorsed, approved, recognised or recommended by any Relevant Nominating Body.

(VII) Definitions

As used in these Conditions:

“Agreed Rate” means, in the case of any Variable Rate Note, the Rate of Interest in respect of that Variable Rate Note payable on the last day of an Interest Period relating to that Variable Rate Note;

“Agreed Yield” means, in the case of any Variable Rate Note, the interest payable in respect of that Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note;

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Note, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day):

- (a) (in the case of Notes denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore;
- (b) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (c) (in the case of Notes denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre; and
- (d) (in the case of Notes denominated in a currency other than Singapore dollars, Euros and Renminbi) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown in the terms thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (a) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;

- (c) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; and
- (d) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

“**Euro**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Interest Amount**” means, in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of the relevant Note;

“**Interest Determination Date**” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Offshore Renminbi Centre**” means the offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“Reuters”)) agreed to by the Calculation Agent;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Reference Banks” means the institutions specified as such on the face of the relevant Note or, if none, three major banks selected by the relevant Issuer in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Notes are denominated;

“Relevant Dealer” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the relevant Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“Relevant Financial Centre” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Renminbi” means the lawful currency of the People’s Republic of China;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters and Bloomberg agency) as may be specified on the face of the Note for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date shown in its terms (if the Note is shown in its terms to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown in its terms (if the Note is shown in its terms to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided on the face of such Notes, the relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the relevant Issuer accordingly. To exercise such option, the relevant Issuer shall give irrevocable notice to the Noteholders within the relevant Issuer's Purchase Option Period shown on the face of such Notes. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent or, as the case may be, the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the relevant Issuer at their Redemption Amount on any Interest Payment Date and the relevant Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other paying agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any paying agent, the Registrar or the Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face of such Notes. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on

behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

- (ii) If so provided on the face of such Notes, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or the Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face of such Notes. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided on the face of such Notes, the relevant Issuer may, on giving irrevocable notice to the Noteholders falling within the relevant Issuer's Redemption Option Period shown on the face of such Notes, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

- (i) If so provided on the face of such Notes, the relevant Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note

(together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, the Transfer Agent or the relevant Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face of such Note. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

- (ii) In the event that (1) (A) (for so long as the Ascott REIT Units and the Ascott BT Units are Stapled) the Stapled Units or (B) (in the case where the Ascott REIT Units and the Ascott BT Units are not Stapled) the Ascott REIT Units cease to be listed and/or traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or (2) trading in the Stapled Units or, as the case may be, the Ascott REIT Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days, the relevant Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any other Transfer Agent (as applicable), no later than 30 days after the Effective Date. The relevant Issuer shall, within seven days after the Effective Date, notify the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 6(e)(ii) (provided that any failure by the relevant Issuer to give such notice shall not prejudice any Noteholder of such option). Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

For the purposes of this Condition 6(e)(ii):

- (aa) "**Ascott REIT Units**", "**Ascott BT Units**", "**Stapled**" and "**Stapled Units**" bear the same meanings as ascribed to them in the Trust Deed;
- (bb) "**Effective Date**" means (in the case of (1) above) the date of cessation of listing and/or trading or (in the case of (2) above) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (cc) "**market day**" means a day on which the SGX-ST is open for securities trading.

(f) Redemption for Taxation Reasons

If so provided on the face of such Notes, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face of the Note, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or, if the Guarantee was called, the Guarantor has or will become obliged

to pay additional amounts as provided or referred to in Condition 8 in excess of the additional amounts that it would have otherwise paid as at the Issue Date, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent (where the relevant Issuer is ARMPL) a certificate signed by a duly authorised signatory of ARMPL and a certificate signed by the duly authorised signatory(ies) of the Guarantor and (where the relevant Issuer is the Ascott REIT Trustee) a certificate signed by the duly authorised signatory(ies) of the Ascott REIT Trustee stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment. The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(g) Purchases

The relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor and/or any of the respective related corporations of ARMPL and Ascott REIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Notes so purchased, while held by or on behalf of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor and/or any of the respective related corporations of ARMPL and Ascott REIT shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

Notes purchased by the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor and/or any of the respective related corporations of ARMPL or Ascott REIT may be surrendered by the purchaser to the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified on the face of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown on the face of such Note, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(i) Mandatory Redemption upon Termination of Ascott REIT

In the event that Ascott REIT is or is to be terminated in accordance with the provisions of the Ascott REIT Trust Deed (as defined in the Trust Deed), the relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Ascott REIT.

The relevant Issuer shall forthwith notify the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders of the termination of Ascott REIT and the proposed date of redemption of the Notes.

(j) Redemption in the case of Minimum Outstanding Amount

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

(k) Cancellation

All Notes purchased by or on behalf of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor and/or any of the respective related corporations of ARMPL and Ascott REIT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or, as the case may be, Coupons:

- (i) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
- (ii) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:
 - (1) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
 - (2) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) or otherwise imposed pursuant to

Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents, transfer agents or registrars, provided that they will at all times maintain an Issuing and Paying Agent, a Calculation Agent, a Transfer Agent in relation to Registered Notes and a Registrar in relation to Registered Notes.

Notice of any such change or any change of any specified office will be promptly given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by, *inter alios*, the Issuers, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which, *inter alios*, the Issuers, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of, *inter alios*, the Issuers, the Guarantor and the Trustee, adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the relevant Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of Notes other than Variable Rate Notes and Zero Coupon Notes) the Rate of Interest applicable to such Note, (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the relevant Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the relevant Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by the relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore, otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring the making of a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment.

Notwithstanding any other provisions of these Conditions, in no event will the relevant Issuer or, as the case may be, the Guarantor, be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the relevant Issuer or, as the case may be, the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may (but is not obliged to), and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice in writing to the relevant Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor does not pay the principal of, or Redemption Amount (whether becoming due upon redemption or otherwise) or (in the case of Zero Coupon Notes) the Early Redemption Amount on, or any interest on, any Notes of any Series when due and such default continues for a period exceeding seven days;
- (b) the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the relevant Issuer or the Guarantor referred to in paragraph (a) above) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not remedied within 30 days after the date on which the notice is given by the Trustee to the relevant Issuer or, as the case may be, the Guarantor requiring the same to be remedied;
- (c) any representation, warranty or statement by the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any material respect or is or proves to have been incorrect in any material respect when made or deemed repeated and if the event resulting in such non-compliance or incorrectness is, in the opinion of the Trustee, capable of remedy, it is not remedied within 30 days after the date on which the notice is given by the Trustee to the relevant Issuer or, as the case may be, the Guarantor requiring the same to be remedied;
- (d) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (e) (i) any other indebtedness of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries in respect of borrowed moneys (1) is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) and, in the case of any default which results in any borrowed money being capable of being rendered due and payable, such default is not remedied within any grace period originally applicable thereto or extended or granted by way of agreement between the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries (as the case may be) and the relevant creditor or (2) is not paid when due within any applicable grace period; or

- (ii) the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries fails to pay within 15 days after being properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this paragraph (e) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (e) has/have occurred equals or exceeds S\$50,000,000 or its equivalent in other currency or currencies;

- (f) the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness (other than those contested in good faith and by appropriate proceedings), takes any proceeding under any law for a deferral, rescheduling or other readjustment of all or a material part of its indebtedness with its creditors generally (or any class of its creditors in respect of a material part of its indebtedness which it will, or might otherwise, be unable to pay when due), applies for a moratorium in respect of or affecting all or a material part of its indebtedness, proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally (or any class of its creditors in respect of a material part of its indebtedness) or a moratorium is agreed, declared or otherwise (by operation of law) arises in respect of or affecting all or a material part of the indebtedness of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries and is not discharged or stayed within 30 days;
- (h) any security on or over the whole or a material part of the assets of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries becomes enforceable;
- (i)
 - (i) any meeting is convened or any petition or originating summons is presented or any order is made or any resolution is passed for the winding-up, amalgamation, reconstruction, reorganisation, merger, consolidation or termination of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries (except for an amalgamation, reconstruction, reorganisation, merger or consolidation where such event is either (1) not likely to have a material adverse effect on the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor or (2) on terms approved before such event by the Trustee or the Noteholders by way of Extraordinary Resolution) or for the appointment of a liquidator (including a provisional liquidator), judicial manager, trustee, administrator, agent or similar officer (in each case, including any provisional, interim or temporary officer or appointee) of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries or over any part of the assets of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries; or
 - (ii) any step is taken by any person for the appointment of a receiver of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of

the Principal Subsidiaries or over any material part of the assets of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries;

- (j) (i) (where the relevant Issuer is ARMPL) ARMPL shall cease or threaten to cease to carry on its Authorised Business (as defined in the Trust Deed) or (ii) the Ascott REIT Trustee or Ascott REIT shall cease or threaten to cease to carry on its principal business of the ownership (whether directly or indirectly) and/or operation of serviced residences and/or rental housing properties;
- (k) any condemnation, seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor, Ascott REIT or any of the Principal Subsidiaries occurs and such condemnation, seizure, compulsory acquisition, expropriation or nationalisation will have a material adverse effect on the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor;
- (l) any decree, resolution, authorisation, approval, consent, filing, registration or exemption necessary for the execution and delivery of the Issue Documents or the Notes on behalf of the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor or the performance of the relevant Issuer's or (where the relevant Issuer is ARMPL) the Guarantor's obligations under the Notes or the Guarantee is withdrawn or modified or otherwise ceases to be in full force and effect;
- (m) it is or will become unlawful for the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor to observe, perform or comply with, or the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor contests the validity or enforceability of or repudiates, any one or more of their respective obligations under any of the Issue Documents to which it is a party and/or the Guarantee or any of the Notes;
- (n) (i) any of the Issue Documents to which it is a party or any of the Notes ceases for any reason (or is claimed by the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor not) to be the legal and valid obligations of the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor, binding upon it in accordance with its terms; or
(ii) any applicable law, directive, order or judgment is enacted, promulgated or entered, the effect of which would be to render any Issue Document to which the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor is a party unenforceable;
- (o) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature) is current or pending against the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor or Ascott REIT (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor under any of the Issue Documents to which it is a party or any of the Notes or (ii) which will have a material adverse effect on the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor;
- (p) (i) (1) DBS Trustee Limited ("**DBST**") resigns or is removed, (2) an order is made for the winding-up of DBST, a receiver, judicial manager, administrator, agent or similar officer of DBST is appointed, and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control

or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of DBST which prevents or restricts the ability of the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor to perform its obligations under any of the Notes, the Issue Documents to which it is a party or the Guarantee and (ii) the replacement or substitute trustee of Ascott REIT is not appointed in accordance with the terms of the Ascott REIT Trust Deed;

- (q) (i) the Ascott REIT Manager (as defined in the Trust Deed) resigns or is removed pursuant to the terms of the Ascott REIT Trust Deed and (ii) the replacement or substitute manager of Ascott REIT is not appointed in accordance with the terms of the Ascott REIT Trust Deed;
- (r) the Ascott REIT Trustee loses its right to be indemnified out of the assets of Ascott REIT in respect of any liability, claim, demand or action under or in connection with any of the Issue Documents or the Notes and, if in the opinion of the Trustee such loss of right is capable of remedy, it is not remedied within 21 days after the date on which the notice is given by the Trustee to the Ascott REIT Trustee requiring the same to be remedied;
- (s) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (f), (g), (h), (i) or (k);
- (t) the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; or
- (u) for any reason the Ascott REIT Trustee ceases to own (directly or indirectly) the whole of the issued share capital for the time being of ARMPL.

For the purposes of these Conditions:

- (A) **“Principal Subsidiaries”** means any subsidiary of Ascott REIT whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Ascott REIT Group have been prepared, is at least 10 per cent. of the total assets of the Ascott REIT Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or Ascott REIT (the **“transferee”**) then:
 - (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is Ascott REIT) shall thereupon become a Principal Subsidiary; and
 - (II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is Ascott REIT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (aa) the first audited consolidated accounts of the Ascott REIT Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries)

of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets of the Ascott REIT Group, as shown by such audited consolidated accounts and (bb) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 10 per cent. of the total assets of the Ascott REIT Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) “**subsidiary**” has the meaning ascribed to it in the Trust Deed.

11. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders, Modifications and Substitutions

(a) Meeting of Noteholders and modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the relevant Issuer or (where the relevant Issuer is ARMPL) the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified on the face of the Note may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify

or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is to cure any ambiguity or of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified by the relevant Issuer to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Substitutions

In the case where ARMPL is the relevant Issuer, the Trustee may, without the consent of the Noteholders, agree with ARMPL and the Guarantor to the substitution in place of ARMPL (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company being the Guarantor or a wholly-owned subsidiary of Ascott REIT, subject to:

- (i) except in the case of the substitution of the Issuer by the Guarantor, the Notes being unconditionally and irrevocably guaranteed by the Guarantor;
- (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (iii) certain other conditions set out in the Trust Deed being complied with.

In addition, the Issuer and (where the relevant Issuer is ARMPL) the Guarantor may substitute in place of DBS Trustee Limited (in its capacity as trustee of Ascott REIT) (or of any previous substitute under this Condition) as (where the relevant Issuer is not ARMPL) the principal debtor and (where the relevant Issuer is ARMPL) the guarantor under the Notes, the Coupons and the Trust Deed another company being appointed as the replacement or substitute trustee of Ascott REIT (such substituted company being hereinafter called the "**New Ascott REIT Trustee**") in accordance with the terms of the Ascott REIT Trust Deed, subject to:

- (1) the Trustee being provided with evidence to its satisfaction that the appointment of the New Ascott REIT Trustee has been completed in accordance with the terms of the Ascott REIT Trust Deed, including a copy of the deed supplemental to the Ascott REIT Trust Deed providing for such appointment, a confirmation from the Ascott REIT

Manager that the Deposited Property (as defined in the Ascott REIT Trust Deed) has been vested in the New Ascott REIT Trustee, and an opinion from independent legal advisors of recognised standing to the effect such appointment of the New Ascott REIT Trustee is legal, valid and binding on Ascott REIT; and

- (2) certain other conditions set out in the Trust Deed being complied with.

The Issuer shall deliver to the Trustee a certificate signed by a duly authorised signatory of the Issuer or, as the case may be, of the Ascott REIT Manager stating that the appointment of the New Ascott REIT Trustee has been completed in accordance with the terms of the Ascott REIT Trust Deed and that the conditions set out in the Trust Deed for the substitution of the Ascott REIT Trustee have been complied with and the Trustee shall be entitled to accept the certificate as sufficient evidence of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the execution of such documents and compliance with such requirements, the New Ascott REIT Trustee shall be deemed to be named in the Notes, the Coupons and the Trust Deed as the principal debtor and, as the case may be, the guarantor in place of DBS Trustee Limited (in its capacity as trustee of Ascott REIT) (or in place of the previous substitute under this clause) under the Notes, the Coupons and the Trust Deed and the Notes, the Coupons and the Trust Deed shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the Notes, the Coupons and the Trust Deed to DBS Trustee Limited (in its capacity as trustee of Ascott REIT) and/or the Ascott REIT Trustee shall, unless the context otherwise requires, be deemed to be or include references to the New Ascott REIT Trustee.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the relevant Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, be constituted by

the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the relevant Issuer, (where the relevant Issuer is ARMPL) the Guarantor or any of the respective related corporations of ARMPL and Ascott REIT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the relevant Issuer and (where the relevant Issuer is ARMPL) the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

In the case where Ascott REIT is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 16. In the case where notices to holders of Notes are made by more than one of the prescribed forms above, notice would be deemed to have been given on the first date in which the notices were validly given in accordance with the paragraphs above.

Until such time as any Definitive Notes (as defined in the Trust Deed) or Certificate(s) are issued, there may, so long as the Global Note(s) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, be substituted for such publication in such newspapers, such mailing or announcement on the SGX-ST, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Noteholder pursuant hereto (including to the relevant Issuer) shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed and acknowledged that DBST has entered into the Trust Deed only in its capacity as trustee of Ascott REIT and not in DBST's personal capacity and all references to the "Issuer", the "relevant Issuer", the "Ascott REIT Trustee" and the "Guarantor" shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, DBST has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee of Ascott REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by DBST under the Trust Deed, the Notes and the Coupons, is given or to be given by DBST only in its capacity as trustee of Ascott REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of Ascott REIT over which DBST in its capacity as trustee of Ascott REIT has recourse and shall not extend to any personal or other assets of DBST or any assets held by DBST in its capacity as trustee of any other trust (other than Ascott REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by DBST under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to Ascott REIT (and shall not extend to DBST's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of DBST.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby acknowledged and agreed that DBST's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of DBST and there shall be no recourse against the shareholders, directors, officers or employees of DBST for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of DBST.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against DBST whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against DBST in its capacity as trustee of Ascott REIT and not in its personal capacity. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of DBST.

(d) Survival of Provisions

This Condition shall survive the termination or rescission of the Trust Deed and the redemption or cancellation of the Notes and/or any Coupons and shall apply, *mutatis mutandis*, to any notice, certificate or other document which DBST issues under or pursuant to the Trust Deed and the Notes as if expressly set out therein.

18. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuers and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee, the Noteholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) No immunity

Each of the relevant Issuer and the Guarantor irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. Each of the relevant Issuer and the Guarantor irrevocably agrees that it and its assets and Ascott REIT and Ascott REIT's assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed.

19. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

TERMS AND CONDITIONS OF THE ASCOTT BT PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed dated 9 September 2009 made between (1) Ascott REIT MTN Pte. Ltd. (“**ARMPL**”), as issuer, (2) DBS Trustee Limited (in its capacity as trustee of Ascott Residence Trust (now known as Ascott Real Estate Investment Trust)), as guarantor and (3) The Bank of New York Mellon, as trustee for the holders of the Notes (as defined in the Trust Deed defined below) (as amended and restated by an amendment and restatement trust deed dated 9 July 2020 made between (1) ARMPL, DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust (“**Ascott REIT**”)) (the “**Ascott REIT Trustee**”) and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust (“**Ascott BT**”)) (the “**Issuer**”), as issuers, (2) the Ascott REIT Trustee, in its capacity as guarantor for Notes (as defined in the Trust Deed) issued by ARMPL (the “**Guarantor**”), and (3) The Bank of New York Mellon, Singapore Branch (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) and as further amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 9 July 2020 (as amended and supplemented from time to time, the “**Deed of Covenant**”) executed by the Issuer, relating to the CDP Perpetual Securities issued by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. ARMPL and the Guarantor have entered into an agency agreement dated 9 September 2009 made between (1) ARMPL, (2) the Guarantor, (3) The Bank of New York Mellon, as issuing and paying agent and agent bank, and (4) The Bank of New York Mellon, as trustee (as amended and restated by an amendment and restatement agency agreement dated 9 July 2020 made between (1) the Issuer, ARMPL and the Ascott REIT Trustee, as issuers, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Issuing and Paying Agent**”), transfer agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Transfer Agent**”), registrar in respect of CDP Perpetual Securities (in such capacity, the “**CDP Registrar**”) and calculation agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Calculation Agent**”), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Perpetual Securities cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (“**Non-CDP Perpetual Securities**”) (in such capacity, the “**Non-CDP Issuing and Paying Agent**” and, together with the CDP Issuing and Paying Agent and any other issuing and paying agents that may be appointed, the “**Issuing and Paying Agents**” and the Issuing and Paying Agents together with any other paying agents, the “**Paying Agents**”) and as calculation agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Calculation Agent**” and, together with the CDP Calculation Agent, the “**Calculation Agents**”), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP

Perpetual Securities (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the “**Agency Agreement**”). The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Calculation Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Calculation Agent, (c) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (d) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the specified office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agents for the time being upon prior written request and satisfactory proof of holdings.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown on the face of the Perpetual Security. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown in its terms).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), The Central Depository (Pte) Limited (the “**Depository**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common

depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name the relevant Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer, to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities

In the case of an exercise of an Issuer’s option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having

different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the Perpetual Securityholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Perpetual Securityholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

(a) Senior Perpetual Securities

This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Subordinated Perpetual Securities

This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, “**Parity Obligation**” means (1) any instrument or security (including without limitation any preferred units) issued, entered into or guaranteed by the Issuer (A) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (B) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof or (2) as otherwise specified in the applicable Pricing Supplement.

(ii) Ranking of claims on Winding-Up

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 9(a)) of the Issuer or Ascott BT, there shall be payable by the Issuer in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Issuer or Ascott BT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Ascott BT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**Ascott BT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the Issuer or Ascott BT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Issuer or Ascott BT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a)) of the Issuer but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Ascott BT Notional Preferred Unit on a return of assets in such Winding-Up of the Issuer or Ascott BT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

(iii) No set-off

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of the Winding-Up of the Issuer or Ascott BT, the liquidator or, as appropriate, administrator of the Issuer or, as the case may be, Ascott BT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer or, as the case may be, Ascott BT) and accordingly any such discharge shall be deemed not to have taken place.

(c) Winding-Up of the Issuer

For the purposes of these Conditions (which for the avoidance of doubt, includes Condition 3(b), Condition 4(IV)(e) and Condition 9), any reference to the Winding-Up of the Issuer shall only apply in the circumstances where (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of Ascott Business Trust Management Pte. Ltd. affecting its role as trustee-manager of Ascott BT (or of any previous replacement or substitute trustee-manager of Ascott BT) and (ii) the replacement or substitute trustee-manager of Ascott BT is not appointed in accordance with the terms of the Ascott BT Trust Deed (as defined in the Trust Deed) or by a court of competent jurisdiction within six months of such order or resolution; provided that nothing in this Condition 3(c) or these Conditions shall prevent the taking of any steps by the Trustee or, as the case may be, the Perpetual Securityholders or Couponholders, in such Winding-Up of the Issuer (including but not limited to the proving in such Winding-Up) within any prescribed time limit (if such time limit falls within six months of such order or resolution of the Winding-Up) as stipulated under any applicable laws, order of court or which may otherwise be imposed by the relevant legislative body, court, governmental agency, regulatory authority, or a liquidator, receiver, judicial manager, administrator or other officer acting on behalf of Ascott Business Trust Management Pte. Ltd. (or of any replacement or substitute trustee-manager of Ascott BT) in such Winding-Up at the appropriate juncture, but not well in advance of the expiry of such applicable time period.

(d) Final and effective Winding-Up

For the purposes of these Conditions (which, for the avoidance of doubt, includes Condition 3(b) and Condition 4(IV)(e)), any reference to “Winding-Up” being “final and effective” shall refer to any order, resolution, declaration or other determination for an effective Winding-Up which has not been stayed, suspended or otherwise set-aside.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Rate of Distribution and Accrual

Subject to Condition 4(IV), each Fixed Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date (as defined in Condition 4(VI)) in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Rate of Distribution shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 4(VI)) shown on the face of the Perpetual Security.

(b) Rate of Distribution

The Rate of Distribution applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
 - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
 - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from the Distribution Commencement Date to the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from, and including, the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Rate of Distribution,

provided always that if Redemption upon a Cessation or Suspension of Trading Event (as defined in Condition 5(g)) is specified on the face of such Perpetual Security and a Cessation or Suspension of Trading Event Margin is specified in the applicable Pricing Supplement, in the event that a Cessation or Suspension of Trading Event has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Rate of Distribution shall be increased by the Cessation or Suspension of Trading Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Cessation or Suspension of Trading Event

occurred (or, if the Cessation or Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

“Reset Rate of Distribution” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Cessation or Suspension of Trading Event Margin (as specified in the applicable Pricing Supplement) as contemplated in the proviso to Condition 4(l)(b) above; and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer and advised in writing to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer and advised in writing to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer and advised in writing to the

Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide it with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank; and

- (ee) in the event that the swap offer rate is unable to be determined in accordance with paragraphs (aa) to (dd) above, the swap offer rate for such Reset Period shall be the same rate as that in the preceding Distribution Period,

provided that, in each case, in the event the Swap Offer Rate as determined in accordance with the foregoing is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Subject to Condition 4(IV), each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each Distribution Payment Date. Such Distribution Payment Date(s) is/are either shown on the face of such Perpetual Security as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown on the face of such Perpetual Security, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be).

(b) Business Day Convention

If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;

- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) Rate of Distribution – Floating Rate Perpetual Securities

- (i) Subject to Condition 4(IV), each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated on the face of such Perpetual Security. The “Spread” and the “Step-Up Spread” are the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:
 - (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
 - (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided on the face of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Bloomberg Screen Swap Offer

and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided on the face of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (C) if on any Distribution Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Calculation Agent;
 - (D) if on any Distribution Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;
 - (E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and
 - (F) if the Rate of Distribution for a Distribution Period is unable to be determined in accordance with paragraphs (c)(ii)(1)(A) to (c)(ii)(1)(E) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(1)(A), (c)(ii)(1)(B), (c)(ii)(1)(C), (c)(ii)(1)(D) or (c)(ii)(1)(E) above shall have applied;
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR” rates as of 11:00 hrs London Time under the column headed

“SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (B) if on any Distribution Determination Date no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (C) if on any Distribution Determination Date no such rate is quoted on Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body selected by the Issuer and advised in writing to the Calculation Agent where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Issuer may select and advise in writing to the Calculation Agent, as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (D) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (c)(ii)(2)(A), (c)(ii)(2)(B) and (c)(ii)(2)(C) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of

the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

- (E) if the Rate of Distribution for a Distribution Period is unable to be determined in accordance with paragraphs (c)(ii)(2)(A) to (c)(ii)(2)(D) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(2)(A), (c)(ii)(2)(B), (c)(ii)(2)(C), or (c)(ii)(2)(D) above shall have applied; and
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (B) if paragraph (c)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (c)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (C) if paragraph (c)(ii)(3)(B) applies and fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date; and
 - (D) if the Rate of Distribution for a Distribution Period is unable to be determined in accordance with paragraphs (c)(ii)(3)(A) to (c)(ii)(3)(C) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(3)(A), (c)(ii)(3)(B) or (c)(ii)(3)(C) above shall have applied.

- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Distribution as determined in accordance with the foregoing in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(III) Calculations

(a) Determination of Rate of Distribution, Reset Rate of Distribution and Calculation of Distribution Amounts etc

The Calculation Agent shall, as soon as practicable on each Distribution Determination Date or Reset Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Period, calculate the applicable Reset Rate of Distribution, obtain such quotation or make such determination or calculation, as the case may be. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Accrual of Distribution

Distribution will cease to accrue on each Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the Rate of Distribution and in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 7).

(c) Notification

The Calculation Agent will cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Registrar and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. The Issuing and Paying Agent will also cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Perpetual Securities, the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(d) Failure to Determine or Calculate Rate of Distribution or Reset Rate of Distribution

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution or, as the case may be, Reset Rate of Distribution for a Distribution Period or any Distribution Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and as soon as reasonably practicable appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Perpetual Securities will, for the relevant Distribution Period, bear distribution at the rate in effect for the last preceding Distribution Period to which Condition 4(II) above shall have applied and the Issuing and Paying Agent will determine the relevant Distribution Amount.

(e) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, if provision is made for them hereon and so long as any Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution or, as the case may be, Reset Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out on the face of the relevant Perpetual Security, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the relevant Perpetual Security) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out on the face of the relevant Perpetual Security, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations or (except on a pro rata basis) any of the Issuer’s Specified Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a pro rata basis) any of the Issuer’s Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration; and/or

(iii) as otherwise specified in the applicable Pricing Supplement,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott BT Group (as defined in the Trust Deed), (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement.

In these Conditions:

- (1) **“Junior Obligation”** means the ordinary units of Ascott BT and any class of equity capital in Ascott BT and any other instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of Ascott BT; and
- (2) **“Specified Parity Obligations”** means (A) any instrument or security (including without limitation any preference units) issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities and (bb) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof or (B) as otherwise specified in the applicable Pricing Supplement.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out on the face of the relevant Perpetual Security and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

- (i) If Non-Cumulative Deferral is set out on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (**“Optional Distribution”**) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

- (ii) If Cumulative Deferral is set out on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
- (iii) If Additional Distribution is set out on the face of the relevant Perpetual Security, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out on the face of the relevant Perpetual Security and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not, and shall procure that none of the subsidiaries of Ascott BT shall, in respect of the Issuer’s Junior Obligations or the Issuer’s Specified Parity Obligations:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott BT Group or (2) as a result of the exchange or conversion of Specified Parity Obligations of the Issuer for the Junior Obligations of the Issuer, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so (or to procure or permit the subsidiaries of Ascott BT to

do so) by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 15 business days (or such other notice period as may be specified on the face of the relevant Perpetual Security) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (3) the date such amount becomes due under Condition 9 or on a final and effective Winding-Up of the Issuer or Ascott BT.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

(V) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use commercially reasonable endeavours at its own expense to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)) by no later than five Business Days prior to the relevant Distribution Determination Date (or such other date as may be agreed between the Issuer and the Calculation Agent) (the “**IA Determination Cut-off Date**”). An Independent Adviser appointed pursuant to this Condition 4(V) as an expert shall act in good faith and in a

commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Perpetual Securityholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(V).

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)), provided that if the Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the preceding Distribution Period (or alternatively, if there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution (if any)) (subject, where applicable, to substituting the Spread that was applied to such preceding Distribution Period for the Spread that is to be applied to the relevant Distribution Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(V).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4(V)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4(V)).

(c) Adjustment Spread

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be):

- (i) determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be); or

- (ii) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Relevant Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread for all future payments of distribution on the Perpetual Securities (subject to the subsequent operation of this Condition 4(V)).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(V) and the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(V)(e), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate signed by the duly authorised signatory(ies) of the Issuer pursuant to Condition 4(V)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Perpetual Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed and the Agency Agreement), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(V). Perpetual Securityholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4(V)(d), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(V) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Perpetual Securityholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such

Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by the duly authorised signatory(ies) of the Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(V); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Perpetual Securityholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(V)(a), 4(V)(b), 4(V)(c) and 4(V)(d), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(V)(e).

(g) Definitions

As used in this Condition 4(V):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (2) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is recognised or acknowledged as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in local or international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (3) if no such customary application in local or international debt capital markets transactions is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (4) if no such industry standard is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines in accordance with Condition 4(V)(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution period and in the same currency as the Perpetual Securities or, if the Independent Adviser or the Issuer determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as the case may be) determines (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Reference Rate;

“Benchmark Amendments” has the meaning given to it in Condition 4(V)(d);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Perpetual Securityholder using the Original Reference Rate; or
- (vi) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative;

“Independent Adviser” means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4(V)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities provided that if a Benchmark Event has occurred with respect to the originally specified or the then-current Original Reference Rate, then “Original Reference Rate” means the applicable Successor Rate or Alternative Rate (as the case may be);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

“Successor Rate” means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally published, endorsed, approved, recognised or recommended by any Relevant Nominating Body.

(VI) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as

applicable, are operating, (b) a day on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day):

- (i) (in the case of Perpetual Securities denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore;
- (ii) (in the case of Perpetual Securities denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (iii) (in the case of Perpetual Securities denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre; and
- (iv) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars, Euros and Renminbi) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

"Calculation Amount" means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown in the terms thereof;

"Day Count Fraction" means, in respect of the calculation of an amount of distribution in accordance with Condition 5:

- (a) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period divided by 365 (or, if any portion of that Distribution Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Distribution Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Distribution Period falling in a non-leap year divided by 365);
- (b) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 360;
- (c) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 365; and
- (d) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the Distribution Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Distribution Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Distribution Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Distribution Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Distribution Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

“**Distribution Amount**” means, in respect of a Distribution Period, the amount of distribution payable per Calculation Amount for that Distribution Period;

“**Distribution Commencement Date**” means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

“**Distribution Determination Date**” means, (a) in the case of Fixed Rate Perpetual Securities, the date falling two business days prior to each Step-Up Date or each Reset Date and (b) in the case of Floating Rate Perpetual Securities, in respect of any Distribution Period, the date falling that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“**Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

“**Euro**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Offshore Renminbi Centre**” means the offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“**Rate of Distribution**” means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon;

“**Reference Banks**” means the institutions specified as such on the face of the relevant Perpetual Security or, if none, three major banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Perpetual Securities are denominated;

“Relevant Financial Centre” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Renminbi” means the lawful currency of the People’s Republic of China;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters and Bloomberg agency) as may be specified on the face of the Perpetual Security for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided on the face of the relevant Perpetual Security, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer’s Redemption Option Period shown on the face of the relevant Perpetual Security, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual

Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("ITA") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, and the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
 - (2) the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA, and such distributions will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
- (ii) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations or administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or administrative pronouncements promulgated thereunder by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or administrative pronouncements promulgated thereunder that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (1) a certificate signed by a director or a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (2) in the case of a notice of redemption pursuant to Condition 5(c)(i), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(c)(i) or, in the case of a notice of redemption pursuant to Condition 5(c)(ii), an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment to the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate, and ruling or opinion (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(c).

References in this Condition 5(c) to “independent tax or legal advisers of recognised standing” are not intended to and shall not in the ordinary course exclude any of the Issuer’s or Ascott BT’s usual tax or legal advisers, or any such adviser who may have tendered professional services to the Issuer or Ascott BT in connection with the issue and offering of the Perpetual Securities.

(d) Redemption for Accounting Reasons

The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the “**SFRS**”) or as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the “**SFRS (I)**”) or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of Ascott BT (the “**Relevant Accounting Standard**”), the Perpetual Securities will not or will no longer be recorded as “equity” of Ascott BT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders. Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided in the terms of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption):

- (i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (A) a certificate, signed by a director or a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) in the case of a notice of redemption pursuant to Condition 5(e)(i), an opinion of the Issuer’s independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect or, in the case of a notice of redemption pursuant to Condition 5(e)(ii), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(e)(ii),

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate, and opinion or ruling (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

If so provided on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon Cessation or Suspension of Trading of Units

If so provided in the terms of the relevant Perpetual Security, in the event that (i) (for so long as the Ascott REIT Units and the Ascott BT Units are Stapled) the Stapled Units or (ii) (in the case where the Ascott REIT Units and the Ascott BT Units are not Stapled) the Ascott BT Units cease to be listed and/or traded on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) or trading in the Stapled Units or, as the case may be, the Ascott BT Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a “**Cessation or Suspension of Trading Event**”), the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment

Date or, if earlier, the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption). The Issuer shall forthwith (and in any event not later than seven days after the Effective Date) notify the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders of such cessation or listing or trading and the proposed date of redemption of the Perpetual Securities.

For the purposes of this Condition 5(g):

- (i) **“Ascott REIT Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;
- (ii) **“Effective Date”** means (in the case where the Stapled Units or Ascott BT Units cease to be listed and/or traded on the SGX-ST) the date of cessation of listing or, as the case may be, trading or (in the case where trading in the Stapled Units or Ascott BT Units on the SGX-ST is suspended for a continuous period of more than 10 consecutive market days) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (iii) **“market day”** means a day on which the SGX-ST is open for securities trading.

(h) Redemption upon a Regulatory Event

If so provided on the face of the relevant Perpetual Security and only where the Issuer is subject to the Property Funds Appendix or such equivalent regulation for business trusts generally, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their Redemption Amount, together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix or such equivalent regulation for business trusts generally, or any change in the application or official interpretation of the Property Funds Appendix or such equivalent regulation for business trusts generally, the Perpetual Securities count or will count towards the percentage limit as property funds may from time to time be permitted under the Property Funds Appendix or such equivalent regulation for business trusts generally (a **“Regulatory Event”**), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the percentage limit.

Prior to the publication of any notice of redemption pursuant to this Condition 5(h), the Issuer shall deliver, or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

- (ii) an opinion of the Issuer's independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix or such equivalent regulation for business trusts generally, took, or is due to take, effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(h), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(h).

For the purposes of this Condition 5(h), "**Property Funds Appendix**" means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore, as amended or modified from time to time.

References in this Condition 5(h) to "independent legal adviser of recognised standing" are not intended to and shall not in the ordinary course exclude any of the Issuer's or Ascott BT's usual legal advisers, or any such adviser who may have tendered professional services to the Issuer or Ascott BT in connection with the issuer and offering of the Perpetual Securities.

(i) **Redemption upon a Ratings Event**

If so provided on the face of the relevant Perpetual Security, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), at their Redemption Amount (together with distribution (including any Optional Distribution, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined below) requested from time to time by the Issuer to grant an equity classification to the Perpetual Securities and, in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time.

Prior to the publication of any notice of redemption pursuant to this Condition 5(i), the Issuer shall deliver, or procure to be delivered, to the Trustee and the Issuing and Paying Agent a certificate, signed by a director or a duly authorised officer of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon expiry of any such notice as is referred to in this Condition 5(i), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(i).

For the purposes of this Condition 5(i), "**Rating Agency**" means Fitch Ratings, Moody's Investor Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any of their respective successors.

(j) Purchases

The Issuer and/or any of the related corporations of Ascott BT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Perpetual Securities so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of Ascott BT shall not entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

Perpetual Securities purchased by the Issuer and/or any of the related corporations of Ascott BT may be surrendered by the purchaser to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(k) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer and/or any of the related corporations of Ascott BT may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or, as the case may be, Coupons:

- (i) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
- (ii) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(b) Principal and Distribution in respect of Registered Perpetual Securities

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Payments of distribution on Registered Perpetual Securities shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made:
 - (A) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
 - (B) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents, transfer agents or registrars, provided that it will at all times maintain an Issuing and Paying Agent, a Calculation Agent, a Transfer Agent in relation to Registered Perpetual Securities and a Registrar in relation to Registered Perpetual Securities.

Notice of any such change or any change of any specified office will be promptly given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by, *inter alios*, the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which, *inter alios*, the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent,

the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of, *inter alios*, the Issuer and the Trustee, adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexpired Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon

is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. Taxation

All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore, otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring the making of a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Perpetual Security or Coupon is presented for payment.

Notwithstanding any other provisions of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Perpetual Securities and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, judicial management, administration or similar proceedings (the “**Winding-Up**”) in respect of Ascott BT is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Issuer and/or Ascott BT or (ii) the Issuer does not pay any principal, distribution or other amount payable by it under any of the Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such default continues for 15 business days after the due date (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of Ascott BT, prove in the Winding-Up of the Issuer and/or Ascott BT and/or claim in the liquidation of the Issuer and/or Ascott BT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up of Ascott BT or claim in the liquidation of the Issuer or Ascott BT or to prove in such Winding-Up of the Issuer or Ascott BT unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities (as applicable) or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

(g) Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in Clause 9.3 of the Trust Deed.

10. Meeting of Perpetual Securityholders and Modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified on the face of such Perpetual Securities may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (h) to amend the subordination provisions of the Perpetual Securities, will only

be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is to cure any ambiguity or of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified by the Issuer to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context

requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of Ascott BT without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

In the case where Ascott BT is listed on the SGX-ST or where the Perpetual Securities are listed on the SGX-ST, notices to the holders of such Perpetual Securities shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 14. In the case where notices to holders of Perpetual Securities are made by more than one of the prescribed forms above, notice would be deemed to have been given on the first date in which the notices were validly given in accordance with the paragraphs above.

Until such time as any Definitive Perpetual Securities (as defined in the Trust Deed) or Certificate(s) are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, be substituted for such publication in such newspapers, such mailing or announcement on the SGX-ST, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the

SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed and acknowledged that Ascott Business Trust Management Pte. Ltd. ("**ABTMPL**") has entered into the Trust Deed solely in its capacity as trustee-manager of Ascott BT and not in ABTMPL's personal capacity and all references to the "Issuer" shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, ABTMPL has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons in its capacity as trustee-manager of Ascott BT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by ABTMPL under the Trust Deed, the Perpetual Securities and the Coupons, is given or to be given by ABTMPL only in its capacity as trustee-manager of Ascott BT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Perpetual Securities and the Coupons is limited to the assets of Ascott BT over which ABTMPL in its capacity as trustee-manager of Ascott BT has recourse and shall not extend to any personal or other assets of ABTMPL or any assets held by ABTMPL in its capacity as trustee-manager of any other trust (other than Ascott BT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by ABTMPL under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to Ascott BT (and shall not extend to ABTMPL's obligations in respect of any other trust of which it is a trustee-manager). The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of ABTMPL.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby acknowledged and agreed that ABTMPL's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of ABTMPL and there shall be no recourse against the shareholders, directors, officers or

employees of ABTMPL for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities and the Coupons. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of ABTMPL.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against ABTMPL whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities and the Coupons shall be brought against ABTMPL in its capacity as trustee of Ascott BT and not in its personal capacity. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of ABTMPL.

(d) Survival of Provisions

This Condition shall survive the termination or rescission of the Trust Deed and the redemption or cancellation of the Perpetual Securities and/or the Coupons and shall apply, *mutatis mutandis*, to any notice, certificate or other document which ABTMPL issues under or pursuant to the Trust Deed and the Perpetual Securities as if expressly set out therein.

16. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee, the Perpetual Securityholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) No immunity

The Issuer irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets and Ascott BT and Ascott BT’s assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

TERMS AND CONDITIONS OF THE ASCOTT REIT PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed dated 9 September 2009 made between (1) Ascott REIT MTN Pte. Ltd. (“**ARMPL**”), as issuer, (2) DBS Trustee Limited (in its capacity as trustee of Ascott Residence Trust (now known as Ascott Real Estate Investment Trust)), as guarantor and (3) The Bank of New York Mellon, as trustee for the holders of the Notes (as defined in the Trust Deed defined below) (as amended and restated by an amendment and restatement trust deed dated 9 July 2020 made between (1) ARMPL, DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust (“**Ascott REIT**”)) (the “**Issuer**” or the “**Ascott REIT Trustee**”) and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust (“**Ascott BT**”)) (the “**Ascott BT Trustee-Manager**”), as issuers, (2) DBS Trustee Limited (in its capacity as trustee of Ascott REIT), in its capacity as guarantor for Notes (as defined in the Trust Deed) issued by ARMPL (the “**Guarantor**”), and (3) The Bank of New York Mellon, Singapore Branch (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) and as further amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 9 July 2020 (as amended and supplemented from time to time, the “**Deed of Covenant**”) executed by the Issuer, relating to the CDP Perpetual Securities issued by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. ARMPL and the Guarantor have entered into an agency agreement dated 9 September 2009 made between (1) ARMPL, (2) the Guarantor, (3) The Bank of New York Mellon, as issuing and paying agent and agent bank, and (4) The Bank of New York Mellon, as trustee (as amended and restated by an amendment and restatement agency agreement dated 9 July 2020 made between (1) the Issuer, ARMPL and the Ascott BT Trustee-Manager, as issuers, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Issuing and Paying Agent**”), transfer agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Transfer Agent**”), registrar in respect of CDP Perpetual Securities (in such capacity, the “**CDP Registrar**”) and calculation agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Calculation Agent**”), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Perpetual Securities cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (“**Non-CDP Perpetual Securities**”) (in such capacity, the “**Non-CDP Issuing and Paying Agent**” and, together with the CDP Issuing and Paying Agent and any other issuing and paying agents that may be appointed, the “**Issuing and Paying Agents**” and the Issuing and Paying Agents together with any other paying agents, the “**Paying Agents**”) and as calculation agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Calculation Agent**” and, together with the

CDP Calculation Agent, the “**Calculation Agents**”), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the “**Agency Agreement**”). The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Calculation Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Calculation Agent, (c) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (d) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the specified office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agents for the time being upon prior written request and satisfactory proof of holdings.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown on the face of the Perpetual Security. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown in its terms).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), The Central Depository (Pte) Limited (the “**Depository**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common

depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name the relevant Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer, to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities

In the case of an exercise of an Issuer’s option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having

different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the Perpetual Securityholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Perpetual Securityholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

(a) Senior Perpetual Securities

This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Subordinated Perpetual Securities

This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, “**Parity Obligation**” means (1) any instrument or security (including without limitation any preferred units) issued, entered into or guaranteed by the Issuer (A) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with an Ascott REIT Notional Preferred Unit (as defined below) and (B) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof or (2) as otherwise specified in the applicable Pricing Supplement.

(ii) Ranking of claims on Winding-Up

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 9(a)) of the Issuer or Ascott REIT, there shall be payable by the Issuer in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Issuer or Ascott REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Ascott REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**Ascott REIT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the Issuer or Ascott REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Issuer or Ascott REIT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a)) of the Issuer but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Ascott REIT Notional Preferred Unit on a return of assets in such Winding-Up of the Issuer or Ascott REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

(iii) No set-off

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of the Winding-Up of the Issuer or Ascott REIT, the liquidator or, as appropriate, administrator of the Issuer or, as the case may be, Ascott REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer or, as the case may be, Ascott REIT) and accordingly any such discharge shall be deemed not to have taken place.

(c) Winding-Up of the Issuer

For the purposes of these Conditions (which for the avoidance of doubt, includes Condition 3(b), Condition 4(IV)(e) and Condition 9), any reference to the Winding-Up of the Issuer shall only apply in the circumstances where (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of DBS Trustee Limited affecting its role as trustee of Ascott REIT (or of any previous replacement or substitute trustee of Ascott REIT) and (ii) the replacement or substitute trustee of Ascott REIT is not appointed in accordance with the terms of the Ascott REIT Trust Deed (as defined in the Trust Deed) or by a court of competent jurisdiction within six months of such order or resolution; provided that nothing in this Condition 3(c) or these Conditions shall prevent the taking of any steps by the Trustee or, as the case may be, the Perpetual Securityholders or Couponholders, in such Winding-Up of the Issuer (including but not limited to the proving in such Winding-Up) within any prescribed time limit (if such time limit falls within six months of such order or resolution of the Winding-Up) as stipulated under any applicable laws, order of court or which may otherwise be imposed by the relevant legislative body, court, governmental agency, regulatory authority, or a liquidator, receiver, judicial manager, administrator or other officer acting on behalf of DBS Trustee Limited (or of any replacement or substitute trustee of Ascott REIT) in such Winding-Up at the appropriate juncture, but not well in advance of the expiry of such applicable time period.

(d) Final and effective Winding-Up

For the purposes of these Conditions (which, for the avoidance of doubt, includes Condition 3(b) and Condition 4(IV)(e)), any reference to “Winding-Up” being “final and effective” shall refer to any order, resolution, declaration or other determination for an effective Winding-Up which has not been stayed, suspended or otherwise set-aside.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Rate of Distribution and Accrual

Subject to Condition 4(IV), each Fixed Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date (as defined in Condition 4(VI)) in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Rate of Distribution shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 4(VI)) shown on the face of the Perpetual Security.

(b) Rate of Distribution

The Rate of Distribution applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
 - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
 - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from the Distribution Commencement Date to the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from, and including, the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Rate of Distribution,

provided always that if Redemption upon a Cessation or Suspension of Trading Event (as defined in Condition 5(g)) is specified on the face of such Perpetual Security and a Cessation or Suspension of Trading Event Margin is specified in the applicable Pricing Supplement, in the event that a Cessation or Suspension of Trading Event has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Rate of Distribution shall be increased by the Cessation or Suspension of Trading Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Cessation or Suspension of Trading Event

occurred (or, if the Cessation or Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

“Reset Rate of Distribution” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Cessation or Suspension of Trading Event Margin (as specified in the applicable Pricing Supplement) as contemplated in the proviso to Condition 4(l)(b) above; and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer and advised in writing to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer and advised in writing to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer and advised in writing to the

Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide it with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank; and

(ee) in the event that the swap offer rate is unable to be determined in accordance with paragraphs (aa) to (dd) above, the swap offer rate for such Reset Period shall be the same rate as that in the preceding Distribution Period,

provided that, in each case, in the event the Swap Offer Rate as determined in accordance with the foregoing is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Subject to Condition 4(IV), each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each Distribution Payment Date. Such Distribution Payment Date(s) is/are either shown on the face of such Perpetual Security as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown on the face of such Perpetual Security, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be).

(b) Business Day Convention

If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;

- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) Rate of Distribution – Floating Rate Perpetual Securities

- (i) Subject to Condition 4(IV), each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated on the face of such Perpetual Security. The “Spread” and the “Step-Up Spread” are the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:
 - (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
 - (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided on the face of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Bloomberg Screen Swap Offer

and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided on the face of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (C) if on any Distribution Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Calculation Agent;
 - (D) if on any Distribution Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;
 - (E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and
 - (F) if the Rate of Distribution for a Distribution Period is unable to be determined in accordance with paragraphs (c)(ii)(1)(A) to (c)(ii)(1)(E) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(1)(A), (c)(ii)(1)(B), (c)(ii)(1)(C), (c)(ii)(1)(D) or (c)(ii)(1)(E) above shall have applied;
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR” rates as of 11:00 hrs London Time under the column headed

“SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (B) if on any Distribution Determination Date no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (C) if on any Distribution Determination Date no such rate is quoted on Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body selected by the Issuer and advised in writing to the Calculation Agent where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Issuer may select and advise in writing to the Calculation Agent, as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (D) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (c)(ii)(2)(A), (c)(ii)(2)(B) and (c)(ii)(2)(C) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of

the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

- (E) if the Rate of Distribution for a Distribution Period is unable to be determined in accordance with paragraphs (c)(ii)(2)(A) to (c)(ii)(2)(D) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(2)(A), (c)(ii)(2)(B), (c)(ii)(2)(C), or (c)(ii)(2)(D) above shall have applied; and
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (B) if paragraph (c)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (c)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (C) if paragraph (c)(ii)(3)(B) applies and fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date; and
 - (D) if the Rate of Distribution for a Distribution Period is unable to be determined in accordance with paragraphs (c)(ii)(3)(A) to (c)(ii)(3)(C) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(3)(A), (c)(ii)(3)(B) or (c)(ii)(3)(C) above shall have applied.

- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Distribution as determined in accordance with the foregoing in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(III) Calculations

(a) Determination of Rate of Distribution, Reset Rate of Distribution and Calculation of Distribution Amounts etc

The Calculation Agent shall, as soon as practicable on each Distribution Determination Date or Reset Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Period, calculate the applicable Reset Rate of Distribution, obtain such quotation or make such determination or calculation, as the case may be. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Accrual of Distribution

Distribution will cease to accrue on each Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the Rate of Distribution and in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 7).

(c) Notification

The Calculation Agent will cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Registrar and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. The Issuing and Paying Agent will also cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Perpetual Securities, the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(d) Failure to Determine or Calculate Rate of Distribution or Reset Rate of Distribution

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution or, as the case may be, Reset Rate of Distribution for a Distribution Period or any Distribution Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and as soon as reasonably practicable appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Perpetual Securities will, for the relevant Distribution Period, bear distribution at the rate in effect for the last preceding Distribution Period to which Condition 4(II) above shall have applied and the Issuing and Paying Agent will determine the relevant Distribution Amount.

(e) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, if provision is made for them hereon and so long as any Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution or, as the case may be, Reset Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out on the face of the relevant Perpetual Security, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the relevant Perpetual Security) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out on the face of the relevant Perpetual Security, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration; and/or

(iii) as otherwise specified in the applicable Pricing Supplement,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott REIT Group (as defined in the Trust Deed), (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement.

In these Conditions:

- (1) **“Junior Obligation”** means the ordinary units of Ascott REIT and any class of equity capital in Ascott REIT and any other instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of Ascott REIT; and
- (2) **“Specified Parity Obligations”** means (A) any instrument or security (including without limitation any preference units) issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities and (bb) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof or (B) as otherwise specified in the applicable Pricing Supplement.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out on the face of the relevant Perpetual Security and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

- (i) If Non-Cumulative Deferral is set out on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (**“Optional Distribution”**) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

- (ii) If Cumulative Deferral is set out on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
- (iii) If Additional Distribution is set out on the face of the relevant Perpetual Security, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out on the face of the relevant Perpetual Security and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not, and shall procure that none of the subsidiaries of Ascott REIT shall, in respect of the Issuer’s Junior Obligations or the Issuer’s Specified Parity Obligations:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Ascott REIT Group or (2) as a result of the exchange or conversion of Specified Parity Obligations of the Issuer for the Junior Obligations of the Issuer, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so (or to procure or permit the subsidiaries of Ascott REIT to do so) by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 15 business days (or such other notice period as may be specified on the face of the relevant Perpetual Security) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (3) the date such amount becomes due under Condition 9 or on a final and effective Winding-Up of the Issuer or Ascott REIT.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

(V) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use commercially reasonable endeavours at its own expense to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)) by no later than five Business Days prior to the relevant Distribution Determination Date (or such other date as may be agreed between the Issuer and the Calculation Agent) (the “**IA Determination Cut-off Date**”). An Independent Adviser appointed pursuant to this Condition 4(V) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Perpetual Securityholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(V).

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)), provided that if the Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the preceding Distribution Period (or alternatively, if there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution (if any)) (subject, where applicable, to substituting the Spread that was applied to such preceding Distribution Period for the Spread that is to be applied to the relevant Distribution Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(V).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4(V)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4(V)).

(c) Adjustment Spread

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be):

- (i) determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be); or
- (ii) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Relevant Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread for all future payments of distribution on the Perpetual Securities (subject to the subsequent operation of this Condition 4(V)).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(V) and the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(V)(e), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate signed by the duly authorised signatory(ies) of the Issuer pursuant to Condition 4(V)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Perpetual Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed and the Agency Agreement), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(V). Perpetual Securityholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4(V)(d), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(V) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Perpetual Securityholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by the duly authorised signatory(ies) of the Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(V); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Perpetual Securityholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(V)(a), 4(V)(b), 4(V)(c) and 4(V)(d), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(V)(e).

(g) Definitions

As used in this Condition 4(V):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

- (2) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is recognised or acknowledged as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in local or international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (3) if no such customary application in local or international debt capital markets transactions is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (4) if no such industry standard is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines in accordance with Condition 4(V)(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution period and in the same currency as the Perpetual Securities or, if the Independent Adviser or the Issuer determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as the case may be) determines (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Reference Rate;

“Benchmark Amendments” has the meaning given to it in Condition 4(V)(d);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or

- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Perpetual Securityholder using the Original Reference Rate; or
- (vi) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative;

“Independent Adviser” means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4(V)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities provided that if a Benchmark Event has occurred with respect to the originally specified or the then-current Original Reference Rate, then “Original Reference Rate” means the applicable Successor Rate or Alternative Rate (as the case may be);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

“Successor Rate” means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally published, endorsed, approved, recognised or recommended by any Relevant Nominating Body.

(VI) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (c) (if a payment is to be made on that day):

- (i) (in the case of Perpetual Securities denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore;

- (ii) (in the case of Perpetual Securities denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (iii) (in the case of Perpetual Securities denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre; and
- (iv) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars, Euros and Renminbi) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown in the terms thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of distribution in accordance with Condition 5:

- (a) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period divided by 365 (or, if any portion of that Distribution Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Distribution Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Distribution Period falling in a non-leap year divided by 365);
- (b) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 360;
- (c) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 365; and
- (d) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Distribution Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Distribution Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Distribution Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Distribution Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Distribution Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

“**Distribution Amount**” means, in respect of a Distribution Period, the amount of distribution payable per Calculation Amount for that Distribution Period;

“**Distribution Commencement Date**” means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

“**Distribution Determination Date**” means, (a) in the case of Fixed Rate Perpetual Securities, the date falling two business days prior to each Step-Up Date or each Reset Date and (b) in the case of Floating Rate Perpetual Securities, in respect of any Distribution Period, the date falling that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“**Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

“**Euro**” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Offshore Renminbi Centre**” means the offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“**Rate of Distribution**” means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon;

“**Reference Banks**” means the institutions specified as such on the face of the relevant Perpetual Security or, if none, three major banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Perpetual Securities are denominated;

“**Relevant Financial Centre**” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Renminbi” means the lawful currency of the People’s Republic of China;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters and Bloomberg agency) as may be specified on the face of the Perpetual Security for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided on the face of the relevant Perpetual Security, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer’s Redemption Option Period shown on the face of the relevant Perpetual Security, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as “debt securities” for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (“ITA”) and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, and the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
 - (2) the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for “qualifying debt securities” under the ITA, and such distributions will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
- (ii) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations or administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or administrative pronouncements promulgated thereunder by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or administrative pronouncements promulgated thereunder that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (1) a certificate signed by a director or a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (2) in the case of a notice of redemption pursuant to Condition 5(c)(i), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(c)(i) or, in the case of a notice of redemption pursuant to Condition 5(c)(ii), an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment to the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate, and ruling or opinion (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(c).

References in this Condition 5(c) to “independent tax or legal advisers of recognised standing” are not intended to and shall not in the ordinary course exclude any of the Issuer’s, Ascott REIT’s or the Ascott REIT Manager’s (as defined in the Trust Deed) usual tax or legal advisers, or any such adviser who may have tendered professional services to the Issuer, Ascott REIT or the Ascott REIT Manager in connection with the issue and offering of the Perpetual Securities.

(d) Redemption for Accounting Reasons

The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the “**SFRS**”) or as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the “**SFRS (I)**”) or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of Ascott REIT (the “**Relevant Accounting Standard**”), the Perpetual Securities will not or will no longer be recorded as “equity” of Ascott REIT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders. Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided in the terms of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption):

- (i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (A) a certificate, signed by a director or a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) in the case of a notice of redemption pursuant to Condition 5(e)(i), an opinion of the Issuer’s independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect or, in the case of a notice of redemption pursuant to Condition 5(e)(ii), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(e)(ii),

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate, and opinion or ruling (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

If so provided on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon Cessation or Suspension of Trading of Units

If so provided in the terms of the relevant Perpetual Security, in the event that (i) (for so long as the Ascott REIT Units and the Ascott BT Units are Stapled) the Stapled Units or (ii) (in the case where the Ascott REIT Units and the Ascott BT Units are not Stapled) the Ascott REIT Units cease to be listed and/or traded on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) or trading in the Stapled Units or, as the case may be, the Ascott REIT Units on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a “**Cessation or Suspension of Trading Event**”), the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment

Date or, if earlier, the date (or, if such date is not a business day, on the immediately preceding business day) falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption). The Issuer shall forthwith (and in any event not later than seven days after the Effective Date) notify the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders of such cessation or listing or trading and the proposed date of redemption of the Perpetual Securities.

For the purposes of this Condition 5(g):

- (i) **“Ascott REIT Units”, “Ascott BT Units”, “Stapled” and “Stapled Units”** bear the same meanings as ascribed to them in the Trust Deed;
- (ii) **“Effective Date”** means (in the case where the Stapled Units or Ascott REIT Units cease to be listed and/or traded on the SGX-ST) the date of cessation of listing or, as the case may be, trading or (in the case where trading in the Stapled Units or Ascott REIT Units on the SGX-ST is suspended for a continuous period of more than 10 consecutive market days) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (iii) **“market day”** means a day on which the SGX-ST is open for securities trading.

(h) Redemption upon a Regulatory Event

If so provided on the face of the relevant Perpetual Security, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their Redemption Amount, together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage under the Property Funds Appendix (a **“Regulatory Event”**), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Prior to the publication of any notice of redemption pursuant to this Condition 5(h), the Issuer shall deliver, or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer of the Issuer or a director or a duly authorised officer of the Ascott REIT Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer’s independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(h), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(h).

For the purposes of this Condition 5(h):

- (1) **“Aggregate Leverage”** means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix; and
- (2) **“Property Funds Appendix”** means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore, as amended or modified from time to time.

References in this Condition 5(h) to “independent legal adviser of recognised standing” are not intended to and shall not in the ordinary course exclude any of the Issuer’s, Ascott REIT’s or the Ascott REIT Manager’s usual legal advisers, or any such adviser who may have tendered professional services to the Issuer, Ascott REIT or the Ascott REIT Manager in connection with the issuer and offering of the Perpetual Securities.

(i) Redemption upon a Ratings Event

If so provided on the face of the relevant Perpetual Security, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), at their Redemption Amount (together with distribution (including any Optional Distribution, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined below) requested from time to time by the Issuer to grant an equity classification to the Perpetual Securities and, in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time.

Prior to the publication of any notice of redemption pursuant to this Condition 5(i), the Issuer shall deliver, or procure to be delivered, to the Trustee and the Issuing and Paying Agent a certificate, signed by a director or a duly authorised officer of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon expiry of any such notice as is referred to in this Condition 5(i), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(i).

For the purposes of this Condition 5(i), **“Rating Agency”** means Fitch Ratings, Moody’s Investor Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any of their respective successors.

(j) Purchases

The Issuer and/or any of the related corporations of Ascott REIT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Perpetual Securities so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of Ascott REIT shall not entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

Perpetual Securities purchased by the Issuer and/or any of the related corporations of Ascott REIT may be surrendered by the purchaser to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(k) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer and/or any of the related corporations of Ascott REIT may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or, as the case may be, Coupons:

- (i) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
- (ii) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(b) Principal and Distribution in respect of Registered Perpetual Securities

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Payments of distribution on Registered Perpetual Securities shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made:
 - (A) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
 - (B) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents, transfer agents or registrars, provided that it will at all times maintain an Issuing and Paying Agent, a Calculation Agent, a Transfer Agent in relation to Registered Perpetual Securities and a Registrar in relation to Registered Perpetual Securities.

Notice of any such change or any change of any specified office will be promptly given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by, *inter alios*, the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which, *inter alios*, the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent,

the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of, *inter alios*, the Issuer and the Trustee, adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexpired Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. Taxation

All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore, otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring the making of a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Perpetual Security or Coupon is presented for payment.

Notwithstanding any other provisions of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Perpetual Securities and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

Where the Perpetual Securities issued by the Issuer are not recognised as debt securities for Singapore income tax purposes, all payments, or part thereof, of Distributions and Optional Distributions in respect of the Perpetual Securities by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, and the Issuer may be obliged (in certain circumstances) to withhold or deduct tax on such payments. In that event, the Issuer shall not be under any obligation to pay any additional amounts as will result in receipt by the holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment

is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, judicial management, administration or similar proceedings (the “**Winding-Up**”) in respect of Ascott REIT is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Issuer and/or Ascott REIT or (ii) the Issuer does not pay any principal, distribution or other amount payable by it under any of the Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such default continues for 15 business days after the due date (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of Ascott REIT, prove in the Winding-Up of the Issuer and/or Ascott REIT and/or claim in the liquidation of the Issuer and/or Ascott REIT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up of Ascott REIT or claim in the liquidation of the Issuer or Ascott REIT or to prove in such Winding-Up of the Issuer or Ascott REIT unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities (as applicable) or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

(g) Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in Clause 9.3 of the Trust Deed.

10. Meeting of Perpetual Securityholders, Modifications and Substitutions

(a) Meeting of Perpetual Securityholders and modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in

respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified on the face of such Perpetual Securities may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (h) to amend the subordination provisions of the Perpetual Securities, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is to cure any ambiguity or of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified by the Issuer to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Substitution

The Issuer may substitute in place of DBS Trustee Limited (in its capacity as trustee of Ascott REIT) (or of any previous substitute under this Condition) as the principal debtor under the Perpetual Securities, the Coupons and the Trust Deed another company being appointed as the replacement or substitute trustee of Ascott REIT (such substituted company being hereinafter called the “**New Ascott REIT Trustee**”) in accordance with the terms of the Ascott REIT Trust Deed, subject to:

- (i) the Trustee being provided with evidence to its satisfaction that the appointment of the New Ascott REIT Trustee has been completed in accordance with the terms of the Ascott REIT Trust Deed, including a copy of the deed supplemental to the Ascott REIT Trust Deed providing for such appointment, a confirmation from the Ascott REIT Manager that the Deposited Property (as defined in the Ascott REIT Trust Deed) has been vested in the New Ascott REIT Trustee, and an opinion from independent legal advisors of recognised standing to the effect such appointment of the New Ascott REIT Trustee is legal, valid and binding on Ascott REIT; and
- (ii) certain other conditions set out in the Trust Deed being complied with.

The Issuer shall deliver to the Trustee a certificate signed by a duly authorised signatory of the Issuer or, as the case may be, of the Ascott REIT Manager stating that the appointment of the New Ascott REIT Trustee has been completed in accordance with the terms of the Ascott REIT Trust Deed and that the conditions set out in the Trust Deed for the substitution of the Ascott REIT Trustee have been complied with and the Trustee shall be entitled to accept the certificate as sufficient evidence of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders and the Couponholders.

Upon the execution of such documents and compliance with such requirements, the New Ascott REIT Trustee shall be deemed to be named in the Perpetual Securities, the Coupons and the Trust Deed as the principal debtor in place of DBS Trustee Limited (in its capacity as trustee of Ascott REIT) (or in place of the previous substitute under this clause) under the Perpetual Securities, the Coupons and the Trust Deed and the Perpetual Securities, the Coupons and the Trust Deed shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the Perpetual Securities, the Coupons and the Trust Deed to DBS Trustee Limited (in its capacity as trustee of Ascott REIT) and/or the Ascott REIT Trustee shall, unless the context otherwise requires, be deemed to be or include references to the New Ascott REIT Trustee.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of Ascott REIT without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

In the case where Ascott REIT is listed on the SGX-ST or where the Perpetual Securities are listed on the SGX-ST, notices to the holders of such Perpetual Securities shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 14. In the case where notices to holders of Perpetual Securities are made by more than one of the prescribed forms above, notice would be deemed to have been given on the first date in which the notices were validly given in accordance with the paragraphs above.

Until such time as any Definitive Perpetual Securities (as defined in the Trust Deed) or Certificate(s) are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, be substituted for such publication in such newspapers, such mailing or announcement on the SGX-ST, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed and acknowledged that DBST has entered into the Trust Deed only in its capacity as trustee of Ascott REIT and not in DBST's personal capacity and all references to the "Issuer" and the "Ascott REIT Trustee" shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, DBST has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons in its capacity as trustee of Ascott REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by DBST under the Trust Deed, the Perpetual Securities and the Coupons, is given or to be given by DBST only in its capacity as trustee of Ascott REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Perpetual Securities and the Coupons is limited to the assets of Ascott REIT over which DBST in its capacity as trustee of Ascott REIT has recourse and shall not extend to any personal or other assets of DBST or any assets held by DBST in its capacity as trustee of any other trust (other than Ascott REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by DBST under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to Ascott REIT (and shall not extend to DBST's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of DBST.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby acknowledged and agreed that DBST's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of DBST and there shall be no recourse against the shareholders, directors, officers or employees of DBST for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities and the Coupons. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of DBST.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against DBST whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities and the Coupons shall be brought against DBST in its capacity as trustee of Ascott REIT and not in its personal capacity. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, fraud, wilful default or breach of trust of DBST.

(d) Survival of Provisions

This Condition shall survive the termination or rescission of the Trust Deed and the redemption or cancellation of the Perpetual Securities and/or the Coupons and shall apply, *mutatis mutandis*, to any notice, certificate or other document which DBST issues under or pursuant to the Trust Deed and the Perpetual Securities as if expressly set out therein.

16. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee, the Perpetual Securityholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) No immunity

The Issuer irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets and Ascott REIT and Ascott REIT’s assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

**CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and
CDP Registrar**

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

FORM OF PRICING SUPPLEMENT FOR NOTES

Pricing Supplement

[LOGO, if document is printed]

[Ascott REIT MTN Pte. Ltd.
(Incorporated with limited liability in Singapore)]*

[DBS Trustee Limited
(in its capacity as trustee of Ascott Real Estate Investment Trust)]**

[Ascott Business Trust Management Pte. Ltd.
(in its capacity as trustee-manager of Ascott Business Trust)]***

[Legal entity identifier (LEI): [●]]

S\$2,000,000,000
Multicurrency Debt Issuance Programme

(in the case of Notes issued by Ascott REIT MTN Pte. Ltd.)
unconditionally and irrevocably guaranteed by
DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust)

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of Notes]

Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

[CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent
and CDP Registrar
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Registrar and Non-CDP Transfer Agent
The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg]

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the “**Notes**”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 9 July 2020 (the “**Information Memorandum**”) issued in relation to the S\$2,000,000,000 Multicurrency Debt Issuance Programme of Ascott REIT MTN Pte. Ltd. [(the “**Issuer**”)]*, DBS Trustee Limited (in its capacity as trustee of Ascott REIT) [(the “**Issuer**”)]**, and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust) [(the “**Issuer**”)]*** and, in the case of the Notes issued by Ascott REIT MTN Pte. Ltd., unconditionally and irrevocably guaranteed by DBS Trustee Limited (in its capacity as trustee of Ascott REIT) [(the “**Guarantor**”)]*. Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

[Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PRIIPs/IMPORTANT – EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as

a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[ASCOTT REIT MTN PTE. LTD.

Signed: _____
Director]*

[DBS TRUSTEE LIMITED

(in its capacity as trustee of Ascott Real Estate Investment Trust)
(as Issuer)

Signed: _____ Signed: _____
Authorised Signatory Authorised Signatory]**

[ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(in its capacity as trustee-manager of Ascott Business Trust)

Signed: _____
Director]****

[DBS TRUSTEE LIMITED

(in its capacity as trustee of Ascott Real Estate Investment Trust)
(as Guarantor)

Signed: _____ Signed: _____
Authorised Signatory Authorised Signatory]*

* Insert if Issuer is Ascott REIT MTN Pte. Ltd.
** Insert if Issuer is DBS Trustee Limited (in its capacity as trustee of Ascott REIT).
*** Insert if Issuer is Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott BT).

The terms of the Notes and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1. Issuer: [Ascott REIT MTN Pte. Ltd./DBS Trustee Limited (in its capacity as trustee of Ascott REIT)/Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott BT)]
2. Guarantor: [DBS Trustee Limited (in its capacity as trustee of Ascott REIT)/Not Applicable]
3. Series No.: [●]
4. Tranche No.: [●]
5. Currency: [●]
6. Principal Amount of Series: [●]
7. Principal Amount of Tranche: [●]
8. Denomination Amount: [●]
9. Calculation Amount (if different from Denomination Amount): [●]
10. Issue Date: [●]
11. Redemption Amount (including early redemption) [Denomination Amount/[others]]
[Specify early redemption amount if different from final redemption amount or if different from that set out in the terms and conditions of the Notes]
12. Interest Basis: [Fixed Rate/Floating Rate/Variable Rate/Hybrid/Zero Coupon]
13. Interest Commencement Date: [●]
14. Fixed Rate Note
 - (a) Maturity Date: [●]
 - (b) Day Count Fraction: [●]
 - (c) Interest Payment Date(s): [●]
 - (d) Initial Broken Amount: [●]
 - (e) Final Broken Amount: [●]
 - (f) Rate of Interest: [●] per cent. per annum

15. Floating Rate Note

- (a) Redemption Month: [month and year]
- (b) Interest Determination Date: [●] business days prior to the first day of each Interest Period
- (c) Day Count Fraction: [●]
- (d) Specified Number of Months (Interest Period): [●]
- (e) Specified Interest Payment Dates: [●]
- (f) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (g) Benchmark: [SIBOR, Swap Rate or other benchmark]
- (h) Primary Source: [Specify relevant screen page or "Reference Banks"]
- (i) Reference Banks: [Specify three]
- (j) Relevant Time: [●]
- (k) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (l) Spread: [+/-] [●] per cent. per annum
- (m) Minimum Rate of Interest: [●] per cent. per annum
- (n) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

16. Variable Rate Note

- (a) Redemption Month: [month and year]
- (b) Interest Determination Date: [●] business days prior to the first day of each Interest Period
- (c) Day Count Fraction: [●]
- (d) Specified Number of Months (Interest Period): [●]

- (e) Specified Interest Payment Dates:
- (f) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (g) Benchmark: [SIBOR, Swap Rate or other benchmark]
- (h) Primary Source: [Specify relevant screen page or "Reference Banks"]
- (i) Reference Banks: [Specify three]
- (j) Relevant Time:
- (k) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (l) Spread: [+/-] per cent. per annum
- (m) Minimum Rate of Interest: per cent. per annum

17. Hybrid Note

- (a) Fixed Rate Period:
- (b) Floating Rate Period:
- (c) Maturity Date:
- (d) Redemption Month: [month and year]
- (e) Interest Determination Date: business days prior to the first day of each Interest Period
- (f) Day Count Fraction:
- (g) Interest Payment Date(s):
(for Fixed Rate Period)
- (h) Initial Broken Amount:
- (i) Final Broken Amount:
- (j) Rate of Interest: per cent. per annum
- (k) Specified Number of Months (Interest Period):
- (l) Specified Interest Payment Dates:
(for Floating Rate Period)

- (m) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (n) Benchmark: [SIBOR, Swap Rate or other benchmark]
- (o) Primary Source: [specify relevant screen page or “Reference Banks”]
- (p) Relevant Time: [●]
- (q) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (r) Reference Banks: [specify three]
- (s) Spread: [+/-] [●] per cent. per annum
- (t) Minimum Rate of Interest: [●] per cent. per annum
- (u) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Hybrid Notes during the Floating Rate Period, if different from those set out in the Conditions: [●]
18. Zero Coupon Note
- (a) Maturity Date: [●]
- (b) Amortisation Yield: [●] per cent. per annum
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction: [●]
- (e) Any amount payable under Condition 7(h) (Default interest on the Notes): [●]
19. Issuer’s Redemption Option [Yes/No]
 Issuer’s Redemption Option Period [Specify maximum and minimum number of days for
 (Condition 6(d)):
 notice period]¹
 [Specify Dates]

¹ To specify a minimum of five business days in the case of Notes cleared through Clearstream, Luxembourg and/or Euroclear.

20. Noteholders' Redemption Option
Noteholders' Redemption Option
Period (Condition 6(e)(i)):
- [Yes/No]
[Specify maximum and minimum number of days for
notice period]²
[Specify Dates]
21. Issuer's Purchase Option
Issuer's Purchase Option Period
(Condition 6(b)):
- [Yes/No]
[Specify maximum and minimum number of days for
notice period]¹
[Specify Dates]
22. Noteholders' Purchase Option
Noteholders' Purchase Option
Period (Condition 6(c)):
- [Yes/No]
[Specify maximum and minimum number of days for
notice period]²
[Specify Dates]
23. Redemption for Taxation Reasons:
(Condition 6(f))
- [Yes/No]
[on [insert other dates of redemption not on interest
payment dates]]¹
24. Redemption in the case of
Minimal Outstanding Amount
(Condition 6(k) of Ascott BT Notes/
Condition 6(j) of Ascott REIT Notes):
- [Yes/No]
[Specify maximum and minimum number of days for
notice period]¹
[Specify Dates]
25. Form of Notes:
- [Bearer/Registered]
[Temporary Global Security exchangeable for
Definitive Securities/Temporary Global Security
exchangeable for Permanent Global Security/
Permanent Global Security/Global Certificate]
26. Talons for future Coupons to be
attached to Definitive Notes (and
dates on which such Talons mature):
- [Yes/No. If yes, give details.]
27. Applicable TEFRA exemption:
- [C Rules/D Rules/Not Applicable]
28. Listing:
- [●]
29. ISIN Code:
- [●]
30. Common Code:
- [●]
31. Clearing System(s):
- [Not Applicable/Euroclear/Clearstream,
Luxembourg/The Central Depository (Pte) Limited]
[other clearing information]
32. Depository:
- [Common depository for Euroclear/Clearstream,
Luxembourg/The Central Depository (Pte) Limited/
others]
33. Delivery:
- Delivery
[against/free of] payment

² To specify a minimum of fifteen business days in the case of Notes cleared through Clearstream, Luxembourg and/or Euroclear.

34. Method of issue of Notes: [Individual Dealer/Syndicated Issue]
35. The following Dealer(s) [is/are] subscribing the Notes: [insert legal name(s) of Dealer(s)]
36. Stabilising Manager: [Insert legal name(s) of Stabilising Manager(s)]
37. Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]
38. Paying Agent: [CDP Issuing and Paying Agent/Non-CDP Issuing and Paying Agent]
39. Registrar: [●]/[Not Applicable]
40. Transfer Agent: [●]/[Not Applicable]
41. The aggregate principal amount of Notes issued has been translated in Singapore dollars at the rate of [●] producing a sum of (for Notes not denominated in Singapore dollars): S\$[●]
42. Use of proceeds: [●]
43. Private Bank Selling Commission: [Applicable/Not Applicable]
44. Other terms:

Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

FORM OF PRICING SUPPLEMENT FOR PERPETUAL SECURITIES

Pricing Supplement

[LOGO, if document is printed]

[DBS Trustee Limited
(in its capacity as trustee of Ascott Real Estate Investment Trust)]*

[Ascott Business Trust Management Pte. Ltd.
(in its capacity as trustee-manager of Ascott Business Trust)]**

[Legal entity identifier (LEI): [●]]

S\$2,000,000,000
Multicurrency Debt Issuance Programme

(in the case of Notes issued by Ascott REIT MTN Pte. Ltd.)
unconditionally and irrevocably guaranteed by
DBS Trustee Limited (in its capacity as trustee of Ascott Real Estate Investment Trust)

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of Perpetual Securities]

Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

[CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent
and CDP Registrar
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Registrar and Non-CDP Transfer Agent
The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg]

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Perpetual Securities referred to above.

This Pricing Supplement, under which the Perpetual Securities described herein (the “**Perpetual Securities**”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 9 July 2020 (the “**Information Memorandum**”) issued in relation to the S\$2,000,000,000 Multicurrency Debt Issuance Programme of Ascott REIT MTN Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of Ascott REIT) [(the “**Issuer**”)]*, and Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott Business Trust) [(the “**Issuer**”)]**. Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Perpetual Securities will be issued on the terms of this Pricing Supplement read together with the Information Memorandum.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Perpetual Securities or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[An advance tax ruling will be requested from the Inland Revenue Authority of Singapore (“**IRAS**”) to confirm, amongst other things, whether the IRAS would regard the Perpetual Securities as “debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“**Income Tax Act**”) and the distributions (including Optional Distributions, Arrears of Distribution and any Additional Distribution Amounts) made under the Perpetual Securities as interest payable on indebtedness such that holders of the Perpetual Securities may enjoy the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme, as set out in the section “Singapore Taxation” of the Information Memorandum provided that the relevant conditions are met.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by the IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

If the Perpetual Securities are not regarded as “debt securities” for the purposes of the Income tax Act and/or holders thereof are not eligible for the tax exemptions and/or concessions under the qualifying debt securities scheme, the tax treatment to holders may differ.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the distributions payable to them (including Optional Distributions, Arrears of Distribution and Additional Distribution Amounts). Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequence of their acquisition, holding and disposal of the Perpetual Securities.]***

Where interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions and if applicable) under the [Income Tax Act, Chapter 134 of Singapore (“**Income Tax Act**”)/Income Tax Act] shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

The terms of the Perpetual Securities and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

- 1. Issuer: [DBS Trustee Limited (in its capacity as trustee of Ascott REIT)/Ascott Business Trust Management Pte. Ltd. (in its capacity as trustee-manager of Ascott BT)]
- 2. Series No.: [●]
- 3. Tranche No.: [●]
- 4. Currency: [●]
- 5. Principal Amount of Series: [●]
- 6. Principal Amount of Tranche: [●]
- 7. Denomination Amount: [●]
- 8. Calculation Amount (if different from Denomination Amount): [●]
- 9. Issue Date: [●]
- 10. Redemption Amount (including early redemption): [Denomination Amount/[others]]
[Specify early redemption amount if different from final redemption amount or if different from that set out in the terms and conditions of the Perpetual Securities]
- 11. Status of the Perpetual Securities [Senior Perpetual Securities/Subordinated Perpetual Securities]
- 12. Distribution Basis: [Fixed Rate/Floating Rate]
- 13. Distribution Commencement Date: [●]
- 14. **Fixed Rate Perpetual Security**
 - (a) Day Count Fraction: [●]
 - (b) Distribution Payment Date(s): [●]
 - (c) Initial Broken Amount: [●]
 - (d) Final Broken Amount: [●]
 - (e) Rate of Distribution: [●] per cent. per annum
 - (f) First Reset Date: [●]

- (g) Reset Date: [●]
- (h) Initial Spread: [●]
- (i) Reset Period: [●]
- (j) Step-Up Margin: [●]
- (k) Step-up Date: [●]
- (l) Relevant Rate: [Specify benchmark, if not swap offer rate]
- (m) Reference Banks [Specify three]
- (n) Cessation or Suspension of Trading Event Margin [●]

15. Floating Rate Perpetual Security

- (a) Distribution Determination Date: [●] business days prior to the first day of each Distribution Period
- (b) Day Count Fraction: [●]
- (c) Specified Number of Months (Distribution Period): [●]
- (d) Specified Distribution Payment Dates: [●]
- (e) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (f) Benchmark: [SIBOR, Swap Rate or other benchmark]
- (g) Primary Source: [Specify relevant screen page or "Reference Banks"]
- (h) Relevant Time: [●]
- (i) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (j) Reference Banks: [Specify three]
- (k) Spread: [+/-] [●] per cent. per annum
- (l) Step-up Spread: [+/-] [●] per cent. per annum

- (m) Fall back provisions, rounding provisions and any other terms relating to the method of calculating distribution on Floating Rate Perpetual Securities, if different from those set out in the terms and conditions of the Perpetual Securities:
- (n) Cessation or Suspension of Trading Event Margin
16. Optional Payment:
17. Dividend Pusher and Reference Period: months
18. Dividend Stopper:
19. Non-Cumulative Deferral:
20. Cumulative Deferral:
21. Additional Distribution:
22. Issuer's Redemption Option
 Issuer's Redemption Option Period
 (Condition 5(b)): [Specify maximum and minimum number of days for notice period]¹
 [Specify Dates]
23. Redemption for Taxation Reasons:
 (Condition 5(c)) [Specify maximum and minimum number of days for notice period]¹
 [Specify Dates]
24. Redemption for Accounting Reasons
 (Condition 5(d)): [Specify maximum and minimum number of days for notice period]¹
 [Specify Dates]
25. Redemption for Tax Deductibility
 (Condition 5(e)): [Specify maximum and minimum number of days for notice period]¹
 [Specify Dates]
26. Redemption in the case of Minimal
 Outstanding Amount (Condition 5(f)): [Specify maximum and minimum number of days for notice period]¹
 [Specify Dates]

¹ To specify a minimum of five business days in the case of Perpetual Securities cleared through Clearstream, Luxembourg and/or Euroclear.

27. Redemption upon Cessation or Suspension of Trading of Units (Condition 5(g)):
- [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
28. Redemption upon a Regulatory Event (Condition 5(h)):
- [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
29. Redemption upon a Ratings Event (Condition 5(i)):
- [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
30. Form of Perpetual Securities:
- [Bearer/Registered]
[Temporary Global Security exchangeable for Definitive Securities/Temporary Global Security exchangeable for Permanent Global Security/Permanent Global Security/Global Certificate]
31. Talons for future Coupons to be attached to Definitive Securities:
- [Yes/No. If yes, give details.]
32. Applicable TEFRA exemption:
- [C Rules/D Rules/Not Applicable]
33. Listing:
- [●]
34. ISIN Code:
- [●]
35. Common Code:
- [●]
36. Clearing System(s):
- [Not Applicable/Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited]
[other clearing information]
37. Depository:
- [Common depository for Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited/ others]
38. Delivery:
- Delivery
[against/free of] payment
39. Method of issue of Perpetual Securities:
- [Individual Dealer/Syndicated Issue]
40. The following Dealer(s) [is/are] subscribing the Perpetual Securities:
- [insert legal name(s) of Dealer(s)]
41. Stabilising Manager:
- [Insert legal name(s) of Stabilising Manager(s)]
42. Prohibition of Sales to EEA and UK Retail Investors:
- [Applicable/Not Applicable]

43. Paying Agent: [CDP Issuing and Paying Agent/Non-CDP Issuing and Paying Agent]
44. Registrar: [●]/[Not Applicable]
45. Transfer Agent: [●]/[Not Applicable]
46. The aggregate principal amount of Perpetual Securities issued has been translated in Singapore dollars at the rate of [●] producing a sum of (for Securities not denominated in Singapore dollars): S\$[●]
47. Use of proceeds: [●]
48. Private Banking Selling Commission: [Applicable/Not Applicable]
49. Parity Obligations: [Insert definition]
50. Specified Parity Obligations: [Insert definition]
51. Other terms:

Details of any additions or variations to terms and conditions of the Perpetual Securities as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

1 Initial Issue of Securities

Global Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository or CDP.

Upon the initial deposit of a Global Security with the Common Depository or CDP, or registration of Registered Securities in the name of, or in the name of a nominee of, the Common Depository or CDP and delivery of the relevant Global Certificate to the Common Depository or, as the case may be, CDP, the relevant clearing system will credit each subscriber with a principal amount of Securities equal to the principal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

While any Security is represented by a Temporary Global Security, payments in respect of such Securities due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Security only to the extent that certification (in a form to be provided), to the effect that the beneficial owners of interests in such Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and (in the case of a Temporary Global Security delivered to a Common Depository) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each, an “**Alternative Clearing System**”) as the holder of a particular principal amount of Securities (each an “**Accountholder**”) represented by a Global Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for its share of each payment made by the Relevant Issuer to the bearer of such Global Security or the registered holder of the Global Certificate, as the case may be, and in relation to all other rights arising under the Global Securities or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Relevant Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Security or Global Certificate and such obligations of the Relevant Issuer will be discharged by payment to the bearer of such Global Security or the registered holder of the Global Certificate, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Securities

Each Temporary Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that the appropriate TEFRA exemption is either “C Rules” or “Not Applicable”, in whole, but not in part, for the Definitive Securities defined and described below; and
- (ii) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security for interests in a Permanent Global Security or, if so provided in the relevant Pricing Supplement, for Definitive Securities.

3.2 Permanent Global Securities

Each Permanent Global Security will be exchangeable, free of charge to the holder, on or after the Exchange Date, in whole (but not (except as provided under paragraph 3.4 below) in part), for Definitive Securities:

- (i) if the Permanent Global Security is held by or on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or
- (ii) if the Permanent Global Security is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder or the Trustee to declare the Securities to be due and payable as provided in the Conditions has occurred and is continuing; or (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Relevant Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available.

In the event that a Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in Denomination Amount(s) only. A Securityholder who holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security in respect of such holding and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts.

Securities which are represented by a Global Security will only be transferable in accordance with the rules and procedures for the time being of CDP, Euroclear or Clearstream, Luxembourg, or the relevant Alternative Clearing System.

3.3 Global Certificates

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by a Global Certificate pursuant to Condition 2(b) of the Securities may only be made:

- (i) in whole but not in part, if such Securities are held on behalf of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention to permanently cease business or does in fact do so; or
- (ii) in whole but not in part, if such Securities are held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder or the Trustee to declare the Securities to be due and payable as provided in the Conditions has occurred and is continuing; or (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or (d) CDP has notified the Relevant Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available; or
- (iii) in whole or in part, if such Securities are not cleared through CDP, with the consent of the Relevant Issuer,

provided that, in the case of a transfer pursuant to paragraphs 3.3(i) or 3.3(iii) above, the holder of such Securities has given the Registrar not less than 30 days' notice at its specified office of such holders' intention to effect such transfer.

3.4 Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Relevant Issuer will (i) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, a Permanent Global Security in an aggregate principal amount equal to the principal amount of the whole or part of the Temporary Global Security submitted for exchange or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Security to reflect such exchange or (ii) in the case of a Permanent Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, duly executed and authenticated Definitive Securities in an aggregate principal amount equal to the principal amount of the Permanent Global Security submitted for exchange. Definitive Securities will be security printed in accordance with any applicable legal and stock exchange requirements substantially in the form set out in the relevant Schedules to the Trust Deed. Upon exchange (or payment) in whole of a Permanent Global Security, such Permanent Global Security shall be deemed fully paid and shall be cancelled by the Issuing and Paying Agent and, unless otherwise instructed by the Relevant Issuer, the cancelled Permanent Global Security shall be returned to the Relevant Issuer.

3.5 Exchange Date

"Exchange Date" means, in relation to a Temporary Global Security, the first day following the expiry of 40 days after its issue date and, in relation to a Permanent Global Security, a day falling not less than 60 days after the day on which the notice requiring exchange is given and on which commercial banks are open for business in Singapore and in the case of an exchange pursuant to paragraph 3.3(i), a day on which commercial banks are open for business in the cities in which Euroclear, Clearstream, Luxembourg, the Depository or, if relevant, the Alternative Clearing System are located.

4 Amendment to Conditions

The Temporary Global Securities, Permanent Global Securities and Global Certificates contain provisions that apply to the Securities that they represent, some of which modify the effect of the Conditions set out in this Information Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Temporary Global Security unless exchange for an interest in a Permanent Global Security or for Definitive Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. All payments in respect of Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of that Global Security to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Securityholders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Securities.

All payments in respect of Securities represented by a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

All payments in respect of Securities represented by a Global Certificate held through CDP will, unless otherwise specified by the Relevant Issuer, be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day before the due date for payment.

4.2 Prescription

Claims in respect of principal and distribution in respect of Securities that are represented by a Permanent Global Security shall become void unless it is presented for payment within (in the case of Notes) a period of three years from the appropriate Relevant Date (as defined in Condition 9 of the Notes) or (in the case of Perpetual Securities) a period of five years from the appropriate Relevant Date (as defined in Condition 8 of the Perpetual Securities).

4.3 Meetings

The holder of a Permanent Global Security or of the Securities represented by a Global Certificate shall (unless such Permanent Global Security or Global Certificate represents only one Security) be treated as two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Permanent Global Security or the Securities represented by a Global Certificate shall be treated as having one vote in respect of each principal amount of Securities equal to the minimum Denomination Amount of the Securities for which such Permanent Global Security or Global Certificate may be exchanged.

4.4 Cancellation

Cancellation of any Security represented by a Permanent Global Security that is required by the Conditions to be cancelled (other than upon its redemption) shall be effected by reduction in the principal amount of such Permanent Global Security on its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule to such Permanent Global Security or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 Purchase

Securities represented by a Permanent Global Security may only be purchased by the Relevant Issuer or any of its subsidiaries if they are purchased together with the right to receive all future payments of interest or distribution thereon.

4.6 Issuers' Option

Any option of the Relevant Issuer provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Security shall be exercised by the Relevant Issuer giving notice to the Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Securities drawn in the case of a partial exercise of an option and accordingly no drawing of Securities shall be required. In the event that any option of the Relevant Issuer is exercised in respect of some but not all of the Securities of any Series, the rights of Accountholders with a clearing system in respect of the Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP or any such Alternative Clearing System (as the case may be).

4.7 Securityholders' Options

Any option of the Securityholders provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Security may be exercised by the holder of the Permanent Global Security giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Securities with the Issuing and Paying Agent set out in the Conditions substantially in the form of the notice available from the Issuing and Paying Agent, except that the notice shall not be required to contain the serial numbers of the Securities in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of such Permanent Global Security, stating the nominal amount of Securities in respect of which the option is exercised and at the same time presenting the Permanent Global Security to the Issuing and Paying Agent for notation. Any option of the Securityholders provided for in the Conditions of any Securities while such Securities are represented by a Global Certificate may be exercised in respect of the whole or any part of the holding of Securities represented by such Global Certificate.

4.8 Trustee's Powers

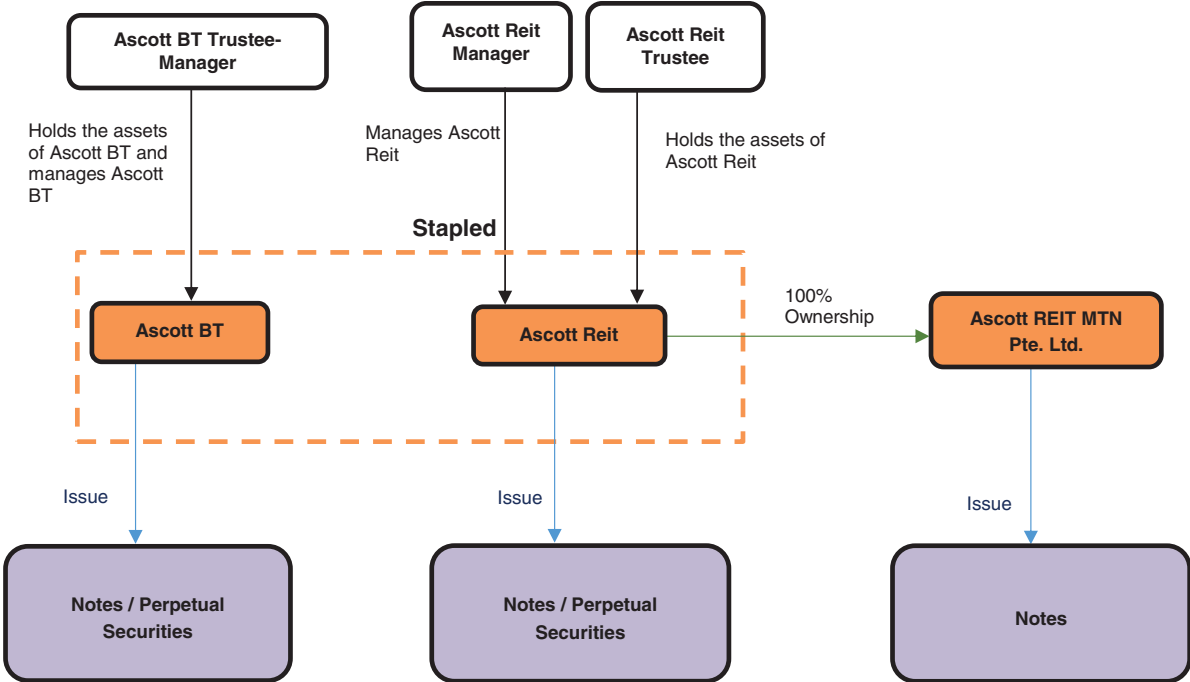
So long as any Global Security or, as the case may be, Global Certificate is held on behalf of a clearing system, in considering the interests of the Securityholders, the Trustee may have regard to any information, reports or certifications provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to such Global Security or, as the case may be, Global Certificate and may consider such interests on the basis that such accountholders or participants were the holders thereof.

4.9 Notices

So long as any Securities are represented by a Global Security or a Global Certificate and such Global Security or, as the case may be, Global Certificate is held on behalf of:

- (i) Euroclear and/or Clearstream, Luxembourg or any other Alternative Clearing System (except as provided in paragraph 4.9(ii) below), notices to the holders of Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate; or
- (ii) CDP, notices to the holders of Securities of that Series may be given by delivery of the relevant notice to (subject to the agreement of CDP) CDP for communication by it to entitled accountholders in substitution for publication, mailing or announcement as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate, except that so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notices in respect of such Securities shall also be published in a daily newspaper in the English language having general circulation in Singapore.

TRANSACTION & CORPORATE STRUCTURE



ASCOTT REIT MTN PTE. LTD.

History and Business

ARMPL was incorporated under the Companies Act on 20 August 2009. It is a wholly owned subsidiary of the Guarantor. All of the issued share capital of ARMPL is owned by the Guarantor.

Its principal activities are the provision of financial and treasury services for and on behalf of Ascott Residence Trust.

Since its incorporation, ARMPL has not engaged in any material activities other than the establishment of the Programme, the issue of Notes under the Programme and the authorisation of documents and agreements referred to in this Information Memorandum to which it is or will be a party.

Registered Office

The registered address of ARMPL as at the date of this Information Memorandum is 168 Robinson Road, #30-01 Capital Tower, Singapore 068912.

Shareholding and Capital

As at the date of this Information Memorandum, the issued share capital of ARMPL is S\$1.00, comprising one ordinary share.

Directors

As at the date of this Information Memorandum, the Directors of ARMPL are:

- Ms Beh Siew Kim;
- Mr Chan Kin Leong, Gerry; and
- Ms Kang Siew Fong (as alternate director to Ms Beh Siew Kim).

DESCRIPTION OF ASCOTT RESIDENCE TRUST

1. HISTORY AND BACKGROUND

Ascott Residence Trust (“**ART**”, or the “**Stapled Group**”) is a stapled group comprising Ascott Real Estate Investment Trust (“**Ascott Reit**”) and Ascott Business Trust (“**Ascott BT**”).

Ascott Reit was established with the objective of investing 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 and other hospitality assets. Ascott Reit was listed on the Main Board of the SGX-ST on 31 March 2006.

Ascott BT was established on 9 September 2019 as a business trust wholly owned by Ascott Reit, to facilitate the combination of Ascott Reit and Ascendas Hospitality Trust (a stapled group comprising Ascendas Hospitality Real Estate Investment Trust (“**A-HTRUST REIT**”) and Ascendas Hospitality Business Trust (“**A-HTRUST BT**”) which held 14 properties) (the “**Combination**”). See paragraph 3, “Description of Ascott Residence Trust – Structure of Ascott Residence Trust” below for the rationale for the establishment of Ascott BT.

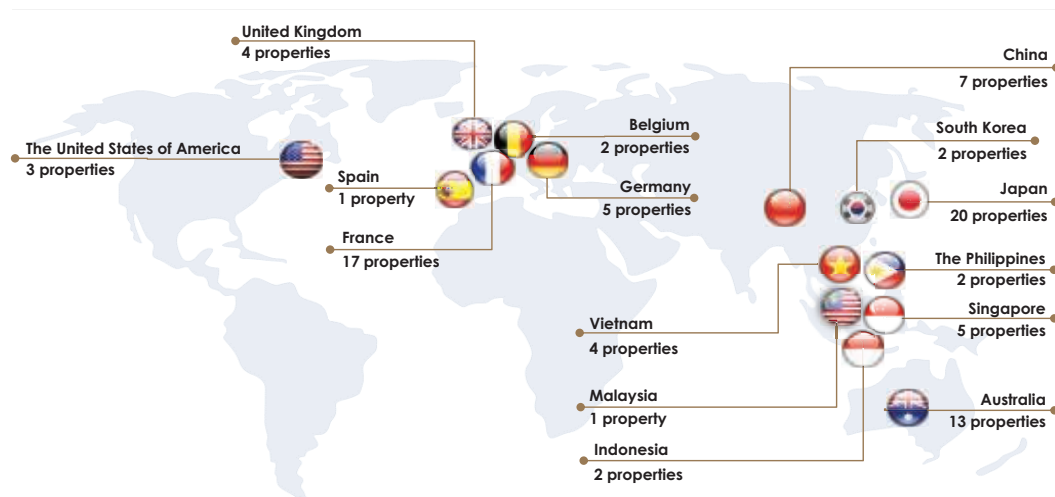
Pursuant to a trust scheme of arrangement by Ascott Reit (the “**Ascott Reit Scheme**”), all the units in Ascott BT (the “**Ascott BT Units**”) were distributed *in specie* to the Ascott Reit Holders, and each Ascott BT Unit was stapled to a unit in Ascott Reit (a “**Ascott Reit Unit**”) in accordance with the terms of the Stapling Deed to form a stapled security in ART (a “**Stapled Security**”), and cannot be traded separately. Pursuant to the Combination, Ascott Reit acquired all of the units in A-HTRUST REIT, which held five properties, while Ascott BT acquired all of the units in A-HTRUST BT, which held the remaining nine properties. The Combination was completed on 31 December 2019.

As at the Latest Practicable Date, ART’s international portfolio comprises 88 Properties¹ with over 16,000 units² in 39 cities across 15 countries in the Asia-Pacific region, Europe and the United States. As at the Latest Practicable Date, the market capitalisation of ART is approximately S\$3.1 billion.

¹ This figure includes (i) lyf one-north Singapore, which is under development, (ii) Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan, which are to be divested, as well as (iii) Quest Macquarie Park Sydney, which was acquired in February 2020. In December 2019, ART entered into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment is expected to complete by the second half of FY2020 (“**2H2020**”).

² This figure includes the number of units for lyf one-north Singapore, which is subject to change.

Geographical Diversification



ART is managed by Ascott Residence Trust Management Limited (as manager of Ascott Reit) (the “**Ascott Reit Manager**”) and Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott BT) (the “**Ascott BT Trustee-Manager**”, and collectively with the Ascott Reit Manager, the “**Managers**”). The Managers are both wholly owned subsidiaries of CapitaLand Limited (“**CapitaLand**”), one of Asia’s largest diversified real estate groups. The sponsor of ART is The Ascott Limited (“**Ascott**” or the “**Sponsor**”), a wholly owned subsidiary of CapitaLand.

The Sponsor is one of the leading international lodging owner-operators. Having over 30 years of industry track record, the Sponsor’s portfolio as at the Latest Practicable Date comprises a total of close to 118,000 operating and under development units in over 700 properties across more than 30 countries. Headquartered in Singapore, the Sponsor pioneered Asia-Pacific’s first international-class serviced residence property in 1984. The Sponsor has extensive experience in the ownership and management of serviced residences as well as an established international network of relationships with developers and service providers. The Managers believe that ART can leverage the Sponsor’s network to achieve its business objectives and provide ART with access to the market and network of contacts in the serviced residence sector.

In 2019, for the third time in a row, ART was conferred the “Best Hospitality REIT (Platinum Award)” in the Asia Pacific Best of the Breeds REITs Award, and was ranked third in the REIT and Business Trust category of the Singapore Governance and Transparency Index 2019. ART was also awarded runner-up for “Singapore Corporate Governance Award” and “Most Transparent Company Award” at the Securities Investors Association (Singapore) (SIAS) 20th Investors’ Choice Awards 2019.

Awards won by the Properties in ART’s portfolio in 2019 and the quarter ended 31 March 2020 (“**1Q2020**”) include:

- Citadines Sainte-Catherine Brussels, Citadines Arnulfpark Munich and Citadines Ramblas Barcelona won “Leading Serviced Apartments 2019” for Belgium, Germany and Spain, respectively, at the World Travel Awards 2019.
- Ascott Jakarta won “Asia’s Leading Serviced Apartment 2019” and Citadines Shinjuku Tokyo was conferred “Japan’s Leading Serviced Apartment 2019” for the third consecutive year at the World Travel Awards 2019.
- ‘Certificate of Excellence Award’: TripAdvisor Awards 2019.

The details of such awards are set out in the table below:

Country	Property	Award
Belgium	Citadines Sainte-Catherine Brussels	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
		• 'Leading Serviced Apartments' award at World Travel Awards 2019
France	Citadines City Centre Grenoble	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	La Clef Louvre Paris	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	Citadines Tour Eiffel Paris	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	Citadines Croisette Cannes	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	Citadines Castellane Marseille	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	Citadines Austerlitz Paris	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
Germany	Citadines City Centre Frankfurt	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	Citadines Arnulfpark Munich	• 'Leading Serviced Apartments' award at World Travel Awards 2019
		• 'Certificate of Excellence' award at TripAdvisor Awards 2019
Citadines Michel Hamburg	• 'Certificate of Excellence' award at TripAdvisor Awards 2019	
Indonesia	Ascott Jakarta	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
		• 'Asia's Leading Serviced Apartment 2019' award at World Travel Awards 2019
Japan	Citadines Shinjuku Tokyo	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
		• 'Japan's Leading Serviced Apartment 2019' award at World Travel Awards 2019
	Citadines Karasuma-Gojo Kyoto	• 'Certificate of Excellence' award at TripAdvisor Awards 2019
	Citadines Central Shinjuku Tokyo	• 'Certificate of Excellence' award at TripAdvisor Awards 2019

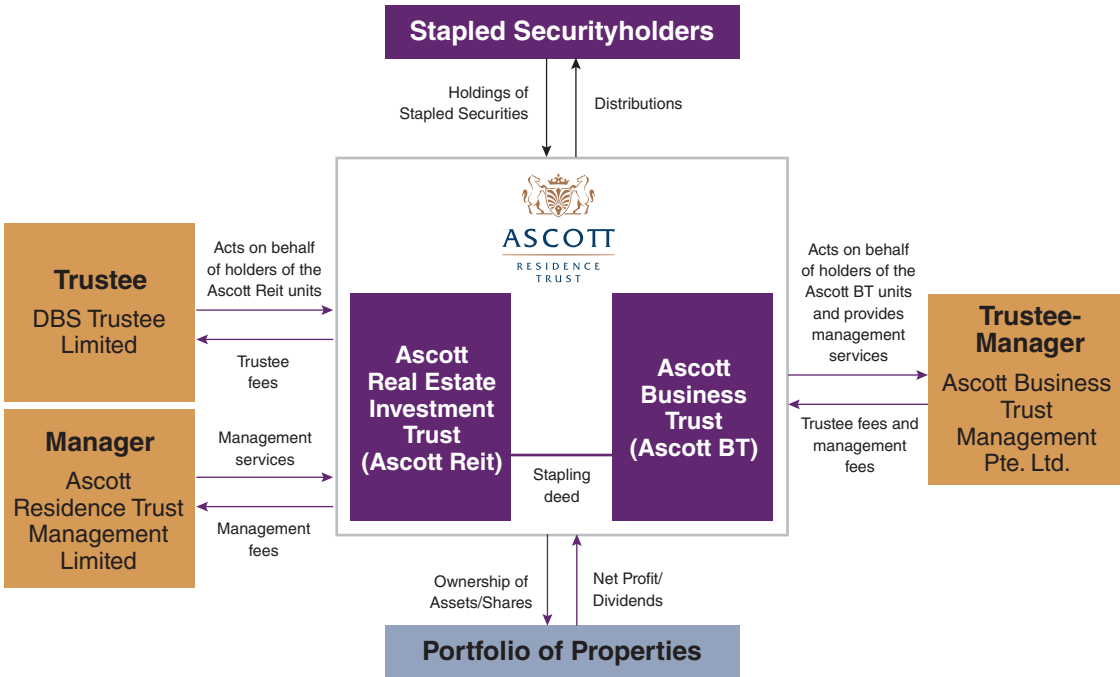
Country	Property	Award
Malaysia	Somerset Kuala Lumpur (formerly known as Somerset Ampang Kuala Lumpur)	<ul style="list-style-type: none"> • ‘Certificate of Excellence’ award at TripAdvisor Awards 2019
The Philippines	Ascott Makati	<ul style="list-style-type: none"> • Awarded ‘Excellence In Design For Great Efficiencies (EDGE)’, Philippines Green Building Initiative 2019
Singapore	lyf one-north Singapore	<ul style="list-style-type: none"> • Green Mark Gold^{PLUS} by the Building and Construction Authority of Singapore
Spain	Citadines Ramblas Barcelona	<ul style="list-style-type: none"> • ‘Leading Serviced Apartments’ award at World Travel Awards 2019
Vietnam	Somerset Grand Hanoi	<ul style="list-style-type: none"> • ‘Certificate of Excellence’ award at TripAdvisor Awards 2019 • EDGE Green Certification by World Bank Group’s International Finance Corporation
	Somerset Ho Chi Minh City	<ul style="list-style-type: none"> • ‘Certificate of Excellence’ award at TripAdvisor Awards 2019
	Somerset Chancellor Court Ho Chi Minh City	<ul style="list-style-type: none"> • ‘Certificate of Excellence’ award at TripAdvisor Awards 2019
	Somerset Hoa Binh Hanoi	<ul style="list-style-type: none"> • ‘Certificate of Excellence’ award at TripAdvisor Awards 2019

2. RATINGS

Ascott Reit was assigned a “BBB” senior unsecured credit rating by Fitch Ratings in September 2017, which was affirmed in August 2019 and in April 2020. The outlook for the rating is stable. Fitch Ratings also affirmed the “BBB” rating on the Programme.

3. STRUCTURE OF ASCOTT RESIDENCE TRUST

The structure of ART is set out below:



Post-Combination with A-HTRUST, ART comprises a real estate investment trust and an active business trust component where certain of its income is derived from non-passive income sources.³ Pursuant to Appendix 6 of the Code on Collective Investment Schemes (the “CIS Code”, and Appendix 6 of the CIS Code, the “Property Funds Appendix”), a real estate investment trust should not derive more than 10% of its revenue from sources other than passive income sources. Accordingly, Ascott BT was established to hold such assets so as to facilitate compliance by ART with the Property Funds Appendix.

3.1 The Ascott Reit Trustee – DBS TRUSTEE LIMITED

The trustee of Ascott Reit is DBS Trustee Limited (the “Ascott Reit Trustee”). DBS Trustee Limited is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”).

As at the date of this Information Memorandum, DBS Trustee Limited has a paid-up share capital of S\$2,500,000 and its registered office is located at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

Powers, Duties and Obligations of the Ascott Reit Trustee

The Ascott Reit Trustee’s powers, duties and obligations are set out in the Ascott Reit Trust Deed. The powers and duties of the Ascott Reit Trustee include:

- (a) acting as trustee of Ascott Reit and, in such capacity, safeguarding the rights and interests of the Ascott Reit Holders, for example, by satisfying itself that transactions it enters into for and on behalf of Ascott Reit with a related party of the Ascott Reit

³ Under the Property Funds Appendix, such passive income sources refer to: (a) rental payments from the tenants of the real estate held by the property fund; or (b) interest, dividends, and other similar payments from special purpose vehicles and other permissible investments of the property fund.

Manager or Ascott Reit are conducted on normal commercial terms, are not prejudicial to the interests of Ascott Reit and the Ascott Reit Holders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- (b) holding the assets of Ascott Reit on trust for the benefit of the Ascott Reit Holders in accordance with the Ascott Reit Trust Deed; and
- (c) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Ascott Reit.

The Ascott Reit Trustee has covenanted in the Ascott Reit Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Ascott Reit Holders.

In the exercise of its powers, the Ascott Reit Trustee may (on the recommendation of the Ascott Reit Manager), subject to the provisions of the Ascott Reit Trust Deed, acquire or dispose of any real or personal property, as well as borrow and encumber any asset.

The Ascott Reit Trustee may, subject to the provisions of the Ascott Reit Trust Deed, appoint and engage:

- (i) a person or entity to exercise any of its powers or perform its obligations; and
- (ii) any real estate agents or managers, including a related party of the Ascott Reit Manager, in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Although the Ascott Reit Trustee may borrow money or obtain other financial accommodation for the purposes of Ascott Reit, both on a secured and an unsecured basis, the Ascott Reit Manager must not direct the Ascott Reit Trustee to incur a liability if to do so would mean that the total borrowings and deferred payments (collectively, the “**aggregate leverage**”) of Ascott Reit would exceed the limits prescribed in the Property Funds Appendix, being:

- (I) before 1 January 2022, 50% of its Deposited Property; and
- (II) on or after 1 January 2022, 45% of its Deposited Property. Ascott Reit’s aggregate leverage may exceed 45% of its Deposited Property (up to a maximum of 50%) only if Ascott Reit has a minimum adjusted interest coverage ratio⁴ of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

The Ascott Reit Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Ascott Reit Trust Deed, the Listing Manual, the SFA, the CIS Code, the Tax Rulings and all other relevant laws. It is responsible for the safe custody of Ascott Reit’s assets and must cause Ascott Reit’s accounts to be audited. It can also appoint valuers to value the real estate assets and real estate-related assets of Ascott Reit. Under the Ascott Reit Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any related party of the Ascott Reit Trustee) in relation to the whole or any part of Ascott Reit’s assets.

⁴ “Adjusted interest coverage ratio” means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

The Ascott Reit Trustee is not personally liable to an Ascott Reit Holder in connection with the office of the Ascott Reit Trustee provided that it has acted in good faith and without fraud, gross negligence, wilful default, breach of trust or breach of the Ascott Reit Trust Deed. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by the Ascott Reit Trustee shall be limited to the assets of Ascott Reit over which the Ascott Reit Trustee has recourse, provided that the Ascott Reit Trustee has acted in good faith and without fraud, gross negligence, wilful default, breach of trust or breach of the Ascott Reit Trust Deed. The Ascott Reit Trust Deed contains certain indemnities in favour of the Ascott Reit Trustee under which it will be indemnified out of the assets of Ascott Reit for liability arising in connection with certain acts or omissions. These indemnities are subject to applicable laws.

Retirement and Replacement of the Ascott Reit Trustee

The Ascott Reit Trustee may retire or be replaced under the following circumstances:

- (a) The Ascott Reit Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Ascott Reit Trust Deed).
- (b) The Ascott Reit Trustee may be removed by notice in writing to the Ascott Reit Trustee by the Ascott Reit Manager:
 - (i) if the Ascott Reit Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Ascott Reit Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Ascott Reit Trustee;
 - (ii) if the Ascott Reit Trustee ceases to carry on business;
 - (iii) if the Ascott Reit Trustee fails or neglects after 30 days' written notice from the Ascott Reit Manager to carry out or satisfy any material obligation imposed on the Ascott Reit Trustee by the Ascott Reit Trust Deed;
 - (iv) by way of an extraordinary resolution duly passed at a meeting of Ascott Reit Holders held in accordance with the provisions of the Ascott Reit Trust Deed, and of which not less than 21 days' notice has been given to the Ascott Reit Trustee and the Ascott Reit Manager; or
 - (v) if the Monetary Authority of Singapore (“MAS”) directs that the Ascott Reit Trustee be removed.

3.2 The Ascott Reit Manager – ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

The Ascott Reit Manager was incorporated in Singapore under the Companies Act on 22 November 2005 under the name “ART Management Pte. Ltd.”, which was thereafter changed to “ART Management Limited” in connection with its conversion into a public limited company.

The Ascott Reit Manager subsequently changed its name to “Ascott Residence Trust Management Limited” on 20 January 2006. The Ascott Reit Manager is a subsidiary of CapitaLand. The Ascott Reit Manager has a paid-up capital of S\$1,000,000 and its registered office is located at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912.

Roles and Responsibilities of the Ascott Reit Manager

The Ascott Reit Manager has general powers of management over the assets of Ascott Reit. The Ascott Reit Manager's main responsibility is to manage Ascott Reit's assets and liabilities for the benefit of Ascott Reit Holders. For further details on the management services provided by the Ascott Reit Manager, see paragraph 3.4, "Management of ART by the Managers" below.

The Ascott Reit Manager may require the Ascott Reit Trustee to:

- (i) while the Ascott Reit Units and Ascott BT Units are stapled together, lend monies to Ascott BT out of the Deposited Property of Ascott Reit on such terms and conditions as it may determine whenever the Ascott Reit Manager considers that such lending is necessary or desirable in order to further the interests of the Stapled Securityholders as a whole; and
- (ii) borrow or obtain other financial accommodation on behalf of Ascott Reit (upon such terms and conditions as the Ascott Reit Manager thinks fit, including the charging or mortgaging of all or any of Ascott Reit's Deposited Property) whenever the Ascott Reit Manager considers that such borrowings are necessary or desirable in order to enable the Ascott Reit Trustee to meet any liabilities under or in connection with Ascott Reit or with any investment, or that such borrowings are desirable to finance:
 - the acquisition of any authorised investment by Ascott Reit or the redemption of Ascott Reit Units; or
 - while the Ascott Reit Units and Ascott BT Units are stapled together, the on-lending of monies to Ascott BT for the purpose of furthering the interests of Stapled Securityholders as a whole.

However, the Ascott Reit Manager must not direct the Ascott Reit Trustee to incur a borrowing if to do so would mean that Ascott Reit's total borrowings exceeds the aggregate leverage limit under the Property Funds Appendix. See paragraph 3.1, "The Ascott Reit Trustee – DBS TRUSTEE LIMITED – Powers, Duties and Obligations of the Ascott Reit Trustee" above for details of the aggregate leverage limit requirements.

Retirement and Removal of the Ascott Reit Manager

The Ascott Reit Manager shall have the power to retire in favour of a corporation approved by the Ascott Reit Trustee to act as the manager of Ascott Reit.

The Ascott Reit Manager may be removed by notice given in writing by the Ascott Reit Trustee if:

- (a) the Ascott Reit Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Ascott Reit Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Ascott Reit Manager;
- (b) the Ascott Reit Manager ceases to carry on business;
- (c) the Ascott Reit Manager fails or neglects after 30 days' written notice from the Ascott Reit Trustee to carry out or satisfy any material obligation imposed on the Ascott Reit Manager by the Ascott Reit Trust Deed;

- (d) by way of a resolution duly passed by a simple majority of Ascott Reit Holders present and voting at a meeting of Ascott Reit Holders duly convened and held in accordance with the provisions of the Ascott Reit Trust Deed (with no Ascott Reit Holder being disenfranchised);
- (e) if the Ascott Reit Trustee is of the opinion, and so states in writing such opinion and the reason therefore, that the Ascott Reit Manager has, to the prejudice of Ascott Reit Holders, failed to comply with any provision of the Ascott Reit Trust Deed, and summons a meeting of Ascott Reit Holders pursuant to Section 295 of the SFA, and if at such a meeting the Ascott Reit Holders by extraordinary resolution determine to remove the Ascott Reit Manager; or
- (f) the Monetary Authority of Singapore directs the Ascott Reit Trustee to remove the Ascott Reit Manager.

3.3 The Ascott BT Trustee-Manager – ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

The Ascott BT Trustee-Manager was incorporated in Singapore under the Companies Act on 2 August 2019, and is a subsidiary of CapitaLand. The Ascott BT Trustee-Manager has a paid-up capital of S\$1.00 and its registered office is located at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912.

Roles and Responsibilities of the Ascott BT Trustee-Manager

The Ascott BT Trustee-Manager has the dual responsibilities of safeguarding the rights and interests of the Ascott BT Holders, and managing the business conducted by Ascott BT. The Ascott BT Trustee-Manager has general powers of management over the business and assets of Ascott BT and manages Ascott BT's assets and liabilities for the benefit of Ascott BT Holders. For further details on the management services provided by the Ascott BT Trustee-Manager, see paragraph 3.4, "Management of ART by the Managers" below.

The Ascott BT Trustee-Manager is also responsible for ensuring that Ascott BT complies with the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), the SFA, the Listing Manual, the Ascott BT Trust Deed and the Stapling Deed, and all other applicable laws, regulations and guidelines.

The Ascott BT Trustee-Manager also has the following statutory duties under the BTA:

- to at all times act honestly and exercise reasonable diligence in the discharge of its duties as Ascott BT's trustee-manager in accordance with the BTA and the Ascott BT Trust Deed;
- to act in the best interests of all Ascott BT Holders as a whole and give priority to the interests of all Ascott BT Holders as a whole over its own interests in the event of a conflict between the interests of all Ascott BT Holders as a whole and its own interests;
- not to make improper use of any information acquired by virtue of its position as Ascott BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Ascott BT Holders; and
- to hold the Ascott BT Trust Property on trust for all Ascott BT Holders as a whole in accordance with the terms of the Ascott BT Trust Deed.

Powers, Duties and Obligations of the Ascott BT Trustee-Manager

The Ascott BT Trustee-Manager's powers, duties and obligations are set out in the Ascott BT Trust Deed and the BTA. The powers, duties and obligations of the Ascott BT Trustee-Manager include:

- (a) acting as trustee-manager of Ascott BT and, in such capacity, safeguarding the rights and interests of the Ascott BT Holders;
- (b) holding the assets of Ascott BT on trust for the benefit of the Ascott BT Holders in accordance with the Ascott BT Trust Deed; and
- (c) exercising all the powers of a trustee-manager and the powers that are incidental to the ownership of the assets of Ascott BT.

The Ascott BT Trustee-Manager has covenanted in the Ascott BT Trust Deed that it will use its best endeavours to carry on and conduct its business in a proper and efficient manner in the best interests of the Ascott BT Holders as a whole (subject to the overriding best interests of Stapled Securityholders, as permitted under all applicable laws, regulations and guidelines).

In the exercise of its powers, the Ascott BT Trustee-Manager may, subject to the provisions of the Ascott BT Trust Deed, acquire or dispose of any real or personal property, borrow or encumber any asset. In particular, the Ascott BT Trustee-Manager may:

- (i) while the Ascott Reit Units and Ascott BT Units are stapled together, lend monies to Ascott Reit out of Ascott BT's Trust Property whenever the Ascott BT Trustee-Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the Stapled Securityholders as a whole; and
- (ii) borrow on behalf of Ascott BT (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of Ascott BT's property) whenever the Ascott BT Trustee-Manager considers that such borrowings are necessary or desirable in order to enable the Ascott BT Trustee-Manager to meet any liabilities under or in connection with Ascott BT or with any of its assets, or that such borrowings are desirable to finance:
 - the acquisition of any authorised investments by Ascott BT or redemption of Ascott BT Units by the Ascott BT Trustee-Manager; or
 - while the Ascott Reit Units and Ascott BT Units are stapled together, the on-lending of monies to Ascott Reit in order to further the interests of the Stapled Securityholders as a whole.

The Ascott BT Trustee-Manager must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Ascott BT Trust Deed, the Listing Manual, the SFA, the BTA, and all other applicable laws, regulations and guidelines. It must retain Ascott BT's assets, or cause Ascott BT's assets to be retained, in safe custody, and cause Ascott BT's accounts to be audited.

The Ascott BT Trustee-Manager may, subject to the provisions of the Ascott BT Trust Deed, appoint and engage:

- (I) a person or entity to exercise any of its powers or perform its obligations; and
- (II) any real estate agents or managers, including an Interested Person (as defined in the Ascott BT Trust Deed), in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Retirement and Removal of the Ascott BT Trustee-Manager

The Ascott BT Trustee-Manager may resign or be removed under the following circumstances:

- the Ascott BT Trustee-Manager shall only resign in accordance with the relevant laws, regulations and guidelines and its resignation shall only be upon the appointment of a new trustee-manager (such appointment to be made in accordance with the provisions of the Ascott BT Trust Deed); and
- the Ascott BT Trustee-Manager may be removed in accordance with the relevant laws, regulations and guidelines.

3.4 Management of ART by the Managers

The Managers set the strategic direction of ART and decide (and in the case of the Ascott Reit Manager, make recommendations to the Ascott Reit Trustee) on the acquisition, divestment or enhancement of assets of ART in accordance with ART's stated investment strategy. Generally, the Managers will provide the following management services to ART:

- ***Investment strategy:*** Formulate and execute ART's investment strategy, including determining the location and other characteristics of ART's property portfolio.
- ***Acquisitions and sales:*** Decide (and in the case of the Ascott Reit Manager, make recommendations to the Ascott Reit Trustee) on the acquisition and sale of properties.
- ***Planning and reporting:*** Make periodic property plans, including budgets and reports, relating to the performance of ART's properties.
- ***Financing:*** Formulate plans for equity and debt financing for ART's property acquisitions, distribution payments, expense payments and capital expenditure payments.
- ***Administrative and advisory services:*** Perform day-to-day administrative services as ART's representative, including providing administrative services relating to meetings of Stapled Securityholders when such meetings are convened.
- ***Investor relations:*** Communicate and liaise with Stapled Securityholders and investors, including responding to enquiries by Stapled Securityholders.
- ***Compliance management:*** Make all regulatory filings on behalf of ART, and ensure that each of Ascott Reit and Ascott BT is in compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the Stapling Deed, all relevant contracts, (in the case of Ascott Reit) the CIS Code (including the Property Funds Appendix), the Tax Rulings and the Ascott Reit Trust Deed, and (in the case of Ascott BT) the BTA and the Ascott BT Trust Deed.
- ***Accounting records:*** Maintain accounting records and prepare or cause to be prepared accounts and annual reports.

To avoid any differences or deadlock in the operation of the Stapled Group, the composition of the board of Directors of the Ascott Reit Manager and Ascott BT Trustee-Manager (the "**Boards**") is identical. Information on the business and working experience of each of the Directors on the Boards is set out in the section entitled "Management".

4. MANAGEMENT CONTRACTS AND MASTER LEASES

As at the Latest Practicable Date, 79 of ART's Properties⁵ are held under Ascott Reit. The remaining nine Properties are held under Ascott BT.

4.1 Properties held under Ascott Reit

(a) *Management Contracts*

46 of Ascott Reit's operating Properties are on Management Contracts, which are entered into between Ascott Reit and the operators which provide property management services to ART.

- 43 of the Properties are managed by management companies which are subsidiaries of the Sponsor (the "**Ascott Management Companies**") (as set out in the table below under the heading "*Ascott Management Companies*") pursuant to the serviced residence management agreements between the Ascott Management Companies and Ascott Reit in respect of these Properties (the "**Ascott Management Agreements**"); and
- three of the Properties, being the Properties located in the United States, are managed by third-party hotel managers (the "**US Management Companies**") (as set out in the table below under the heading "*US Management Companies*") under franchise arrangements.

Ascott Management Companies

Property	Ascott Management Company
Australia	
Citadines St Georges Terrace, Perth	Ascott International Management (Australia) Pty Ltd (" AIM Australia ")
Citadines on Bourke Melbourne	AIM Australia
Citadines Connect Sydney Airport	AIM Australia
Belgium	
Citadines Sainte-Catherine Brussels	Citadines SA
Citadines Toison d'Or Brussels	Citadines SA
China	
Ascott Guangzhou	Ascott (Guangzhou) Property Management Co., Ltd.
Citadines Xinghai Suzhou ⁽¹⁾	Ascott Property Management (Shanghai) Co., Ltd. (" APMS ")

⁵ This figure includes (i) 1 of one-north Singapore, which is under development, (ii) Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan, which are to be divested, as well as (iii) Quest Macquarie Park Sydney, which was acquired in February 2020. In December 2019, ART entered into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment is expected to complete by 2H2020.

Property	Ascott Management Company
Citadines Zhuankou Wuhan ⁽¹⁾	APMS
Somerset Grand Central Dalian	Ascott Property Management (Beijing) Co., Ltd. (“ APMB ”)
Somerset Heping Shenyang	APMB
Somerset Olympic Tower Property Tianjin	APMB
Somerset Xu Hui Shanghai	APMS
Indonesia	
Ascott Jakarta	PT Ascott International
Somerset Grand Citra Jakarta	PT Ascott International
Japan	
Citadines Central Shinjuku Tokyo	Ascott International Management Japan Company Limited (“ AIM Japan ”)
Citadines Karasuma-Gojo Kyoto	AIM Japan
Citadines Shinjuku Tokyo	AIM Japan
Somerset Azabu East Tokyo	AIM Japan
11 Properties held under Japan Rental Housing Properties	AIM Japan
Malaysia	
Somerset Kuala Lumpur	Ascott International Management (Malaysia) Sdn. Bhd.
The Philippines	
Ascott Makati	Scotts Philippines, Inc. (“ Scotts Philippines ”)
Somerset Millennium Makati	Scotts Philippines
Singapore	
Citadines Mount Sophia Property Singapore	Ascott International Management Pte Ltd. (“ AIMPL ”)
Somerset Liang Court Property Singapore ⁽²⁾	AIMPL
Spain	
Citadines Ramblas Barcelona	Aparthotel Citadines SA
The UK	
Citadines Barbican London	Soderetour UK Limited (“ Soderetour UK ”)
Citadines Holborn-Covent Garden London	Soderetour UK
Citadines South Kensington London	Soderetour UK
Citadines Trafalgar Square London	Soderetour UK

Property	Ascott Management Company
Vietnam	
Somerset Chancellor Court Ho Chi Minh City	Ascott International Management (Vietnam) Co., Ltd. (“ AIMV ”)
Somerset Grand Hanoi	AIMV
Somerset Hoa Binh Hanoi	AIMV
Somerset Ho Chi Minh City	AIMV

Notes:

- (1) In December 2019, ART entered into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestments are expected to complete by 2H2020.
- (2) In November 2019, ART announced the sale of the partial gross floor area (“**GFA**”) of Somerset Liang Court Property Singapore and the redevelopment of the retained GFA into a new Somerset serviced residence property. The divestment is expected to be completed in 2H2020.

Pursuant to the relevant Ascott Management Agreements, each of the Ascott Management Companies was appointed to operate, maintain, manage and market the serviced apartment units in the relevant Properties managed by them, and provide lease/licence management, marketing and serviced residence management services for the Properties.

US Management Companies

Property	US Management Company
United States	
DoubleTree by Hilton Hotel New York – Times Square South	Affiliates of Magna Hospitality Group (“ Magna ”)
Element New York Times Square West	Real Hospitality Group, LLC
Sheraton Tribeca New York Hotel	Affiliates of Magna

(b) **Master Leases**

32 of Ascott Reit’s operating Properties – 17 in France, five in Germany, four in Japan, four in Australia, and two in Singapore, are on Master Leases with the Master Lessees. See paragraph 4.3, “Description of the Master Leases” below for further details of the Master Lease arrangements.

4.2 Properties held under Ascott BT

(a) *Management Contracts*

Six of the Properties held by Ascott BT, being the Properties located in Australia which were acquired from A-HTRUST BT pursuant to the Combination, are managed by third-party hotel managers (the “**Australia Management Companies**” and together with the Ascott Management Companies and US Management Companies, the “**Management Companies**”) (as set out in the table below).

Property	Australia Management Company
Australia	
Courtyard by Marriott Sydney-North Ryde	Marriot International Management Company B.V.
Novotel Sydney Central	Accor Australia & New Zealand Hospitality Pty Limited (“ Accor Australia ”)
Novotel Sydney Parramatta	Accor Australia
Pullman and Mercure Brisbane King George Square	Accor Australia
Pullman and Mercure Melbourne Albert Park	Accor Australia
Pullman Sydney Hyde Park	Accor Australia

(b) *Master Leases*

The remaining three Properties held by Ascott BT – one in Japan and two in South Korea, are on Master Leases with the Master Lessees. See paragraph 4.3, “Description of the Master Leases” below for further details of the Master Lease arrangements.

4.3 Description of the Master Leases

The Master Leases in Europe are subject to annual rental revisions pegged to indices representing construction cost, inflation or commercial rental prices. Accordingly, the rental revisions may be adjusted upwards or downwards depending on the above factors. The Master Leases in Australia are subject to fixed indexation per annum until the next market review. In Asia, most of the Master Leases include a variable component, in addition to the fixed rent, providing upside potential. The terms of the Master Leases may be revised on renewal and the terms of certain Master Leases are currently subject to negotiations. As at the Latest Practicable Date, these Master Leases have a weighted average remaining tenure of approximately eight years.

There were no Master Leases renewed in FY2019.

5. GROWTH STRATEGIES

Any investment made must be aligned to ART’s acquisition criteria after taking into account other relevant factors such as regulatory, commercial and political factors. Investments may be by way of direct property ownership or through the ownership of legal entities that own these properties.

The key objectives of the Managers are to continue to deliver stable and growing distributions to Stapled Securityholders through the following strategies:

- (i) **Growth by acquisition:** Selectively acquiring properties that meet the Managers' investment criteria;
- (ii) **Active asset management of assets:** Actively managing the property portfolio of ART to maximise returns through organic growth;
- (iii) **Unlocking value:** Seeking divestment opportunities for Properties that have reached the optimal stage of their life cycle and redeploying divestment proceeds into higher yielding assets;
- (iv) **Prudent capital and risk management:** Employing appropriate capital financing and hedging strategies to manage interest rate and foreign exchange risks; and
- (v) **Leveraging Sponsor:** Tapping on the expertise of the Sponsor, as an owner-operator in the lodging industry, and leveraging its brands and operating platforms which include, amongst other things, sales network and digital initiatives.

5.1 Growth by Acquisition

As part of its value creation strategy, the Managers actively but selectively explore acquisition opportunities globally and adopt stringent investment criteria to acquire quality properties that enhance the quality of ART's portfolio. To expand ART's portfolio and maintain its geographical diversification across growth markets as well as stable economies, the Managers' acquisition strategies are as follows:

Acquisition of assets owned wholly or in part by the Sponsor

ART has been granted a right of first refusal in respect of, *inter alia*, the future sale by any Sponsor entity of properties that are used or predominantly used as serviced residences or rental housing properties in the Pan-Asian Region⁶ and Europe. The Sponsor supports ART's acquisition strategy through acquiring, retaining and enhancing assets with good income and growth potential, with the view of subsequently divesting the assets to ART at the appropriate time.

A number of the Sponsor's properties are currently under development or undergoing stabilisation of operations. Upon completion, they offer a pipeline of potential targets for acquisition by ART.

Acquisition of assets currently managed and/or leased but not owned by the Sponsor

In addition to managing ART's portfolio, the Sponsor also operates and/or manages serviced residences and limited-serviced hotels owned by third parties. These assets are complementary to ART's current portfolio. ART will leverage the Sponsor's knowledge and relationships with the owners of these properties to acquire these assets should such opportunities become available.

⁶ Refers to all countries in Asia and the Asia-Pacific region.

Acquisition of suitable assets from third party owners not managed and/or leased by the Sponsor

ART also acquires quality assets from third party owners. Such opportunities arise from:

- divestment of income-producing assets by third party owners in need of capital for new business expansion or investments;
- divestment of assets by owners under financial stress; and
- acquisition of well-located but underperforming assets with the potential for rebranding or asset enhancements for higher returns.

The Sponsor's network of third-party owners and industry partners can also serve as an additional source of investment leads for ART, as ART can consider acquiring properties from or divesting to them.

Acquisition criteria

In evaluating acquisition opportunities, ART adopts the following criteria:

Yield Accretive

ART acquires properties or makes investments with yields that are above, or have the potential to be, above their cost of capital. Acquisitions are made only when there is expected accretion to Stapled Securityholders.

Locations (Macro-Economic and Micro-Market Characteristics)

Key indicators such as gross domestic product growth, foreign direct investment growth, business and trade activities, travel trends (including international and domestic movements) and the resulting demand for lodging products are assessed. The overall impact of an acquisition on ART's geographical diversification is considered as well.

In addition, ART assesses properties based on their micro-market locations. Factors considered include the accessibility to major roads, public transportation, proximity to amenities as well as potential infrastructure and developmental plans within the vicinity.

Value-creation opportunities

Investments are made in quality properties which have the potential for an increase in RevPAU, either through higher occupancy rates and/or ADR. The potential for ART to create greater value through asset enhancement initiatives ("**AEIs**") such as refurbishment and reconfiguration is also assessed.

Building and facilities specifications

To assess a property's suitability for the intended hospitality operations, due diligence on a building's specifications is performed. In addition, compliance with approved legal and zoning regulations must be adhered to.

Operator of the serviced residences, hotels or rental housing properties

Selecting a suitable operator is also key to the acquisition process. The suitability of an operator is assessed based on the operator's property management expertise and experience to effectively generate returns and cash flow from the property.

5.2 Active asset management

The Managers create value for Stapled Securityholders by maximising the operating yield of ART's property portfolio and by focusing on the operational performance of each Property.

As part of the Managers' focused and profit-oriented approach, the Managers benchmark the operating results of each Property against market performance and against its previous year's results and planned budgets. The Managers also conduct detailed reviews of Properties that are not achieving their targets, and work closely with the Management Companies to develop action plans to improve the operating performance of each of these Properties.

The Managers have in place robust asset management programmes that enable them to actively manage each of the Properties to generate organic growth and strengthen existing relationships with key customers. Through the Management Companies, the Managers seek to optimise occupancy levels and ADR, and maximise RevPAU.

Develop yield management and marketing strategies to maximise RevPAU

The Managers adopt a proactive approach in asset management, optimising the operating yields of the Properties in order to drive organic growth. The profitability of ART's portfolio depends primarily on the optimisation of RevPAU. Therefore, the Managers' yield management and marketing strategies are focused on:

- assessing and adjusting room rental rates based on occupancy levels and demand; and
- determining the right balance between higher yielding short-stay guests and stability of revenue from long-stay guests.

Improve operating efficiencies and economies of scale

The Managers work closely with and leverage the various Management Companies' extensive networks and platforms for sales distribution, revenue and inventory management, as well as procurement. In doing so, ART is able to drive revenue at the Properties and increase profit margins through effective cost management without compromising on service quality. The Managers and the Management Companies have identified several areas for cost management. Some examples include:

- direct marketing through the Management Companies' booking platforms to reduce commission expenses;
- bulk purchases to achieve economies of scale; and
- centralisation of key functions, such as finance and procurement for Properties located within the same city or region.

Create real estate value and maintain quality of portfolio

The Managers continuously strive to enhance the Properties through planned periodic AEIs. Such refurbishment works enhance the Properties, providing a higher level of guest satisfaction. The improvement in performance is expected to translate into higher real estate value. The Properties are reviewed regularly for AEI potential, taking into account:

- age of the property;
- market prospect and outlook; and
- yield accretion potential.

During AEIs, care is taken to minimise disruption to daily operations and inconvenience to guests. In 2019, ART completed the AEIs of Element New York Times Square West and Somerset Grand Citra Jakarta.

5.3 Unlocking Value

The Managers constantly monitor and evaluate the growth potential of each Property to rejuvenate the portfolio. Divestment opportunities are sought for Properties that have reached the optimal stage of their life cycle, or whose growth prospects have been limited by the operating environment. Sale proceeds would then be channelled into new investment opportunities that will offer better growth prospects for ART. Proceeds from the divestments could also be deployed towards repayment of borrowings and/or capital distribution to Stapled Securityholders.

Since its listing in 2006 to 31 December 2019, ART has divested over 30 properties, recognising a total net divestment gain of approximately S\$0.4 billion⁷. On 9 January 2019, ART announced the divestment of Ascott Raffles Place Singapore, which was completed on 9 May 2019. On 31 October 2019, ART announced the completion of the divestment of Somerset West Lake Hanoi.

ART actively seeks various opportunities to unlock value for its Stapled Securityholders. On 21 November 2019, ART announced the entry into a put and call option agreement with respect to the proposed sale by Ascott Reit of partial GFA of Somerset Liang Court Property Singapore and the redevelopment of the retained GFA into a new Somerset serviced residence property at the same location, with a hotel licence and a refreshed 99 years land lease. This transaction enabled ART to realise gains on the appreciation of the property's value and the proceeds from the divestment of the partial GFA will be used to fund the redevelopment of the retained GFA. The divestment is expected to be completed in 2H2020.

In December 2019, ART announced the entry into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment of these two Properties is expected to complete by 2H2020.

5.4 Capital and Risk Management

ART endeavours to achieve an optimal capital structure through a robust and disciplined approach towards capital and risk management. The Managers' balance the cost of capital to optimise returns to the Stapled Securityholders, while maintaining gearing at a

⁷ Excludes the divestment of partial GFA of Somerset Liang Court Property Singapore, which is expected to complete in 2H2020.

comfortable range, within the borrowing limits set out in the Property Funds Appendix. Either debt or equity or a combination of both is used to fund future acquisitions, while AEIs are funded mainly by operating cash flow.

Additionally, ART optimises asset yields and provides stable and sustainable Stapled Securityholders' returns while maintaining flexibility for future capital expenditure or yield-accretive acquisitions.

The Managers' objectives for capital and risk management are as follows:

Maintain strong balance sheet by adopting and maintaining a target gearing range

ART maintains its gearing at a comfortable range, well within the borrowing limits allowed under the Property Funds Appendix. The Property Funds Appendix provides that prior to 1 January 2022, the aggregate leverage of a REIT should not exceed 50.0% of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Stapled Securities). On or after 1 January 2022, the aggregate leverage limit is 45% of the REIT's Deposited Property, and the REIT's aggregate leverage may exceed this limit (up to a maximum of 50%) only if the REIT has a minimum adjusted interest coverage ratio (as defined in the Property Funds Appendix) of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

As at 31 March 2020, ART's outstanding borrowings (excluding interest) was approximately S\$2,537.0 million, including both bank loans and the outstanding notes issued under its medium term note programmes.

As at 31 March 2020, ART has an enlarged debt headroom of S\$2.1 billion⁸, providing it with greater access to growth opportunities and increased capacity for more development and conversion projects. The gearing of ART as at 31 March 2020 was 35.4%.

Secure diversified funding sources from both financial institutions and capital markets to seize market opportunities

The Managers utilise various funding sources including bank borrowings, the issuance of bonds and notes in the debt capital markets and the issuance of perpetual securities. ART can also exercise the option to raise equity capital through the issuance of Stapled Securities, when appropriate.

In managing liquidity risks, ART has established the Programme in 2009 and a US\$2.0 billion EURO-Medium Term Note Programme in 2011, in addition to credit lines with financial institutions. Following the Combination, the A-HTRUST Stapled MTN Programme which was established by A-HTRUST was also added to ART's portfolio of funding sources.

As at 31 March 2020, approximately 64% of ART's total debt was funded by bank borrowings and the balance 36% was tapped from the debt capital markets through its medium term note programmes. ART adopts a prudent and disciplined approach towards capital management to ensure financial flexibility in its funding structure and to mitigate concentration risk.

⁸ Refers to the amount of additional debt before reaching the 50.0% aggregate leverage limit under the Property Funds Appendix.

Adopt a proactive interest rate management strategy

The Managers manage the risks associated with interest rates on loan facilities through the use of fixed rate borrowings and interest rate swaps, with the intention to keep variable interest rate borrowings at not more than 20% on a portfolio basis. In view of the low interest rate environment in 2019, ART had refinanced some of its borrowings at a lower rate in 2019, keeping ART's effective borrowing cost competitive.

As at 31 March 2020, ART's effective borrowing cost is approximately 1.8% per annum, and approximately 81% of ART's total borrowings were on fixed interest rates to hedge against rising interest rates.

In September 2019, ART successfully issued S\$150.0 million fixed rate perpetual securities at 3.88% per annum (the "**3.88% Securities**") to fund the redemption in full of the S\$150.0 million in aggregate principal amount of 5.00% fixed rate perpetual securities with first call date on 27 October 2019 (the "**October 2019 Securities**"). With the lower distribution rate of the 3.88% Securities, this refinancing is expected to result in savings of approximately S\$1.7 million per annum.

Manage exposure to foreign exchange fluctuations

With the Properties located across 15 countries, ART's earnings and financial position are subjected to foreign exchange movements. To the extent possible, the Managers adopt a natural hedging strategy by borrowing in the same currency as the underlying asset to minimise the impact of foreign exchange movements, and using hedging instruments, such as cross currency interest rate swaps, to convert a portion of the borrowings to match the currency of the underlying asset.

Where appropriate, hedging instruments such as foreign currency forward contracts are used to mitigate the impact of foreign exchange movements on the Properties' cash flow, taking into account the cost of hedging. The geographically diversified nature of ART's portfolio also serves to reduce the impact of foreign exchange fluctuations, as the strengthening of some currencies mitigates the weakening of others.

As a result of proactive foreign exchange management and the geographically diversified nature of ART's portfolio, the impact of foreign exchange rate movements on ART's gross profit has been kept within a +/-1.4% threshold for the last five years.

Perform rigorous credit risk management

The Managers establish credit limits for customers and monitor their balances on an on-going basis. Credit evaluations are performed by the Management Companies before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

For bookings by individuals, payments are usually made upfront and arrears are checked against lease deposits to minimise losses. Corporate bookings are generally given more credit days and the Managers adopt a strict policy of withdrawing credit terms when payments are outstanding so as to minimise bad debts.

Ensure sufficient cash flows to minimise liquidity risk

The Managers' approach to managing liquidity is to ensure as far as possible that ART will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ART's reputation.

In addition to credit facilities, ART has the Programme, an US\$2.0 billion EURO-Medium Term Note Programme and the A-HTRUST Stapled MTN Programme (which was established by A-HTRUST and added to ART's funding sources pursuant to the Combination).

Prepare for market uncertainties

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

5.5 Leveraging the relationship with the Sponsor

The Managers work closely with the Management Companies to establish and develop relationships with global key accounts, and leverage the Sponsor's wider networks to improve ART's revenue and profitability.

The Sponsor enjoys strong brand equity through a series of marketing initiatives across different platforms. ART's portfolio mainly comprises serviced residences operated under the Ascott The Residence, Somerset, Quest and Citadines Apart'hotel brands of the Sponsor. The Sponsor's suite of brands enables ART to offer a range of hospitality products, to cater to the different market segments and varying needs of today's travellers. With its scale and operational track record, the Sponsor is also able to provide guests staying at its managed properties around the world with a consistent customer experience and service quality.

As an established lodging operator focused on growing its scale, the Sponsor continuously expands its global operations and footprint into new markets. ART taps on the Sponsor's operational network for centralised procurement to lower operating costs and comprehensive sales and marketing programmes for a wider reach.

Integrating digital technology into its properties and systems is a key agenda for the Sponsor. Over the years, the Sponsor has invested in various digital initiatives which improve operational efficiencies and heighten service quality to enhance overall guest experience. Such initiatives are critical in keeping the Sponsor's managed properties competitive, and ART will benefit from the Sponsor's efforts in leveraging technology. For instance, the Sponsor has launched a hotel management mobile application software that streamlines processes and improves productivity. Through the application, issues are efficiently reported by operations teams and addressed by managers in real-time.

Being part of the larger CapitaLand group, ART is able to tap on financing and treasury support and gain wider access to the debt and equity capital markets for more favourable capital raising terms.

6. COMPETITIVE STRENGTHS

The Managers are of the opinion that the competitive strengths of ART are as follows:

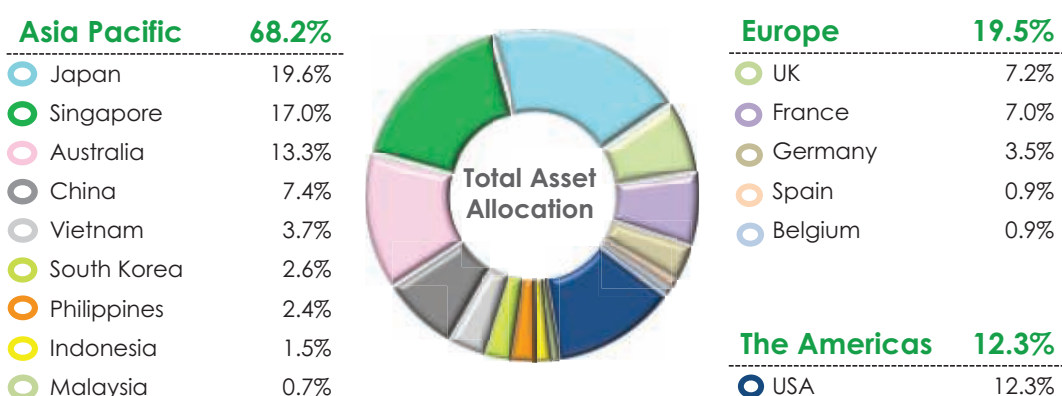
6.1 Diversified Portfolio

With properties located in nine countries in the Pan-Asian Region, five countries in Europe as well as the United States, ART is the most geographically diversified Singapore-listed property trust.

In addition, with the completion of the Combination, ART has boosted its portfolio to 88 hospitality Properties⁹ as at the Latest Practicable Date, which now comprises a range of accommodation types, including serviced residences, business hotels and rental housing, catering to both leisure and corporate markets with short or long stay needs. With the expected opening of lyf one-north Singapore in 2021¹⁰, ART will also expand its suite of products to include coliving properties.

As at 31 March 2020, approximately 68.2% of ART's total assets are in the Asia-Pacific region, approximately 19.5% are in Europe, with the remaining approximately 12.3% in the United States. With a well-balanced and geographically diversified portfolio, serving a spectrum of guests with varying needs, ART is not subjected to concentration risk from any single market.

Geographical diversification by asset value as at 31 March 2020



⁹ This figure includes (i) lyf one-north Singapore, which is under development, (ii) Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan, which are to be divested, as well as (iii) Quest Macquarie Park Sydney, which was acquired in February 2020. In December 2019, ART entered into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment is expected to complete by 2H2020.

¹⁰ lyf one-north Singapore is currently under development. The Property is expected to obtain its Temporary Occupation Permit by 2020 and open in 2021.

6.2 Strategic Location

ART's 88 hospitality Properties¹¹ are located in key gateway cities across Australia, Belgium, China, France, Germany, Indonesia, Japan, Malaysia, the Philippines, South Korea, Singapore, Spain, the United Kingdom, the United States and Vietnam. The Properties are strategically located near central business districts, tourist attractions or facilities for meetings, incentives, conferences and exhibitions. They are well-served by public transportation and within walking distance to amenities such as restaurants and supermarkets.

For example, the France Properties in Paris are located near iconic landmarks such as the Eiffel Tower, The Louvre, Notre Dame, Arc de Triomphe and the shopping street of Champs-Élysées. One of the France Properties is located in Cannes, a popular holiday destination well known for its annual International Film Festival. Similarly in London, the UK Properties are located either near business districts or tourist destinations such as Trafalgar Square and the renowned shopping and dining districts of Chelsea and Knightsbridge.

Likewise, the three Properties in the United States are strategically located near cultural and financial districts. For instance, Sheraton Tribeca New York Hotel is located adjacent to SoHo, a premier retail district, and is also within proximity to the financial district. DoubleTree by Hilton Hotel New York – Times Square South and Element New York Times Square West are conveniently located in Midtown Manhattan with easy access to 15 subway lines and three transportation nodes. Both Properties in New York are within walking distance to the Jacob K. Javits Convention Center and the Hudson Yards live-work-play community, as well as Times Square, the cultural and commercial epicentre of Manhattan and one of the world's most popular tourist attractions.

The Properties in Asia are also very strategically located. For example, Citadines Central Shinjuku Tokyo and Citadines Shinjuku Tokyo are located in the bustling entertainment area of Shinjuku, while Somerset Azabu East Tokyo is conveniently located in the Minatoku district, with three subway stations close by providing easy access to the entire city of Tokyo, and is also within walking distance to the Tokyo Tower and the Roppongi entertainment and shopping district. Similarly in Singapore, Ascott Orchard is located in the prime Orchard entertainment and commercial district, with easy access to the central business district, world-class shopping malls and premium medical facilities.

6.3 Strong Brand Recognition

ART is brand agnostic and the properties under its portfolio are operated by established operators with strong domain knowledge, under reputable brands.

ART's serviced residences are mainly operated by the Sponsor, one of the leading international lodging owner-operators with more than 30 years of industry track record and a brand that enjoys worldwide recognition. ART's serviced residences are mainly operated under the Ascott The Residence, Quest, Somerset and Citadines Apart'hotel brands of the Sponsor. As at the Latest Practicable Date, four of ART's serviced residences are operated under the Ascott The Residence brand, four are operated under the Quest brand, 13 are operated under the Somerset brand, 35 are operated under the Citadines Apart'hotel brand, one is operated under the Crest Collection brand and one is operated under the Citadines Connect brand.

¹¹ This figure includes (i) lyf one-north Singapore, which is under development, (ii) Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan, which are to be divested, as well as (iii) Quest Macquarie Park Sydney, which was acquired in February 2020. In December 2019, ART entered into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment is expected to complete by 2H2020.

The Sponsor's premier Ascott The Residence-branded properties offer top business executives discreet services in an exclusive environment. The Quest brand offers spacious serviced apartment style hotel rooms perfect for short and long stays. Somerset serviced residences are ideal for executives and their families looking for work/life balance, as they offer more recreational facilities such as playgrounds, indoor playrooms and children's swimming pools. The Citadines Apart'hotel brand provides independent travellers with the flexibility to choose the services they require – modern comforts, business connectivity and other customised services – that best complements their lifestyle. The Citadines Connect brand offers contemporary and tech-enabled hotel accommodation in well-connected locations and caters to highly mobile business travellers who appreciate convenience, fuss-free services, online connectivity and recreational experiences.

Additionally, Le Clef Louvre Paris is managed under the Sponsor's Crest Collection brand. The Crest Collection is a prized selection of some of the Sponsor's most prestigious and unique luxury services residences designed with elegant and classic European flair. ART is also developing its first coliving property to be operated under the Sponsor's new brand, lyf, which caters to the millennial and millennial-minded market.

As a testament to its quality accommodation and services, the Sponsor and the Properties it manages have been awarded with various excellence awards. Please refer to pages 263 to 265 for the list of awards won by ART's Properties in 2019 and 1Q2020. Due to the Sponsor's strong brand reputation and management excellence, ART's Properties are recognised globally and are a desired choice of accommodation for business travellers seeking accommodation for extended stays.

ART also engages other third-party operators, including Accor, Hilton, Marriott and Sotetsu, with Properties operating under their established brands such as Pullman, Novotel, DoubleTree, Courtyard, Sheraton and The Splaisir. The 11 rental housing properties in Japan which ART owns are managed under a mixture of local rental housing brands.

6.4 Operational Synergies with the Sponsor

The Sponsor operates on a large scale in Asia and Europe and this enhances its ability to attract talent, develop management systems and achieve economies of scale not available to some of its competitors. All owners of properties managed by the Sponsor, including ART, benefit from a full range of corporate services such as human resources, corporate sales and marketing, corporate advertising, a central reservations system, a global sales network, centralised purchasing, building system maintenance and financial administration which are not available to independent owners.

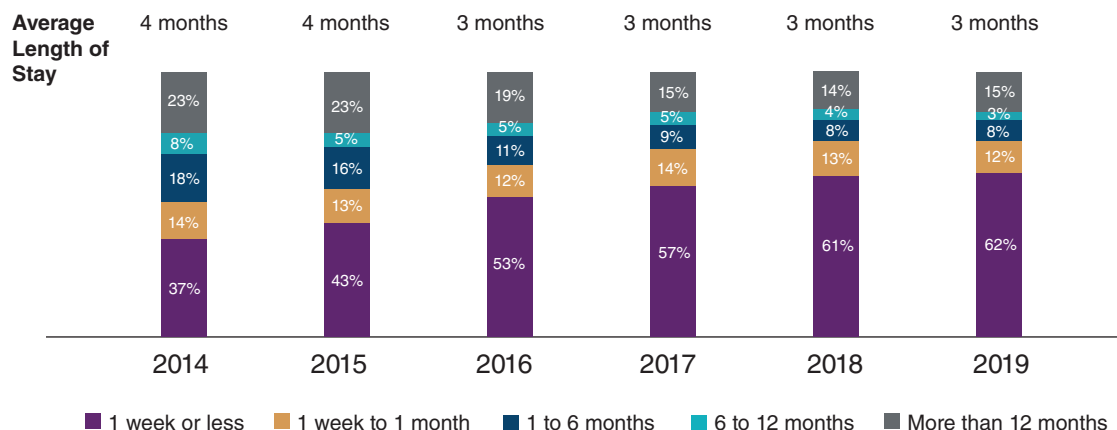
Through its synergistic partnership with the Sponsor, ART will be able to further leverage the Sponsor's competitive advantages in the market through the Sponsor's ability to develop, invest in, operate and manage serviced residences and rental housing properties. For further details, see paragraph 5.5, "Leveraging the relationship with the Sponsor" above.

6.5 Stability of Income

ART enjoys stability of income through its extended-stay business model. Business travellers form a significant part of ART's guest profile, comprising expatriate relocations, corporate assignments and project groups. The demand for corporate travel, which is driven by long-term macroeconomic factors such as gross domestic product and foreign direct investment growth, is generally more stable than leisure travel, which is more seasonal in nature. ART's range of accommodation types provides the flexibility to cater to both short and long-staying guests.

The average length of stay for Properties on Management Contracts was approximately three months in FY2019. Rental housing properties with leases averaging more than one year offer greater income stability to the portfolio. Shorter-term stays, on the other hand, command higher room rates, enhancing yields.

The breakdown of ART's portfolio apartment rental income by length of stay¹² for FY2019 is set out in the chart below:



ART also enjoys income stability through the Properties located in France, Germany, Japan, Australia and Singapore which are under the Master Leases, and Properties located in the UK, Belgium and Spain which are under the Ascott Management Agreements that provide a minimum guaranteed income to ART.

For FY2019, approximately 40% of ART's gross profit was from stable income sources (Master Leases and Ascott Management Agreements with minimum guaranteed income), providing ART with a stable base of income. ART will continue to enjoy this enhanced income stability over an extended period as the Master Leases have a weighted average remaining tenure of approximately eight years and the Ascott Management Agreements with minimum guaranteed income have weighted average remaining tenures of approximately two years as at 31 December 2019.

6.6 Strong Acquisition Track Record

As part of its growth strategy, ART continually explores investment opportunities globally to enhance the quality of its portfolio and to maintain its geographical diversification across growth markets as well as stable economies.

Over the years, ART has demonstrated a strong acquisition track record, having made acquisitions of more than 80 properties since the listing of Ascott Reit in 2006. Through these acquisitions, ART's asset size has increased nine-fold since its initial listing's asset size of S\$856.0 million, to an asset value of approximately S\$7.4 billion as at 31 December 2019 (including the 14 Properties acquired pursuant to the Combination).

In May 2019, ART completed the acquisition of Felix Hotel, which was rebranded as Citadines Connect Sydney Airport. Citadines Connect Sydney Airport is ART's first limited service business hotel in Australia and the first property to be managed by the Sponsor under the new Citadines Connect brand.

¹² Historical information is prepared for illustrative purposes only and is not a guarantee of future performance. Portfolio information excludes Properties on Master Leases, lyf one-north Singapore (under development) as well as the 14 Properties under the A-HTRUST portfolio which were acquired pursuant to the Combination on 31 December 2019.

Further, on 31 December 2019, ART completed the Combination, acquiring all of the stapled securities in A-HTRUST by way of a trust scheme of arrangement. The Combination added 14 hospitality Properties to ART's portfolio. For further details, see "Description of Ascott Residence Trust – 8. Recent Developments – 8.1 Combination between Ascott Reit and A-HTRUST". In addition, in February 2020, ART completed the acquisition of a prime freehold serviced residence, Quest Macquarie Park Sydney. The Property is under a Master Lease arrangement, and adds to ART's stream of stable income.

6.7 Strong Guest Base

By offering a range of accommodation types including serviced residences, business hotels and rental housing, catering to both leisure and corporate markets with short or long stay needs, ART is also able to cater to a wide range of budgets and customer needs. Various apartment sizes are available to guests as the portfolio comprises studio, one-bedroom to three-bedroom and penthouse apartment units.

ART's guest base comprises expatriate families, business travellers, corporate executives drawn from prominent domestic and international corporations, a wide range of industry sectors and government bodies. This limits ART's reliance on any particular industry or group of clients, thus providing relative stability to the earnings of ART's portfolio.

The breakdown of ART's rental income by industry (for corporate accounts only) for FY2019 is set out in the chart below:

FY2019 Portfolio Information by Industry



Industry	Percentage
Industrial	22%
Consumers	17%
Government & NGOs	13%
Financial Institutions	11%
Manufacturing	11%
Information Technology	7%
Media & Telecommunications	5%
Real Estate/Lodging	4%
Energy & Utilities	4%
Healthcare	3%
Others	3%
Total	100%

Note: Based on rental income for corporate accounts only.

ART's top 10 corporate clients by rental income for FY2019 is set out in the chart below:

FY2019 Top 10 Corporate Clients of ART by Rental Income

Corporate Client	Industry	% of Total Apartment Income
Embassies of various countries	Government & NGOs	1.5%
Qantas	Consumers	0.8%
Toyota	Manufacturing	0.6%
Mitsubishi	Industrial	0.5%
Honda	Manufacturing	0.4%
Accenture	Consumers	0.3%
Denso	Industrial	0.3%
Samsung	Industrial	0.2%
Intel	Information Technology	0.2%
Bamboo Airways	Consumers	0.2%
Total		5.0%

Note: "Industry" refers to the largest contributing industry for corporate clients with multiple business operations.

6.8 Potential Capital Value Upside

Serviced residences may be converted to residential units at a lower cost than hotels and office buildings due to the kitchens and other amenities built into most serviced residence units. This means that, subject to applicable regulations, a serviced residence owner has the option to continue to own such units or, if residential values are sufficiently attractive, to strata-title and sell the units or sell the property to a residential developer who may on-sell the units as private residences.

6.9 Managed by an Experienced and Professional Management Team

The Managers have experienced and well-qualified management personnel to handle the day-to-day operations of the Managers and ART. Information on the business and working experience of the management team of the Managers as at the Latest Practicable Date is set out under “Management – Management Team of the Managers” on pages 300 to 301.

7. REPATRIATION OF CASH

The distributable income of ART is substantially based on the cash operating profits of all the Properties in ART’s portfolio. There are various avenues by which cash may be repatriated from the Property Companies to ART:

- (a) dividend income received by ART via the Property Holding Companies;
- (b) repayment of shareholders’ loans extended within ART, the Property Holding Companies and Property Companies; and
- (c) incurrence of borrowings by ART to address constraints in the repatriation of cash and dividends by certain Property Companies. This will be partially offset by the use of the unrepatriated cash to repay third party borrowings at the overseas level such that the overall gearing of ART is substantially maintained.

8. RECENT DEVELOPMENTS

8.1 *Combination between Ascott Reit and A-HTRUST*

On 3 July 2019, Ascott Reit entered into an Implementation Agreement with A-HTRUST, pursuant to which the parties agreed to implement the Combination on the terms and subject to the conditions set out in the Implementation Agreement. The Combination of Ascott Reit and A-HTRUST was effected through ART acquiring all the stapled securities in A-HTRUST by way of a trust scheme of arrangement for a consideration of S\$1.0868 for each stapled security in A-HTRUST, which comprises S\$0.0543 in cash (the “**Cash Consideration**”) and 0.7942 Stapled Securities. The cash component of Ascott Reit’s share of the total transaction costs, including the Cash Consideration, was financed using its existing debt facilities.

In connection with the Combination, pursuant to the Ascott Reit Scheme, all the Ascott BT Units (which were then wholly held by Ascott Reit) were distributed *in specie* to the Ascott Reit Holders, and each Ascott BT Unit was stapled to an Ascott Reit Unit to form a Stapled Security.

In connection with the Combination, the units in A-HTRUST REIT and the units in A-HTRUST BT were unstapled from each other, and Ascott Reit acquired 100.0% of the units in A-HTRUST REIT while Ascott BT acquired 100.0% of the units in A-HTRUST BT. Accordingly, the combined group, being the stapled group of ART, comprises Ascott Reit (which holds A-HTRUST REIT) and Ascott BT (which holds A-HTRUST BT).

The Combination and the Ascott Reit Scheme were approved at an extraordinary general meeting held on 21 October 2019. The Combination (including the distribution *in specie* of, and stapling of, the Ascott BT Units to the Ascott Reit Units to form the Stapled Securities pursuant to the Ascott Reit Scheme) was completed on 31 December 2019.

The Combination consolidated ART's position as the largest hospitality trust in the Asia-Pacific region, with an asset value of S\$7.4 billion as at 31 December 2019. The Combination added 14 hospitality properties of A-HTRUST which are predominantly freehold and located in Japan, South Korea, Singapore and Australia, and further diversified ART's global portfolio with foray into new gateway cities, Brisbane and Seoul. Five of the 14 Properties are held by Ascott Reit (through A-HTRUST REIT) while the remaining nine Properties are held by Ascott BT (through A-HTRUST BT).

- 8.2 On 26 August 2019, the Ascott Reit Manager announced the pricing of the 3.88% Securities, with the net proceeds arising from the issue of the 3.88% Securities (after deducting issue expenses) being used for general corporate purposes including the redemption of the October 2019 Securities. On 4 September 2019, the Ascott Reit Manager announced that Ascott Reit had issued the 3.88% Securities (ISIN Code: SGXF19322878).
- 8.3 On 30 August 2019, the Ascott Reit Manager announced the redemption in full of the October 2019 Securities (ISIN Code: SG6TG1000001) issued by Ascott Reit at 100% of its principal amount. Following the payment of the redemption price on 29 October 2019, the October 2019 Securities have been cancelled in accordance with the terms and conditions of the October 2019 Securities and redeemed in full.
- 8.4 On 31 October 2019, the Ascott Reit Manager announced that Ascott Reit had divested its entire 70.0% indirect interest in the serviced residence known as Somerset West Lake Hanoi.
- 8.5 On 6 November 2019, the Ascott Reit Manager announced that a total of 1,993,379 Ascott Reit Units have been issued at an issue price of S\$1.3095 per Ascott Reit Unit to the Ascott Reit Manager as partial payment of the Reit Base Fees for the period from 1 July 2019 to 30 September 2019 (both dates inclusive).

The balance of the Reit Base Fees of S\$1,001,861 (excluding applicable goods and services tax) was paid in cash. The aforesaid Reit Base Fees are computed in accordance with the provisions stipulated in the Ascott Reit Trust Deed.

- 8.6 On 21 November 2019, the Ascott Reit Manager announced that Ascott Reit had entered into a put and call option agreement in relation to the sale of the partial GFA of Somerset Liang Court Property Singapore (the "PCOA") and the proposed redevelopment by Ascott Reit of the retained GFA into a new Somerset serviced residence property.
- 8.7 On 27 December 2019, the Ascott Reit Manager announced that the Ascott Reit Trustee has established a wholly owned subsidiary, Ascott Reit (Australia) Investment Pte. Ltd., as part of its on-going business development. The principal activity of Ascott Reit (Australia) Investment Pte. Ltd. is investment holding. The share capital upon incorporation of Ascott Reit (Australia) Investment Pte. Ltd. is S\$1.00, comprising one ordinary share. The country of incorporation of Ascott Reit (Australia) Investment Pte. Ltd. is Singapore.
- 8.8 On 7 January 2020, the Managers announced that Mr Lim Cho Pin Andrew Geoffrey had stepped down from the Audit Committee of the Ascott Reit Manager, as the intention was for the composition of the Audit Committee of the Ascott BT Trustee-Manager to mirror that of the Audit Committee of the Ascott Reit Manager. Mr Lim Cho Pin Andrew Geoffrey, as a Non-Executive and Non-Independent Director, was not eligible to serve on the Audit

Committee of the Ascott BT Trustee-Manager due to the requirements of the BTA. In addition, the Managers announced the establishment of the Audit Committee and Executive Committee of the Ascott BT Trustee-Manager.

- 8.9 On 26 February 2020, the Managers announced that ART will adopt the announcement of half-yearly financial statements with effect from the financial year ending 31 December 2020. ART will also conduct property valuation on an annual basis instead of a half yearly basis.
- 8.10 On 2 March 2020, the Managers announced that the Ascott Reit Manager had transferred 400,118 Stapled Securities from its stapled securityholding to its key management personnel and eligible employees under its restricted stapled security plan (“**RSSP**”) and performance stapled security plan (“**PSSP**”). The PSSP and RSSP are the performance-based variable equity-based component of the remuneration for the key management personnel and eligible employees of the Ascott Reit Manager pursuant to which the Stapled Securities are awarded with the view of promoting alignment of the key management personnel and eligible employee’s interests with those of the Stapled Securityholders.
- 8.11 On 31 March 2020, the Managers announced that a total of 6,881,392 Stapled Securities have been issued at an issue price of S\$1.3263 per Stapled Security to the Ascott Reit Manager as partial payment of the Reit Base Fees for the period from 1 October 2019 to 31 December 2019 (both dates inclusive) and Reit Performance Fees for the period from 1 January 2019 to 31 December 2019 (both dates inclusive).

The balance of the Reit Base Fees and Reit Performance Fees of S\$3,432,863 (excluding applicable goods and services tax) was paid in cash. The aforesaid Reit Base Fees and Reit Performance Fees are computed in accordance with the provisions stipulated in the Ascott Reit Trust Deed.

8.12 **COVID-19 Update**

Since January 2020, the COVID-19 outbreak has rapidly evolved into a global pandemic and impacted the travel industry in unprecedented ways. On 9 April 2020, the Managers made an announcement, providing an update on the COVID-19 pandemic and its impact on ART (the “**COVID-19 Update**”). The COVID-19 Update contained, among others, the following updates:

- The COVID-19 pandemic has adversely affected ART, with lower occupancies and room rates observed across ART’s markets.
- The Managers are engaged in efforts to mitigate the impact of the COVID-19 pandemic, which includes proactively pursuing alternative sources of revenue. New sources of business include providing accommodation to those on self-isolation, healthcare personnel on the frontline, workers looking for alternate work-from-home locations and workers affected by border shutdowns.
- The Managers are also taking steps to protect ART’s cash flow, including deferring uncommitted discretionary capital expenditure and implementing cost containment measures. Comprehensive cost containment measures have been implemented to manage staff costs and overheads. Discretionary expenditure such as marketing expenses have also been reduced. ART has also pursued support measures by various governments, such as property tax rebates and wage subsidies, and these are expected to assist in defraying some expenses.

8.13 On 14 April 2020, the Managers announced the appointment of Mr Goh Soon Keat Kevin and Mr Chia Kim Huat to the Boards as Non-Executive Non-Independent Director and Non-Executive Independent Director, respectively.

8.14 **1Q2020 Business Update**

On 30 April 2020, the Managers made an announcement, providing an update on ART's business in 1Q2020, as well as details on the further impact of the COVID-19 pandemic (the "**1Q2020 Business Update**"). The 1Q2020 Business Update contained, among others, the following updates:

- As at the date of the 1Q2020 Business Update, 18 of the Properties have experienced temporary closures due to government mandate or to optimise resources. Properties with long stays are impacted to a lesser extent than Properties catering to transient travellers.
- The RevPAU for 1Q2020 has declined 23% year-on-year, to S\$103, while ADR has remained relatively stable.
- The Managers continue to pursue alternative sources of revenue (which are described in the COVID-19 Update) and undertake comprehensive cost containment measures. Such cost containment measures include deferring the refurbishment of DoubleTree by Hilton Hotel New York – Times Square South, which was originally planned to be carried out in 2020.
- The Master Lessee of Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi filed for civil rehabilitation on 27 April 2020. These three Properties comprise 1.8% of ART's portfolio value as at 31 December 2019. Under such proceedings, the Master Lessee may choose to continue or terminate the relevant Master Leases. ART has received the requisite rental payments for these three Properties from said Master Lessee for the period up to April 2020, and continues to hold three months' rent as security deposits held in escrow. ART has initiated discussions with various operators, including the Sponsor, to take over the operations of these three Properties, if necessary.
- The Managers are of the opinion that ART has adequate liquidity for its business and operations, with approximately S\$900 million of available funding as at 31 March 2020, comprising (a) approximately S\$300 million of cash, (b) S\$425 million¹³ of available credit facilities, and (c) approximately S\$163 million of proceeds from the divestment of the partial GFA of Somerset Liang Court Property Singapore, which is expected to complete in 2H2020. ART also has a well-spread out debt maturity profile, with only 16% and 11% of its debt expiring in 2020 and 2021, respectively.
- The Managers expect ART's financial performance to be adversely impacted. However, as at the date of the 1Q2020 Business Update, the full impact of the COVID-19 pandemic cannot be ascertained.

¹³ Includes committed credit facilities amounting to approximately S\$200 million.

- Nonetheless, while the Managers expect the quarter ending 30 June 2020 to remain challenging, the Managers remain positive on ART's long-term growth, given, among others, ART's resilient and diversified portfolio, the support of its strong Sponsor, and the long-term prospects of the hospitality sector.

The full COVID-19 Update and 1Q2020 Business Update can be found on the SGX-ST website at www.sgx.com.¹⁴ In addition, please see "Risk Factors – Risks Associated with the ART Group's Business and Operations – ART's prospects may be adversely affected by natural disasters or other catastrophes, outbreaks of infectious diseases, severe weather conditions or other acts of God" for further details on the impact of the COVID-19 pandemic.

8.15 On 14 May 2020, the Managers announced that the PCOA has been amended, such that the date on which Ascott Reit or the purchaser of the partial GFA of Somerset Liang Court Property Singapore shall be entitled to exercise the put option or, as the case may be, the call option has been extended to 15 July 2020 (or such other date as mutually agreed).

8.16 On 15 May 2020, the Managers announced that a total of 4,714,576 Stapled Securities have been issued as followed:

- (a) 3,873,351 Stapled Securities at an issue price of S\$0.7581 per Stapled Security to the Ascott Reit Manager as partial payment of the Reit Base Fees for the period from 1 January 2020 to 31 March 2020 (both dates inclusive).

The balance of the Reit Base Fees of S\$1,236,993 (excluding applicable goods and services tax) was paid in cash. The aforesaid Reit Base Fees are computed in accordance with the provisions stipulated in the Ascott Reit Trust Deed.

- (b) 3,156 Stapled Securities at an issue price of S\$1.3263 per Stapled Security to the Ascott BT Trustee-Manager as partial payment of the BT Base Fees for the period from 1 October 2019 to 31 December 2019 (both dates inclusive).

The balance of the BT Base Fees of S\$4,187 (excluding applicable goods and services tax) was paid in cash. The aforesaid BT Base Fees are computed in accordance with the provisions stipulated in the Ascott BT Trust Deed.

- (c) 838,069 Stapled Securities at an issue price of S\$0.7581 per Stapled Security to the Ascott BT Trustee-Manager as partial payment of the BT Base Fees and BT Performance Fees for the period from 1 January 2020 to 31 March 2020 (both dates inclusive).

The balance of the BT Base Fees and BT Performance Fees of S\$5,370 (excluding applicable goods and services tax) was paid in cash. The aforesaid BT Base Fees and BT Performance Fees are computed in accordance with the provisions stipulated in the Ascott BT Trust Deed.

¹⁴ Investors should note that information contained on the SGX-ST website (including the full COVID-19 Update and the 1Q2020 Business Update) does not constitute part of this Information Memorandum. No representation or warranty is made in respect of the truth, accuracy or completeness of such information.

8.17 On 29 May 2020, the Managers announced that the S\$250 million fixed rate perpetual securities issued in 2015 (the “**2015 Securities**”) would not be redeemed on their first call date on 30 June 2020. Accordingly, the distribution rate applicable to the 2015 Securities shall be reset on 30 June 2020, based on the swap-offer rate¹⁵ plus the fixed spread per annum.¹⁶ The Managers had taken into account the longer term interests of ART and the current macroeconomic environment in making this decision, as well as the following factors:

- The COVID-19 pandemic has led to softer demand for accommodation, resulting in lower occupancies and room rates across ART’s properties. As ART’s financial performance is expected to be adversely impacted, the Managers are adopting a prudent stance to preserve cashflow and liquidity.
- Drawing down on debt to redeem the 2015 Securities will increase ART’s leverage and reduce the debt headroom available for acquisition opportunities during a market recovery. Furthermore, ART’s property valuations could come under pressure on the back of the softer operating performance, potentially increasing ART’s leverage further.
- Current market conditions are not favourable for the issuance of perpetual securities. ART continues to maintain flexibility with the option to exercise its right to redeem the 2015 Securities on any distribution payment date when market conditions normalise.

On 29 June 2020, the Managers announced that the reset distribution rate in respect of the period from (and including) the First Call Date (being 30 June 2020) to (but excluding) the next reset date (being 30 June 2025) for the 2015 Securities is 3.07% per annum.

8.18 On 8 June 2020, the Managers announced that ART will be included in the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index) from 22 June 2020. The FTSE EPRA Nareit Global Real Estate Index Series is an international real estate investment index developed by FTSE Group in cooperation with the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (Nareit). The index series is designed to track the performance of listed real estate companies and REITs worldwide.

8.19 On 16 June 2020, the Managers announced the following changes to the composition of the Boards and the Audit Committees of the Managers:

- The appointment of Ms Deborah Lee Siew Yin as a Non-Executive Independent Director and a member of the Audit Committees.
- The resignation of Ms Elaine Carole Young as a Non-Executive Independent Director and consequently, her ceasing to be a member of the Audit Committees.
- The appointment of Mr Goh Soon Keat Kevin, an existing Non-Executive Non-Independent Director, as a member of the Executive Committees of the Managers.

8.20 On 18 June 2020, the Managers announced that a total of 6,448,008 Stapled Securities have been issued at an issue price of S\$1.3487 per Stapled Security to the Ascott Reit Manager as payment of the acquisition fee in relation to the Combination.

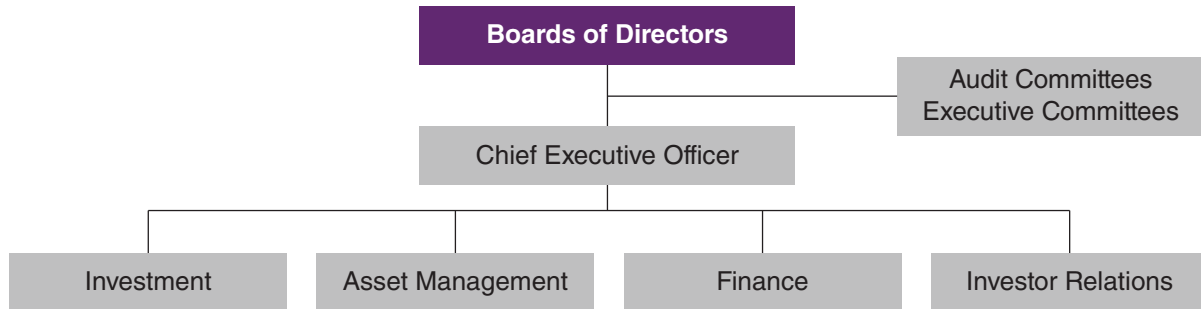
¹⁵ “**Swap-Offer Rate**” means the rate per annum (expressed as a percentage) notified by the calculation agent to the Issuer equal to the rate appearing under the column headed “Ask” for a maturity of 5 years which appears on the Bloomberg Screen TPIS Page under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the day that is two business days preceding 30 June 2020, provided that, in the event such rate is zero or negative, the Swap-Offer Rate shall be deemed to be zero per cent. per annum.

¹⁶ The fixed spread as disclosed in the offering circular for the 2015 Securities is 2.5%.

MANAGEMENT

ORGANISATION STRUCTURE

The organisation structure of the Managers is set out below.



THE BOARDS OF THE MANAGERS

The Boards oversee the Managers' strategic direction, performance and affairs and foster the success of ART so as to deliver sustainable value over the long term to Stapled Securityholders. The Boards provide overall guidance to Management, and work with Management to achieve ART's objectives and long term success. Management is accountable to the Boards in respect of its performance in the management of ART.

The Boards establish goals for Management and monitor the achievement of these goals. The Boards ensure that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the Listing Manual, the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. The Boards also set the disclosure and transparency standards for ART and ensure that obligations to Stapled Securityholders and other stakeholders are understood and met.

The Boards meet regularly and as and when warranted by particular circumstances as deemed appropriate by the members of the Boards. Meetings of the Boards and Board committees are scheduled prior to the start of each financial year in consultation with the Directors. In addition to scheduled meetings, the Boards may also hold ad hoc meetings as required by business imperatives. At each scheduled meeting of the Boards, the Boards are apprised of, among others, updates on ART's business and operations, decisions made by the Board committees, financial performance, budgetary and capital management related matters, and any risk management issues that materially impact ART's operations or financial performance. This allows the Boards to develop a good understanding of the progress of ART's business as well as the issues and challenges faced by ART, and also promotes active engagement with Management.

The Boards have established various Board committees to assist them in the discharge of their functions. These Board committees are the Audit Committee and the Executive Committee. Each of these Board committees operates under delegated authority from the Boards with the Boards retaining overall oversight. The decisions and significant matters discussed at the respective Board committees are reported to the Boards on a periodic basis. The Boards may form other Board committees from time to time as required.

As Ascott Reit and Ascott BT are stapled, the composition of the Boards of both the Managers is identical to avoid any differences or deadlock in the operation of the Stapled Group.

As at the Latest Practicable Date, the Boards consist of nine members, five of whom are Non-Executive Independent Directors, three of whom are Non-Executive and Non-Independent Directors and one of whom is the Chief Executive Officer and Executive Non-Independent Director.

Information on the business and working experience of each of the Directors on the Boards as at the Latest Practicable Date is set out below:

- **Mr Tan Beng Hai, Bob**

Chairman and Non-Executive Independent Director

Mr Tan Beng Hai, Bob is the Chairman and Non-Executive Independent Director of the Boards.

Mr Tan is a director of two other listed companies, namely Singapore Post Limited and Sembcorp Marine Ltd. Mr Tan is also the Chairman of Jurong Engineering Limited, Sentosa Development Corporation and SINGEX Holdings Pte. Ltd. He is also a member of Board of Ong Teng Cheong Labour Leadership Institute. In addition, he serves as a member of the NTUC Club Management Council, a member of the Corporate Governance Advisory Committee and a member of the Securities Industry Council of the Monetary Authority of Singapore.

Mr Tan was awarded the NTUC May Day Friend of Labour Award in 2000, the Public Service Star Award – National Day Award in 2010, the NTUC May Day Meritorious Service Award in 2013, The Meritorious Service Medal – National Day Award in 2017 and the NTUC May Day Distinguished Service Award in 2018.

Mr Tan is a Fellow of the Institute of Chartered Accountants in England and Wales, UK.

- **Ms Beh Siew Kim**

Chief Executive Officer and Executive Non-Independent Director

Ms Beh Siew Kim is the Chief Executive Officer and an Executive Non-Independent Director of the Boards. She is also a member of the Executive Committees.

Ms Beh is responsible for spearheading the overall strategic planning and leading the implementation of the business, investment and operational strategies for ART. She ensures that the investment, asset management, finance and investor relations functions are managed effectively. She has over 20 years of experience in financial and corporate planning, development and compliance in real estate, as well as auditing in Singapore and Malaysia.

Ms Beh has been with the CapitaLand Group for more than 10 years, and was the Head, Corporate Planning & Compliance/Financial Controller at CapitaLand China prior to joining the Managers. She was responsible for the corporate planning, financial reporting, forecasting, capital management and compliance functions of CapitaLand China. As a member of the senior management team, Ms Beh has been actively involved in deal analysis, investor relations, as well as private and institutional financing. In her 10 years with CapitaLand China, she has participated in the set-up of private equity funds, investment and divestment deals.

Before joining the CapitaLand Group, Ms Beh held other finance and audit positions in SembCorp Industries Limited, Ernst & Young and Arthur Andersen.

She holds a Bachelor of Business (Accounting) from the University of Tasmania, Australia, and is a member of the Institute of Singapore Chartered Accountants.

- **Mr Zulkifli Bin Baharudin**

Non-Executive Independent Director

Mr Zulkifli Bin Baharudin is a Non-Executive Independent Director of the Boards. He is also a member of the Audit Committees.

Mr Zulkifli is currently the Executive Chairman of ITL Corporation and Managing Director of Global Business Integrators Pte. Ltd. He also holds directorships and appointments in several companies and institutions. These include the boards of GDS Holdings Limited, Ang Mo Kio – Thye Hua Kwan Hospital Ltd., Thye Hua Kwan Moral Charities Limited, Omni Holdco, LLC and Virtus HoldCo Limited.

Mr Zulkifli is Singapore's Non-Resident Ambassador to the Republic of Kazakhstan and the Republic of Uzbekistan. He was also a Nominated Member of Parliament in Singapore from 1997 to 2001. Mr Zulkifli was awarded the Public Service Award (Meritorious) in 2005 and BBM, Public Service Star Award in 2011.

Mr Zulkifli holds a Bachelor of Science in Estate Management from the National University of Singapore.

- **Mr Sim Juat Quee Michael Gabriel**

Non-Executive Independent Director

Mr Sim Juat Quee Michael Gabriel is a Non-Executive Independent Director of the Boards. He is also the Chairman of the Audit Committees.

Mr Sim is an Executive Director of Platanetree Capital Pte. Ltd., a member of the Board of Jurong Town Corporation and a director of Lien Aid Limited. He also serves as a member of the Board of Governors of Catholic Welfare Services and the Chairman of the Archdiocesan Audit Committee of the Roman Catholic Archdiocese of Singapore.

Mr Sim was an Advisory and Assurance Partner with Ernst & Young from 1995 to 2015.

Mr Sim is a Fellow of the Association of Chartered Certified Accountants, UK, the Institute of Chartered Accountants of Singapore and CPA Australia. He is also a Certified Fraud Examiner of the Association of Certified Fraud Examiners.

Mr Sim graduated from the University of South Australia, Australia with a Master of Business Administration.

- **Mr Chia Kim Huat**

Non-Executive Independent Director

Mr Chia Kim Huat is a Non-Executive Independent Director of the Boards. He is also a member of the Audit Committees.

Mr Chia is a partner of Rajah & Tann Singapore LLP and the Regional Head, Corporate and Transactional Practices. He is a non-executive independent director of a listed company, SATS Ltd and serves as a member of its Board Risk and Safety Committee and Nominating Committee.

Mr Chia also holds appointments in several institutions. These include chairman of Research & Publication Committee, Singapore Chinese Chamber of Commerce & Industry (“**SCCCI**”) and council member of SCCCI, Company Secretary of The Financial Board Singapore Chinese Chamber of Commerce and Sun Yat Sen Nanyang Memorial Hall Company Limited.

Mr Chia graduated from National University of Singapore with a Bachelor of Laws (Hons) and currently an Advocate & Solicitor, Supreme Court of Singapore. He was concurrently a Solicitor, Hong Kong Special Administrative Region between 1997 and 1999.

- **Ms Deborah Lee Siew Yin**

Non-Executive Independent Director

Ms Deborah Lee Siew Yin is a Non-Executive Independent Director of the Boards. She is also a member of the Audit Committees.

Ms Lee is also currently an Independent Director, and a member of the Audit and Remuneration Committees of Metro Holdings Limited. She is also an independent board member of Assurity Trusted Solutions Pte Ltd, Integrated Health Information Systems Pte Ltd and WTL Capital Pte Ltd, and serves on the Audit and Risk Committee of the Ministry of Health Holdings Pte Limited.

Ms Lee was previously Executive Vice-President, Corporate Development of Singapore Press Holdings Ltd (“**SPH**”). Prior to joining SPH, she was a consultant, specialising in corporate development work and mergers and acquisitions. Before her consultancy work, Ms Lee was Senior Vice-President, Business Development at the Wuthelam Group, overseeing the establishment of the industrial electronics business, real estate business development and private equity investment for the group in the region. Ms Lee holds a Bachelor of Accountancy (Honours) and a Degree of Master of Science (Applied Finance) from the National University of Singapore. She is also a Chartered Financial Analyst Charterholder, CFA Institute.

- **Mr Lee Chee Koon**

Non-Executive Non-Independent Director

Mr Lee Chee Koon is a Non-Executive Non-Independent Director of the Boards. He is the Chairman of the Executive Committee.

Mr Lee is currently the Group Chief Executive Officer of CapitaLand Group and Executive Non-Independent Director of CapitaLand. He is also the Chairman of the boards of Ascott, CapitaLand International Pte. Ltd., CapitaLand China Holdings Pte Ltd, CapitaLand Singapore (R&R) Limited, CapitaLand VN Limited, CapitaLand Financial Limited, CapitaLand Singapore (BP&C) Pte. Ltd. and CapitaLand India Pte. Ltd., the Co-Chairman and a director of LFIE Holding Limited., and a director of CapitaLand Corporate Investments Pte Ltd, Pidemco Land Singapore Pte. Ltd. and CapitaLand Hope Foundation.

Mr Lee also holds directorships and appointments in several companies and institutions, which includes the boards of Temasek Foundation Nurtures CLG Limited, EDBI Pte Ltd and SkillsFuture Singapore Agency.

Before taking up his role as Group Chief Executive Officer of CapitaLand, Mr Lee was the Group Chief Investment Officer of CapitaLand and was responsible for identifying growth opportunities and capital allocation across CapitaLand Group. Since joining CapitaLand in February 2007, he has held several appointments within the CapitaLand Group, including as

Chief Executive Officer of the Sponsor from 2013 to 2017, Deputy Chief Executive Officer of the Sponsor from 2012 to 2013 and Managing Director, North Asia of the Sponsor from 2009 to 2013. Mr Lee was also the Vice President in the Office of the President at CapitaLand from 2007 to 2009.

Prior to joining CapitaLand, Mr Lee held appointments in various ministries in Singapore such as the Ministry of Trade and Industry, the Ministry of Finance and the MAS.

Mr Lee obtained a first class honours degree in Mechanical Engineering from the National University of Singapore in 1999. He also holds a Master of Science degree in Advanced Mechanical Engineering from Imperial College London, United Kingdom.

- **Mr Lim Cho Pin Andrew Geoffrey**

Non-Executive Non-Independent Director

Mr Lim Cho Pin Andrew Geoffrey is a Non-Executive Non-Independent Director of the Boards. He is also a member of the Executive Committee.

Mr Lim is the Group Chief Financial Officer of CapitaLand Group. In his role, he has direct oversight of the functions of group finance, financial reporting and controls, treasury, tax, risk management, investor relations and the administrative matters of the internal audit department of CapitaLand.

Mr Lim is also a director of Ascendas Funds Management (S) Limited (the manager of Ascendas Real Estate Investment Trust), CapitaLand Commercial Trust Management Limited (the manager of CapitaLand Commercial Trust), CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (the manager of CapitaLand Malaysia Mall Trust) and CapitaLand Retail China Trust Management Limited (the manager of CapitaLand Retail China Trust).

Mr Lim is the President of the Real Estate Investment Trust Association of Singapore. He is a member of the Institute of Singapore Chartered Accountants' CFO Committee, a member of the Accounting Standards Council, and represents CapitaLand as a founding member of the first Accounting for Sustainability Circle of Practice in Asia.

Prior to joining CapitaLand, he was at HSBC where he served as Managing Director and Head of South East Asia Advisory Coverage, Real Estate and Hospitality.

Mr Lim has a Master of Business Administration and a Bachelor of Commerce degree from the Rotman School of Business at the University of Toronto, and is a Chartered Financial Analyst charterholder.

- **Mr Goh Soon Keat Kevin**

Non-Executive Non-Independent Director

Mr Goh Soon Keat Kevin is a Non-Executive Non-Independent Director of the Boards. He is also a member of the Executive Committee.

Mr Kevin Goh is the Chief Executive Officer, Lodging of CapitaLand Group and concurrently the CEO of the Sponsor. He is also a director of the Sponsor and its several subsidiaries.

Mr Goh was previously the Sponsor's Chief Operating Officer, a role he assumed since 1 December 2016, where he oversaw operational aspects of the serviced residence business and new growth opportunities. Prior to this, he was the Sponsor's Managing Director for North Asia since 2013, responsible for the Sponsor's investments and operations in China, Japan and Korea. Since joining Ascott China in 2007, Mr Goh was based in China for over 10 years. During his stay in China, he took on various leadership positions such as Regional General Manager for South & East China, Vice President for Asset Management and Vice President for Corporate Services.

Prior to joining the Sponsor, Mr Goh was with Accenture, one of Fortune 500's largest global management consulting, technology services and outsourcing companies. Throughout his seven-year career with Accenture, he worked on various systems implementation projects in the telecommunications and high-technology industries in both Singapore and Australia.

Mr Goh holds a Bachelor of Mechanical Engineering (Honours) from National University of Singapore and is a Chartered Financial Analyst charterholder.

MANAGEMENT TEAM OF THE MANAGERS

Information on the business and working experience of the management team of the Managers as at the Latest Practicable Date is set out below:

- **Ms Beh Siew Kim**

Chief Executive Officer and Executive Non-Independent Director

Please refer to page 296 above under "Management – The Boards of the Managers – Ms Beh Siew Kim".

- **Ms Kang Siew Fong**

Chief Financial Officer

Ms Kang Siew Fong heads the finance team and is responsible for the performance management and reporting functions at ART. Ms Kang has more than 25 years' experience in the finance profession.

Prior to joining the Managers, Ms Kang was with the Sponsor for more than 13 years, holding various positions including Vice President, Finance and Vice President, Business Development and Planning. While at the Sponsor, she was responsible for all aspects of the Sponsor's financial management and accounting, including preparation of the group consolidated accounts and quarterly reporting of financial results to the SGX-ST, co-ordinating with external auditors, and ensuring compliance with statutory reporting requirements and financial reporting standards. Ms Kang was involved in merger and acquisition activities at the Sponsor, and the formulation and implementation of its financial policies and practices, budgeting and internal controls. She was also a member of the team responsible for the listing of Ascott Reit in 2006.

Ms Kang graduated from the National University of Singapore with a Bachelor of Accountancy degree. She is also a Chartered Accountant of the Institute of Singapore Chartered Accountants.

- **Mr Gerry Chan Kin Leong**

Head, Investment and Asset Management

Mr Gerry Chan heads the investment and asset management functions at the Managers, and is responsible for the Managers' investments, divestments, portfolio management and asset enhancements. He has over a decade of relevant experience, having assumed various leadership positions in investment, asset management and capital markets.

Prior to joining the Managers, Mr Chan was Vice President, Business Development for CapitaLand Retail and was with CapitaLand's Retail Division for eight years. During this period, he headed the investment functions of both CapitaLand Mall Trust and CapitaLand Malaysia Mall Trust. He was also the investment and asset manager responsible for various large-scale asset enhancement initiatives, including the redeveloped Funan mixed use project.

Mr Chan graduated from Nanyang Technological University, Singapore with Master of Business and Bachelor of Accountancy degrees. He is also a Chartered Financial Analyst.

- **Ms Kang Wei Ling**

Vice President, Investor Relations and Asset Management

Ms Kang Wei Ling heads the investor relations function at the Managers, and is responsible for conducting effective and timely communications, as well as building and maintaining relations with the investment community, including potential investors and analysts. She also oversees the performance of ART's Properties, and develops and implements asset plans and strategies for the portfolio.

Ms Kang has been with the CapitaLand Group for more than 15 years and was the Vice President of Finance with CapitaLand China, prior to joining the Managers. She was responsible for the finance function of the private equity funds investing in integrated mixed-used commercial properties in China, including all aspects of financial reporting, treasury matters, capital management and communication with investors. She was also involved in the origination of these private equity funds and participated in investment and divestment deals.

Ms Kang holds a Bachelor of Accountancy from Nanyang Technological University, Singapore, and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

INFORMATION ON THE PROPERTIES

As at the Latest Practicable Date, ART's portfolio comprises 88 Properties²⁰, of which 79 Properties are held under Ascott Reit, with the remaining nine Properties held under Ascott BT.

1. PROPERTIES HELD UNDER ASCOTT REIT

Information on the 79 Properties held under Ascott Reit as at the Latest Practicable Date are set out in the table below.

Australia (7 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
1 Citadines on Bourke Melbourne	131 – 135 Bourke Street, Melbourne, Victoria 3000, Australia	380	158.7	Freehold	100.0%
2 Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth, WA 6000, Australia	85	18.4	Freehold	100.0%
3 Citadines Connect Sydney Airport	113-121 Baxter Road, Mascot, NSW 2020, Australia	150	61.2	Freehold	100.0%
4 Quest Campbelltown ⁽¹⁾	1 Rennie Road, Woodbine, NSW 2560, Australia	81	21.0	Freehold	100.0%
5 Quest Mascot ⁽¹⁾	108 – 114 Robey Road, Mascot, NSW 2020, Australia	91	24.6	Freehold	100.0%
6 Quest Macquarie Park ⁽¹⁾	71 Epping Road, Macquarie Park, Sydney, NSW, Australia	111	46.4 ⁽²⁾	Freehold	100.0%
7 Quest Sydney Olympic Park ⁽¹⁾	6 Edwin Flack Avenue, Sydney Olympic Park NSW 2127, Australia	140	44.5	Leasehold of 99 years ⁽³⁾	100.0%

²⁰ This figure includes (i) lyf one-north Singapore, which is under development, (ii) Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan, which are to be divested, as well as (iii) Quest Macquarie Park Sydney, which was acquired in February 2020. In December 2019, ART entered into sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment is expected to complete by 2H2020.

Notes:

- (1) Quest Campbelltown, Quest Mascot, Quest Macquarie Park and Quest Sydney Olympic Park are under Master Lease arrangements. See paragraphs 4.1(b) and 4.3, "Management Contracts and Master Leases – Properties held under Ascott Reit – Master Leases", and "– Description of the Master Leases" for further details.
- (2) Quest Macquarie Park was acquired in February 2020. The valuation as at 31 December 2019 by the independent valuer, HVS, was adopted.
- (3) Expiring on 27 October 2111.

Belgium (2 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
8 Citadines Sainte-Catherine Brussels	51, quai au Bois à Brûler, 1000 Brussels	169	35.9	Freehold	100.0%
9 Citadines Toison d'Or Brussels	61-63, Avenue de la Toison d'Or, 1060 Brussels	155	30.7	Freehold	100.0%

China (7 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
10 Ascott Guangzhou	73 Tianhedong Road, Tianhe District, Guangzhou 510630, China	207	99.6	Leasehold of 70 years ⁽¹⁾	100.0%
11 Citadines Xinghai Suzhou ⁽²⁾	Block 27, Jiacheng Gardens 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021, China	167	47.2 ⁽³⁾	Leasehold of 70 years ⁽⁴⁾	100.0%
12 Citadines Zhuankou Wuhan ⁽²⁾	159 Dongfeng Avenue (Xianglong Business Centre Zone C), Wuhan Economic and Technological Development Zone, Wuhan 430056, Hubei Province, China	249	47.2 ⁽³⁾	Leasehold of 40 years ⁽⁵⁾	100.0%

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
13 Somerset Grand Central Dalian	128-2 Jinma Road, Dalian Development Area, Dalian 116600, China	195	90.1	Leasehold of 50 years ⁽⁶⁾	100.0%
14 Somerset Heping Shenyang	80 Taiyuan North Street, Heping District, Shenyang 110000, China	270	70.2	Leasehold of 40 years ⁽⁷⁾	100.0%
15 Somerset Olympic Tower Property Tianjin ⁽⁸⁾	126, Chengdu Road, Heping District, Tianjin 300051, China	185	64.6 ⁽⁸⁾	Leasehold of 70 years ⁽⁹⁾	100.0%
16 Somerset Xu Hui Shanghai	888, Shaanxi Nan Road, Xu Hui District, Shanghai 200031, China	168	77.3	Leasehold of 70 years ⁽¹⁰⁾	100.0%

Notes:

- (1) Expiring on 26 December 2074.
- (2) In December 2019, ART entered into a sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan. The divestment of these two Properties is expected to complete by 2H2020.
- (3) The valuations of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan (which are being divested) are based on their selling price, net of transaction costs, pursuant to the signing of the sale and purchase agreements in December 2019.
- (4) Expiring on 31 December 2066.
- (5) Expiring on 26 December 2043.
- (6) Expiring on 16 November 2056.
- (7) Expiring on 30 October 2046.
- (8) The valuation of Somerset Olympic Tower Property Tianjin is in respect of the serviced residence portion of Somerset Olympic Tower Property Tianjin and excludes the commercial podium of 6,194 sqm which is leased by Ascott Reit under a 33-year master lease (expiring on 30 June 2039).
- (9) Expiring on 19 November 2062.
- (10) Expiring on 22 June 2066.

France (17 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
17 Citadines Antigone Montpellier ⁽¹⁾	588, boulevard d'Antigone, 34000 Montpellier, France	122	16.1	Freehold	100.0%
18 Citadines Austerlitz Paris ⁽¹⁾	27, rue Esquirol, 75013 Paris, France	50	11.0	Freehold	100.0%
19 Citadines Castellane Marseille ⁽¹⁾	60, rue du Rouet, 13006 Marseille, France	97	12.5	Freehold	100.0%
20 Citadines City Centre Grenoble ⁽¹⁾	9-11 rue de Strasbourg, 38000 Grenoble, France	107	9.0	Freehold	100.0%
21 Citadines City Centre Lille ⁽¹⁾	Avenue Willy Brandt – Euralille, 59777 Lille, France	101	15.0	Freehold	100.0%
22 Citadines Croisette Cannes ⁽¹⁾	1, rue le Poussin, 06400 Cannes, France	58	7.8	Freehold	100.0%
23 Citadines Didot Montparnasse Paris ⁽¹⁾	94, rue Didot, 75014 Paris, France	80	22.3	Freehold	100.0%
24 Citadines Les Halles Paris ⁽¹⁾	4, rue des Innocents, 75001 Paris, France	189	84.6	Freehold	100.0%
25 Citadines Maine Montparnasse Paris ⁽¹⁾	67, avenue du Maine, 75014 Paris, France	67	24.8	Freehold	100.0%
26 Citadines Montmartre Paris ⁽¹⁾	16, avenue Rachel, 75018 Paris, France	111	36.5	Freehold	100.0%
27 Citadines Place d'Italie Paris ⁽¹⁾	18, place d'Italie, 75013 Paris, France	169	52.0	Freehold	100.0%
28 Citadines Prado Chanot Marseille ⁽¹⁾	9-11, boulevard de Louvain, 13008 Marseille, France	77	9.5	Freehold	100.0%
29 Citadines Presqu'île Lyon ⁽¹⁾	2 rue Thomassin, 69002 Lyon, France	116	22.1	Freehold	100.0%
30 Citadines République Paris ⁽¹⁾	75 bis, avenue Parmentier, 75011 Paris, France	76	22.7	Freehold	100.0%

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
31 Citadines Tour Eiffel Paris ⁽¹⁾	132, Boulevard de Grenelle, 75015 Paris, France	104	69.6	Freehold	100.0%
32 Citadines Trocadéro Paris ⁽¹⁾	29 bis, rue Saint-Didier, 75116 Paris, France	97	42.5	Freehold	100.0%
33 La Clef Louvre Paris ⁽¹⁾	8 rue de Richelieu, 75001 Paris, France	51	48.4	Freehold	100.0%

Note:

(1) The 17 Properties in France are under Master Lease arrangements. See paragraphs 4.1(b) and 4.3, "Management Contracts and Master Leases – Properties held under Ascott Reit – Master Leases", and "– Description of the Master Leases" for further details.

Germany (5 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
34 Citadines Arnulfpark Munich ⁽¹⁾	Arnulfstrasse 51, 80636 München, Germany	146	37.5	Freehold	99.0%
35 Citadines City Centre Frankfurt ⁽¹⁾	Europa-Allee 23, 60327 Frankfurt am Main, Germany	165	62.4	Freehold	93.0%
36 Citadines Kurfürstendamm Berlin ⁽¹⁾	Olivaer Platz 1, 10707 Berlin-Wilmersdorf, Germany	117	22.5	Freehold	100.0%
37 Citadines Michel Hamburg ⁽¹⁾	Ludwig-Erhard-Straße 7, 20459 Hamburg, Germany	127	48.1	Leasehold of 99 years ⁽²⁾	93.0%
38 The Madison Hamburg ⁽¹⁾	Schaarsteinweg 4, 20459 Hamburg, Germany	166	78.2	Freehold	100.0%

Notes:

(1) The 5 Properties in Germany are under Master Lease arrangements. See paragraphs 4.1(b) and 4.3, "Management Contracts and Master Leases – Properties held under Ascott Reit – Master Leases", and "– Description of the Master Leases" for further details.

(2) Expiring on 31 December 2111.

Indonesia (2 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
39 Ascott Jakarta	Jalan Kebon Kacang Raya No. 2, Jakarta 10230, Indonesia	204	62.6	Leasehold of 26 years ⁽¹⁾	100.0%
40 Somerset Grand Citra Jakarta	Jalan Prof Dr Satrio Kav. 1, Jakarta 12940, Indonesia	203 ⁽²⁾	39.5	Leasehold of 30 years ⁽³⁾	57.4%

Notes:

- (1) Expiring on 31 March 2024.
(2) This figure includes 40 rental housing units.
(3) Expiring on 14 August 2024.

Japan (19 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
41 Citadines Central Shinjuku Tokyo	1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo 1600021, Japan	206	142.7	Freehold	100.0%
42 Citadines Karasuma-Gojo Kyoto	432 Matsuya-cho Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105, Japan	124	58.3	Freehold	100.0%
43 Citadines Shinjuku Tokyo	1-28-13 Shinjuku, Shinjuku-ku, Tokyo 160-0022	160	115.2	Freehold	100.0%
44 Hotel WBF Kitaseмба East ⁽¹⁾⁽²⁾⁽³⁾	2-6-8 Awajicho, Chuo-ku, Osaka 541-0047	168	44.4	Freehold	100.0%
45 Hotel WBF Kitaseмба West ⁽¹⁾⁽²⁾⁽³⁾	3-2-7, Awajicho, Chuo-ku, Osaka 541-0047, Japan	168	44.7	Freehold	100.0%
46 Hotel WBF Honmachi ⁽¹⁾⁽²⁾⁽³⁾	4-4-10, Kitakyuhojimachi, Chuo-ku, Osaka 541-0057, Japan	182	44.8	Freehold	100.0%

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
47 Somerset Azabu East Tokyo	1-9-11 Higashi Azabu, Minato-ku, Tokyo 106-0044, Japan	79	45.3	Freehold	100.0%
48 Sotetsu Grand Fresa Tokyo-Bay Ariake ⁽¹⁾⁽²⁾	3-6-6 Ariake Koto-ku, Tokyo 135-0063, Japan	912	335.3	Freehold	100.0%
49 Actus Hakata V-Tower	3-15-10, Hakata Eki mae, Hakata-ku, Fukuoka, Japan	296	46.9	Freehold	100.0%
50 Big Palace Kita 14jo	4-1-6, Kita14jo Nishi, Kita-ku, Sapporo, Japan	140	19.0	Freehold	100.0%
51 Gravis Court Kakomachi	13-10, Kakomachi, Naka-ku, Hiroshima, Japan	63	7.5	Freehold	100.0%
52 Gravis Court Kokutaiji	2-1-9, Kokutaijimachi, Naka-ku, Hiroshima, Japan	48	5.8	Freehold	100.0%
53 Gravis Court Nishiharaekimae	8-38-10, Nishihara, Asaminami-ku, Hiroshima, Japan	29	4.8	Freehold	100.0%
54 Infini Garden	3-2-2, 3, 4, 5 KashiiTeriha, Higashi-ku, Fukuoka, Japan	389	85.7	Freehold	100.0%
55 Roppongi Residences Tokyo	3-4-31 Roppongi, Minato-ku, Tokyo 106-0032, Japan	64	39.6	Freehold	100.0%
56 S-Residence Fukushima Luxe	7-22-9, Fukushima, Fukushima-ku, Osaka, Japan	178	38.5	Freehold	100.0%
57 S-Residence Hommachi Marks	2-3-6, Tokuicho, Chuo-ku, Osaka, Japan	110	20.1	Freehold	100.0%
58 S-Residence Midoribashi Serio	3-17-6, Nakamoto, Higashinari-ku, Osaka, Japan	98	17.8	Freehold	100.0%
59 S-Residence Tanimachi 9 chome	4-29, Ikutamamaemachi, Tennoji-ku, Osaka, Japan	102	21.6	Freehold	100.0%

Notes:

- (1) These Properties were acquired by Ascott Reit on 31 December 2019 pursuant to the Combination.
- (2) Hotel WBF Kitasemba East, Hotel WBF Kitasemba West, Hotel WBF Honmachi and Sotetsu Grand Fresa Tokyo-Bay Ariake are under Master Lease arrangements. See paragraphs 4.1(b) and 4.3, "Management Contracts and Master Leases – Properties held under Ascott Reit – Master Leases", and "– Description of the Master Leases" for further details.
- (3) The Master Lessee of Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi filed for civil rehabilitation on 27 April 2020. See "Description of Ascott Residence Trust – 8. Recent Developments – 8.14 1Q2020 Business Update" for further details.

Malaysia (1 property)

<u>Property Name</u>	<u>Address</u>	<u>Number of Units</u>	<u>Appraised Value as at 31 December 2019</u> (S\$ million)	<u>Title</u>	<u>Effective Interest held by ART</u>
60 Somerset Kuala Lumpur	187, Jalan Ampang 50450, Kuala Lumpur, Malaysia	205	48.2	Freehold	100.0%

The Philippines (2 properties)

<u>Property Name</u>	<u>Address</u>	<u>Number of Units</u>	<u>Appraised Value as at 31 December 2019</u> (S\$ million)	<u>Title</u>	<u>Effective Interest held by ART</u>
61 Ascott Makati	Glorietta 4, Ayala Centre, Makati City 1224, The Philippines	362	121.4	Contract of Lease of 48 years ⁽¹⁾	100.0%
62 Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229, The Philippines	133	16.4 ⁽²⁾	Freehold	63.0% ⁽²⁾

Notes:

- (1) Expiring on 6 January 2044, with an option to renew for another 25 years upon the mutual agreement of the parties.
- (2) Valuation commissioned for the 65 units (out of 133 units) held by Ascott Reit at Somerset Millenium Makati.

Singapore (5 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
63 Ascott Orchard Singapore ⁽¹⁾	11 Cairnhill Road, Singapore 229724	220	413.0	Leasehold of 99 years ⁽²⁾	100.0%
64 Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	154	132.0	Leasehold of 96 years ⁽³⁾	100.0%
65 lyf one-north Singapore (under development)	Lot 5360P MK3 at Nepal Hill, one-north, Portsdown Road, Singapore	324 ⁽⁴⁾	74.9	Grant of lease for a term of 60 years ⁽⁵⁾	100.0%
66 Part Hotel Clarke Quay ⁽¹⁾⁽⁶⁾	1 Unity Street, Singapore 237983	336	325.0	Leasehold of 99 years ⁽⁷⁾	100.0%
67 Somerset Liang Court Property Singapore ⁽⁸⁾	177B River Valley Road, Singapore 179032	197	303.6 ⁽⁹⁾	Leasehold of 97 years ⁽¹⁰⁾	100.0%

Notes:

- (1) Ascott Orchard Singapore and Park Hotel Clarke Quay are under Master Lease arrangements. See paragraphs 4.1(b) and 4.3, "Management Contracts and Master Leases – Properties held under Ascott Reit – Master Leases", and "– Description of the Master Leases" for further details.
- (2) Expiring on 11 May 2113.
- (3) Expiring on 19 February 2105.
- (4) lyf one-north Singapore is currently under development, and the number of units is subject to change. The Property is expected to obtain its Temporary Occupation Permit by 2020 and open in 2021.
- (5) An agreement for lease ("AFL") has been entered into with Jurong Town Corporation ("JTC") relating to the grant by JTC of a lease of lyf one-north Singapore to Ascott Reit for a term of 60 years expiring on 2 January 2079. The lease will be substantially on the terms set out in the AFL, and the lease and lease term will be confirmed by JTC in writing after Ascott Reit has (i) completely finished the building works at or on the property to JTC's satisfaction; and (ii) the Temporary Occupation Permit(s) for the entire building works has been obtained from the relevant authorities.
- (6) Acquired by Ascott Reit on 31 December 2019 pursuant to the Combination.
- (7) Expiring on 26 November 2105.
- (8) In November 2019, ART announced the sale of a partial GFA of Somerset Liang Court Property Singapore and the redevelopment of the retained GFA into a new Somerset serviced residence property.
- (9) The appraised value of Somerset Liang Court Property Singapore was based on the independent valuation conducted by Knight Frank Pte Ltd relating to the partial sale of GFA and the independent valuation conducted by HVS for the retained GFA. The divestment is expected to be completed in 2H2020.
- (10) Expiring on 1 May 2077.

Spain (1 property)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
68 Citadines Ramblas Barcelona	Ramblas 122, 08002 Barcelona, Spain	131	68.2	Freehold	100.0%

United Kingdom (4 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
69 Citadines Barbican London	7-21 Goswell Road, London EC1M 7AH, United Kingdom	129	78.0	Freehold	100.0%
70 Citadines Holborn-Covent Garden London	94-99 High Holborn, London WC1V 6LF, United Kingdom	192	160.9	Freehold	100.0%
71 Citadines South Kensington London	35A Gloucester Road, London SW7 4PL, United Kingdom	92	76.7	Freehold	100.0%
72 Citadines Trafalgar Square London	18/21 Northumberland Avenue, London WC2N 5EA, United Kingdom	187	176.9	Freehold	100.0%

United States (3 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
73 DoubleTree by Hilton Hotel New York – Times Square South	341 West 36th Street, New York, New York 10018, United States of America	224	151.0	Freehold	100.0%
74 Element New York Times Square West	311 West 39th Street, New York, New York 10018, United States of America	411	229.3	Leasehold of 99 years ⁽¹⁾	100.0%

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
75 Sheraton Tribeca New York Hotel	370 Canal Street, New York, New York 10013, United States of America	369	231.8	Leasehold of 99 years ⁽²⁾	100.0%

Notes:

(1) Expiring on 31 October 2112.

(2) Expiring on 31 October 2112.

Vietnam (4 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019	Title	Effective Interest held by ART
			(S\$ million)		
76 Somerset Chancellor Court Ho Chi Minh City	21-23 Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam	172	54.5	Leasehold of 48 years ⁽¹⁾	67.0%
77 Somerset Grand Hanoi	49 Hai Ba Trung Street, Hanoi, Vietnam	185	112.1	Leasehold of 45 years ⁽²⁾	76.0%
78 Somerset Ho Chi Minh City	8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City, Vietnam	198	45.3	Leasehold of 45 years ⁽³⁾	62.1%
79 Somerset Hoa Binh Hanoi	106 Hoang Quoc Viet Street, Cau Giay, Hanoi, Vietnam	206	40.1	Leasehold of 36 years ⁽⁴⁾	90.0%

Notes:

(1) Expiring on 4 October 2041.

(2) Expiring on 8 February 2038.

(3) Expiring on 25 December 2039.

(4) Expiring on 24 April 2042.

2. PROPERTIES HELD UNDER ASCOTT BT

Information on the 9 Properties held under Ascott BT as at the Latest Practicable Date are set out in the table below. All of the 9 Properties were acquired by Ascott BT on 31 December 2019 pursuant to the Combination.

Australia (6 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
1 Courtyard by Marriott Sydney – North Ryde	7-11 Talavera Road, North Ryde, NSW 2113, Australia	196	49.2	Freehold	100.0%
2 Novotel Sydney Central	169-179 Thomas Street, Sydney, NSW 2000, Australia	255	155.9	Freehold	100.0%
3 Novotel Sydney Parramatta	350 Church Street, Parramatta, NSW 2150, Australia	194	43.6	Freehold	100.0%
4 Pullman and Mercure Brisbane King George Square	Corner Ann and Roma Street, Brisbane, QLD 4000, Australia	438	86.3	Freehold	100.0%
5 Pullman and Mercure Melbourne Albert Park	65 Queens Road, Melbourne, VIC 3004, Australia	378	102.1	Freehold	100.0%
6 Pullman Sydney Hyde Park	36 College Street, Sydney, NSW 2000, Australia	241	147.5	Freehold	100.0%

Japan (1 property)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
7 Sotetsu Grand Fresa Osaka-Namba ⁽¹⁾	1-1-13, Nipponbashi, Chuo-ku, Osaka 542-0073, Japan	698	246.4	Freehold	100.0%

Note:

- (1) Sotetsu Grand Fresa Osaka-Namba is under a Master Lease arrangement. See paragraphs 4.2(b) and 4.3, “Management Contracts and Master Leases – Properties held under Ascott BT – Master Leases”, and “– Description of the Master Leases” for further details.

South Korea (2 properties)

Property Name	Address	Number of Units	Appraised Value as at 31 December 2019 (S\$ million)	Title	Effective Interest held by ART
8 Sotetsu Hotels The Splaisir Seoul Dongdaemun ⁽¹⁾	226 Jangchoongdan-ro, Gwanghui-dong, Jung-gu, Seoul, South Korea	215	94.4	Freehold	98.7%
9 ibis Ambassador Seoul Insadong ⁽¹⁾	31 Samil-daero 30-gil, Ikseon-dong, Jongno-gu, Seoul, South Korea	363	95.7	Freehold	98.8%

Note:

- (1) The two Properties in South Korea are under Master Lease arrangements. See paragraphs 4.2(b) and 4.3, "Management Contracts and Master Leases – Properties held under Ascott BT – Master Leases", and "– Description of the Master Leases" for further details.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance or prospects of the Issuers, the Guarantor, Ascott Reit, Ascott BT, Ascott Residence Trust or the ART Group or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuers or the Guarantor are currently unaware of may also impair their respective business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuers, the Guarantor, Ascott Reit, Ascott BT, Ascott Residence Trust and/or the ART Group could be materially and adversely affected. In such cases, the ability of the Issuers and the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected and investors may lose all or part of their investment in the Securities.

Due to the fact that ART is a stapled group comprising Ascott Reit and Ascott BT, risk factors for ART include considerations relevant to the Securities, collective investment schemes and business trusts.

As an investment in the Securities is meant to produce returns over the long term, investors should not expect to obtain short-term gains.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuers, the Guarantor, Ascott Reit, Ascott BT, Ascott Residence Trust or the ART Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if such investor has received information to assist it in making such determination. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, the Guarantor, the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities. Each person receiving this Information Memorandum acknowledges that such person has not relied on any of the Issuers, the Guarantor, Ascott Reit, Ascott BT, their respective Related Entities (if any), either of the Arrangers, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers, the Guarantor, Ascott Reit, Ascott BT, their respective Related Entities (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisors prior to deciding to make an investment in the Securities.

RISKS ASSOCIATED WITH THE ART GROUP'S BUSINESS AND OPERATIONS

ART's prospects may be adversely affected by natural disasters or other catastrophes, outbreaks of infectious diseases, severe weather conditions or other acts of God

Natural disasters or other catastrophes, severe weather conditions or other acts of God that occur in certain countries or regions that are beyond ART's control may adversely affect the economy, infrastructure and livelihood of the people in those countries or regions. Countries or regions where the ART Group operates face threats of floods, earthquakes, sandstorms, snowstorms, fires and droughts, and outbreaks of infectious diseases such as SARS, H5N1 avian flu, Influenza A H1N1 swine flu, MERS, Ebola, Zika, and the recent outbreak of the COVID-19 coronavirus pandemic.

COVID-19 was first identified in Wuhan City, Hubei Province, China in December 2019 and rapidly spread to every province in China and many other countries and regions, including those where the ART Group operates, such as Australia, Singapore, South Korea, the United Kingdom and the United States. The COVID-19 outbreak has rapidly evolved into a global pandemic and impacted the travel industry in unprecedented ways. In an effort to curb the spread of the highly infectious coronavirus, countries and territories around the world have imposed various measures and strict movement controls, including travel restrictions, extended delays, suspension of business activities, quarantines, city lockdowns, and suspension of major events, which have led to a substantial decline in the number of travellers, thereby impacting the demand for lodging. As a result, the business and operations of the ART Group have been and may continue to be significantly affected. In particular, the ART Group has been adversely affected due to lower occupancies and room rates across its markets, with RevPAU for 1Q2020 declining 23% year-on-year, to S\$103. As at the date of the 1Q2020 Business Update, 18 of the Properties have experienced temporary closures due to government mandates or to optimise resources. While the average occupancy rate at the ART Group's hotels and serviced residences has declined due to the COVID-19 pandemic, operating the ART Group's hospitality assets involves significant fixed costs that may not decrease significantly even with reduced occupancy rates, thereby materially and adversely affecting the ART Group's liquidity and earnings. While the Managers expect ART's financial performance to be adversely impacted due to the COVID-19 pandemic, the high uncertainties associated with the COVID-19 pandemic make it difficult to predict how long these conditions will persist and the extent to which the ART Group may be eventually affected. To the extent that the COVID-19 pandemic adversely affects ART's business, results of operations and financial condition, it may also have the effect of heightening many of the risk factors described herein.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to national and regional economies. An outbreak of contagious disease, such as the on-going COVID-19 pandemic, may further create negative economic impact and decreased viability in the global market. This may result in a reduction in the ability and willingness of consumers to spend money on leisure and entertainment activities (including vacations) which may reduce recreational travel and the level of occupancy of the Properties, and in turn adversely affect the ART Group's business, financial condition or results of operations. Such an outbreak may also adversely affect the ART Group's ability to sustain normal operations and provide uninterrupted services to its customers.

Apart from outbreaks of infectious diseases, flooding and any other severe weather and natural disasters may cause substantial structural and physical damage to the Properties. These natural disasters can result in substantial expenses related to, among others, repairing the damage caused, and such damage may not be fully covered by insurance, if at all.

The occurrence of extreme weather or natural disasters, or an outbreak of infectious disease or serious public health concerns, or the measures taken by the governments of affected countries or regions, including Singapore, against such an outbreak, such as restrictions on travel and/or the imposition of quarantines, could severely disrupt ART's business operations and undermine investor confidence, thereby materially and adversely affecting its business, financial condition or results of operations.

ART is subject to the operating and market risks inherent in the serviced residence, hotel and rental housing industries, and the financial performance of the ART Group is dependent on the condition and outlook of the hospitality industry, which is in turn susceptible to cyclical and other factors outside the control of the ART Group or the Managers

ART's investments are concentrated in serviced residence, hotel and rental housing real estate, and it is subject to the operating and market risks inherent in these industries, which may result in disruption to its business, result in damage to its assets and/or adversely affect the results of operations of the ART Group.

In particular, the hospitality business is cyclical and sensitive to external and economic changes, and there are a number of factors beyond the control of the ART Group or the Managers, and which could affect the financial performance of the ART Group, the gross revenue earned from, and the value of, the Properties. These include, but are not limited to, the following:

- condition of, and changes in, the domestic, regional and global economies, and market conditions in the countries that ART operates in, such as an oversupply or reduced demand and adverse changes in rental rates and operating expenses which could affect the profitability of ART;
- competition for occupants from other serviced residence, short-term rental, coliving and hospitality properties that may affect rental and occupancy levels in ART's properties;
- a general downturn of the economy or the hospitality industry, which affects occupancy and rental rates or a slowdown in tourism, business and conferences in the markets in which the properties of the ART Group are located;
- seasonality patterns in tourism arrival numbers throughout the year;
- cyclical downturns arising from changes in general and local economic conditions, including reductions in the amount of longer-term business travel and corporate executives requiring mid-term to long-term accommodation;
- the recurring need for renovation, refurbishment and improvement of serviced residences, short-term rental, coliving and rental housing properties;
- movement of the status of transportation hubs such as airports, railway stations, bus terminals;
- unexpected increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather conditions that could affect travel demand;
- increase in new supply of serviced residences, hotels and/or rental housing properties in the markets in which the ART Group operates, which could adversely impact the occupancy levels and revenue of the properties or future hospitality assets of the ART Group;

- unfavourable publicity in relation to the properties of the ART Group;
- changes in the ART Group's relationships with, and the performance and reputation and standing of, the lessees, hotel managers, serviced residence operators, rental housing operators, service providers, brand owners and franchisors and other companies with whom the ART Group may contract;
- changes in interest rates and in the availability, cost and terms of debt financing and other changes that may adversely affect the ART Group's ability to source capital to fund operating requirements, capital expenditures, acquisitions and other general corporate purposes or to comply with debt financing covenants, and in the relationships with the ART Group's lenders;
- the time that it may take to construct, develop or complete the refurbishment of properties and receive registrable title to such properties;
- any restrictions in the ability to renovate the properties and future assets of the ART Group in order to preserve or expand demand for the properties and such assets;
- changes in laws and governmental regulations, fiscal policies and zoning ordinances, including those governing usage, zoning, taxes, government charges, labour laws and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure or costs to ensure compliance;
- legislative actions, such as the enactment of revisions to the laws relating to building standards, town planning, condemnation and redevelopment, which may affect or restrict rights related to relevant properties;
- other factors, including acts of terrorism, war, riots, military coups, civil commotions and other instability, acts of God, natural disasters, earthquakes, volcanic eruptions, floods, extreme weather conditions, labour shortages, work stoppages or disputes, outbreaks of infectious diseases or serious public health concerns (such as the on-going COVID-19 pandemic) and the measures taken by the governments of affected countries to address such issues; and
- other matters beyond the control of the ART Group and/or the Managers, not yet known to the Managers or not currently considered material by the Managers.

These factors could lead to deterioration in the amount of the rental payments from the Master Lessees and/or the ability of the Management Companies to generate income from the relevant Properties under the Management Contracts. This would have adverse effects on the business, financial condition, results of operations and prospects of the ART Group.

Uncertainties and instability in global financial, credit and currency markets could adversely affect ART's business, financial condition and results of operations as well as the value of the Securities

The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries.

Such events have had a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. Global credit markets have experienced substantial dislocations, liquidity disruptions and market corrections of which the scope, duration, severity and economic effect remain uncertain. These events could adversely affect ART, including the following:

- a negative impact on the ability of the tenants of ART to pay their rents in a timely manner or continue their leases, thus reducing ART's cash flow;
- an adverse effect on the cost of funding ART's business, thus limiting ART's growth opportunities; and
- an adverse impact on the ability of ART to obtain funds for expansion or refinance its existing debt obligations on the same or more favourable terms than its existing debt obligations, if at all.

Although ART has relied primarily on local sources of funding, which have experienced less of an impact on liquidity than the global capital markets, reduced liquidity in the global capital markets could nonetheless have an adverse impact on the Singapore market and limit ART's ability to diversify its funding sources. Increased funding costs or greater difficulty in diversifying funding sources would have an adverse effect on its business, financial conditions and results of operations.

The liquidity and the value of the Securities are sensitive to the volatility of the credit markets and may be adversely affected by future developments. To the extent that turmoil in the credit market continues and/or intensifies, it may have the potential to materially affect the liquidity and the value of the Securities.

The ART Group operates in industries which may become intensely competitive, which may have a material adverse effect on its business

The serviced residence, hotel and rental housing industries are competitive and may become increasingly so. Each of the Properties is located in an area that includes serviced residences and/or other types of accommodation such as hotels and guest houses owned and/or operated by third parties. The ART Group competes locally and regionally with existing serviced residences, hotels or rental housing properties and serviced residences, hotels, coliving or rental housing properties that may be developed in the future. An increase in the number of competitive serviced residences, hotels, coliving or rental housing properties in a particular area could have a material adverse effect on the occupancy rates and contribution to revenue generated by each of the Properties.

The UK's future relationship with the European Union may adversely affect ART and the Managers

In an advisory referendum held in June 2016, the UK electorate voted to leave the European Union. On 29 March 2017, the Government of the UK invoked Article 50 of the Treaty on European Union and formally notified the European Union that it will leave the European Union. Under the terms of the ratified EU-UK Article 50 withdrawal agreement (the "**Article 50 withdrawal agreement**"), a transition period has commenced which will last until 31 December 2020. During this period, most European Union rules and regulations will continue to apply to and in the UK and negotiations in relation to a free trade agreement will be on-going. Under the Article 50 withdrawal agreement, the transition period could, before 1 July 2020, have been extended once by up to two years, but on 12 June 2020, the UK formally confirmed that it would not be seeking an extension and this was formally accepted by the EU. While this does not entirely remove the prospect that the transition period will be extended (for example, it could be achieved under a new treaty which deals solely with an extension), the likelihood of such extension is reduced.

During the transition period, the UK and the European Union may not reach agreement on the future relationship between them, or may reach a significantly narrower agreement than that envisaged by the political declaration of the European Commission and the UK Government concurrently negotiated and agreed together with the Article 50 withdrawal agreement. To minimise the risks for firms and businesses, the UK Government continues preparations (including the publication of further draft secondary legislation under powers provided in the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020)) to ensure that there is a functioning statute book at the end of the transition period. The future economic and political relationship between the UK and the European Union (and between the UK and other countries by agreement) is uncertain, and a period of economic and political uncertainty is expected in the UK, in the European Union and globally. The result of the UK's referendum and exit from the European Union has caused severe currency movements and volatility in global markets, and is likely to continue to do so as events develop. The ultimate nature and extent of the impact of these events on ART and the Managers are uncertain, but may be significant.

Other member states of the European Union may also reconsider their European Union membership. This could result in one or more other countries leaving the European Union, or in major reforms or other changes being made to the European Union or to the Eurozone. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on consumer confidence and spending in the European Union, particularly on markets with sizeable trade with the UK. The nature and extent of the impact of any such changes on ART and the Managers are uncertain, but may be significant.

The ART Group may be adversely affected by the illiquidity of real estate investments

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits the ability of the Managers to manage the ART Group's portfolio in response to changes in economic or other conditions. This could have an adverse effect on the ART Group's business, financial condition and results of operations, with a consequential adverse effect on the ART Group's ability to make expected returns. Moreover, the ART Group may face difficulties in securing timely and commercially favourable financing through asset-based lending transactions secured by real estate due to its illiquidity.

The ART Group may experience limited availability of funds

The securities markets are influenced by economic developments and volatility in securities markets in other countries. Investor reaction to developments in one country may have an adverse effect on the market price of securities of companies located in other countries. The slowdown of the worldwide economy may adversely affect market prices in the world's securities markets. Financial markets in the U.S., Europe and Asia have also, in the past, experienced extreme disruption including, among others, volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others.

In particular, the hospitality business is capital intensive and the growth of the ART Group may be affected if it is unable to obtain financing on favourable terms or at all. The Properties will require periodic capital expenditures, refurbishment, renovation and improvements to remain competitive. In addition, the ART Group may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the ART Group. Factors that could affect the ART Group's ability to procure financing include the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources.

ART faces risks associated with debt financing

ART is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet required payments of principal and interest under such financing and to make payments to Securityholders. The rights of the Securityholders to receive payments under the Securities are effectively subordinated to the rights of the existing and future secured creditors of ART.

ART may also become a party to future indebtedness which is secured by a lien or other encumbrance on certain of the properties of the ART Group. In the event of a default on the Securities or under any other indebtedness or upon ART's bankruptcy, liquidation or reorganisation, any secured indebtedness of third party creditors to ART's portfolio would effectively be senior to the Securities to the extent of the value of ART's portfolio securing their indebtedness. The Securityholders would only have an unsecured claim against those assets to the extent any remain after satisfying the obligations under such secured indebtedness and any unsecured indebtedness which ranks senior to the Securities.

ART will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, ART may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and ART's ability to make payments to Securityholders. Such covenants may also restrict ART's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase.

The ART Group is subject to interest rate fluctuations

As at 31 March 2020, ART's outstanding borrowings (excluding interest) was approximately S\$2,537.0 million, of which approximately 81% of the total borrowings were on fixed interest rates to hedge against rising interest rates, and the remaining approximately 19% of the total borrowings was on a floating rate basis. There is no certainty that ART will not be affected by adverse movements in interest rates. Consequently, the interest cost to the ART Group for the floating interest rate debt will be subject to the risks of interest rate fluctuations.

As part of the Managers' active capital management strategies, the ART Group has entered into hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, the Managers' hedging policy may not adequately cover the ART Group's exposure to interest rate fluctuations. As a result, ART's operations and/or financial condition could potentially be adversely affected by interest rate fluctuations.

The ART Group may be involved in legal and/or other proceedings arising from its operations from time to time

The ART Group may be involved from time to time in disputes with various parties involved in the operation, renovation and lease of the Properties such as contractors, subcontractors, suppliers, construction companies, purchasers and tenants. These disputes may lead to legal or other proceedings, and may cause the ART Group to incur additional costs and delays. In addition, the ART Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that would result in financial losses and cause delay to the construction or completion of its projects.

ART's inability to complete acquisitions or to successfully integrate acquisitions may adversely impact its business, financial condition, prospects or results of operations

ART's business strategy includes the acquisition of properties and property-holding entities that expand or complement its existing business. Successful growth through acquisitions is dependent upon ART's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and purchase prices and ultimately complete such transactions and integrate the acquired target successfully. Such acquisitions may expose ART to significant risks and uncertainties, including but not limited to:

- competition for acquisition targets, which may lead to substantial increases in purchase prices or terms that are not attractive to ART;
- dependence on external sources of capital, in particular to finance the purchase prices of acquisitions;
- proposed acquisitions which may be prohibited by certain antitrust or other regulatory laws or may require divestitures;
- difficulties in identifying hospitality and hospitality-related assets to acquire and difficulties in completing and integrating acquisitions (including any unexpected delays or expenses in the integration process);
- disruptions to ART's business and diversion of the attention of the Managers from existing operations to the acquisition process and integration of acquired assets;
- a failure to accurately predict or to realise expected cost savings and synergies;
- changes in laws or regulations, and/or difficulties in obtaining the requisite licences, permits, authorisations or approvals from regulatory authorities, resulting in increases in acquisition or development costs or delays in project construction;
- incurrence of unintended or unanticipated capital expenditures in connection with acquisitions or the vendors of our acquired properties may breach their obligations to ART;
- difficulties in retaining key customers and personnel; and
- other matters not yet known to the ART Group and/or the Managers, not currently considered material by the ART Group and/or the Managers, or not otherwise disclosed in this Information Memorandum.

The Managers' assessments of and assumptions regarding acquisition targets may not prove to be correct, or actual developments may differ significantly from expectations. Acquired targets and properties may have unexpected or unidentified liabilities or regulatory problems, and acquisitions may be made at a premium over the fair value of the net identifiable assets of the acquired company. The occurrence of any of the above in connection with any acquisition could have a material adverse effect on ART's business, financial condition, results of operations or prospects.

The Managers and Sponsor are subsidiaries of CapitaLand. There may be potential conflicts of interest between ART, the Managers, the Sponsor and/or CapitaLand

The Sponsor, its subsidiaries, related corporations and associates are engaged in the investment in, and the development and operation of, among other things, real estate and real estate-related assets which are used, or predominantly used, as hospitality and hospitality-related assets properties in Singapore and elsewhere. As at the Latest Practicable Date, the Sponsor has an aggregate interest (direct and deemed) of approximately 40.4% of the total number of Stapled Securities in issue.

The Sponsor and/or CapitaLand may exercise influence over the activities of the ART Group through the Managers. As a result, the strategy and activities of the ART Group may be influenced by the overall interests of the Sponsor and/or CapitaLand. Moreover, the Sponsor and/or CapitaLand may in the future sponsor, manage or invest in other REITs, trusts or other vehicles which may also compete directly with the ART Group. There can be no assurance that conflicts of interest will not arise between the ART Group on the one hand, and the Sponsor and/or CapitaLand on the other, or that the ART Group's interests will not be subordinated to those of the Sponsor and/or CapitaLand, whether in relation to the future acquisition of additional properties, acquisitions of property-related investments or competition for guests, in Singapore and elsewhere.

There is no assurance that the ART Group will be able to leverage the Sponsor's experience in the operation of serviced residences, hotels and rental housing properties

In the event (a) that the Sponsor decides to transfer or dispose of its Stapled Securities and ceases to be a Controlling Stapled Securityholder of ART, or (b) of the expiry, and non-renewal, of the Ascott Management Agreements in respect of the Properties managed by the Ascott Management Companies, or (c) of the expiry, or non-renewal, of the Master Leases with Master Lessees under the Sponsor, the ART Group may no longer be able to leverage the Sponsor's experience in the ownership and operation of serviced residences, hotels and rental housing properties, financial strength, market reach and network of contacts in the hospitality sector to further its growth. ART may, in addition, not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This could have a material and adverse impact on the ART Group's results of operations and financial condition.

ART operates substantially through Property Companies and its ability to make payments to Securityholders through the Ascott Reit Trustee and/or Ascott BT Trustee-Manager, as the case may be, is dependent on the financial position of the Property Companies and Property Holding Companies

Save for the Properties located in Singapore, which are directly held by ART, the Properties are held by the Property Companies, which are in turn held by ART through the Property Holding Companies. Accordingly, ART operates substantially through the Property Companies, and relies on payments and other distributions from these Property Companies (which are repatriated to ART through the Property Holding Companies) for its income and cash flows.

In order to make payments to Securityholders, the Ascott Reit Trustee and/or Ascott BT Trustee-Manager, as the case may be, will rely on the receipt by ART of the distributions or other payments from these Property Companies to the Property Holding Companies or, as the case may be, from the Property Holding Companies to ART. The ability of the Property Companies or, as the case may be, Property Holding Companies to make such payments may be restricted by, among other things, the Property Companies' or, as the case may be, Property Holding Companies' respective businesses and financial positions, the availability of distributable profits, applicable laws and regulations (which may restrict the payment of dividends by the Property Companies or, as the case may be, Property Holding Companies) or the terms of agreements to which they are, or may become, a party to.

There can be no assurance that the Property Companies or, as the case may be, Property Holding Companies will have sufficient distributable or realised profits or surplus in any future period to pay dividends or make advances to ART. The level of profit or surplus of each Property Company or, as the case may be, each Property Holding Company available for distribution by way of dividends to ART may be affected by a number of factors, including:

- operating losses incurred by the Property Companies or, as the case may be, Property Holding Companies in any financial year;

- losses arising from a revaluation of any of the Properties following any diminution in value of any of the relevant Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the relevant Property Company or, as the case may be, Property Holding Company may make distributions to ART;
- accounting standards that require profits generated from investment properties to be net of depreciation;
- charges before such profits are distributed to ART;
- changes in accounting standards, taxation regulations, corporation laws and regulations relating hereto; and
- insufficient cash flows received by the Property Companies from the Properties.

The occurrence of these or other factors that affect the ability of the Property Companies or, as the case may be, Property Holding Companies to pay dividends or other distributions to ART may adversely affect the ability of the Ascott Reit Trustee and/or Ascott BT Trustee-Manager, as the case may be, to make payments to the Securityholders.

There is no assurance that the other joint venture partners of the Property Companies, which are not wholly owned, directly or indirectly, or the holding company of the Property Companies will co-operate on matters concerning these companies or honour all their obligations under these joint ventures

Several of the Property Companies are not wholly owned, directly or indirectly, by the Ascott Reit Trustee or, as the case may be, the Ascott BT Trustee-Manager. Accordingly, ART does not have an unfettered discretion to deal with these Properties through the Property Companies as if these Properties are entirely, directly or indirectly, owned by it.

Under the relevant shareholders' agreements or joint venture agreements (as the case may be) relating to the above-mentioned Properties, certain matters such as making amendments to the joint venture agreements, changing the business or equity capital structure of the Property Companies, issuing of securities by the Property Companies, use of funds, capital borrowings and other credit activities and appointment of key personnel, may require a unanimous or a majority shareholders' approval of the relevant Property Companies being obtained.

As ART does not own the entire interests in these Property Companies, there is no assurance that such unanimous/majority approval from the shareholders of the Property Companies can be obtained. The other shareholders of these Property Companies may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, certain matters relating to the Properties, such as those relating to the operation of the Properties and the level of dividends to be declared by the Property Companies, may not be carried out and this may adversely affect ART's financial condition and results of operations.

In addition, if the other joint venture partners of the Property Companies or the holding company of the Property Companies are obliged to contribute additional capital or funds to the Property Companies, but lack financial resources at the relevant time to meet these obligations, necessary capital or funds required for development or operations may be delayed or cancelled. This adds to the uncertainty of such collaborations and may adversely affect ART's business, financial condition and results of operations.

The Managers may not be able to implement their investment strategy for ART or may change ART's investment strategy

There can be no assurance that the Managers will be able to continue to implement their investment strategy (including through acquisitions or investments from time to time) successfully or that it will be able to expand ART's portfolio any further, or at any specified rate or to any specified size. While the Managers plan acquisitions or investments based on the outlook and their understanding of the relevant property market and general economic situation, the Managers may not be able to make such acquisitions or investments on favourable terms or within a desired time frame or at all.

ART may need to rely on external sources of funding to expand its portfolio, which may not be available on terms favourable to ART or at all. Even if ART were able to successfully make additional property investments, there can be no assurance that ART will achieve its intended return on such investments. Since the amount of debt that Ascott Reit can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions will largely be dependent on Ascott Reit's ability to raise equity capital. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including serviced residence development companies, private investment funds and other real estate investment funds whose investment policy is also to invest in commercial properties. There can be no assurance that ART will be able to compete effectively against such entities and execute its desired principal investment strategy successfully.

ART's policies with respect to certain activities including investments and acquisitions will be determined by the Managers. While the Managers have stated their principal investment strategy with respect to ART, the Ascott Reit Trust Deed and the Ascott BT Trust Deed give the Managers wide powers of investing in other types of assets. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

If the Managers are unable to implement their investment strategy successfully, ART's business, financial condition, prospects and results of operations may be adversely affected.

The Managers may not be able to implement AElS or successfully carry out development activities

The Managers continuously strive to enhance ART's assets through planned periodic upgrading, refurbishment and reconfiguration of the Properties in order to achieve a higher level of guest satisfaction as well as to improve the Properties' performance and competitiveness.

Any plans for AElS are subject to known and unknown risks, uncertainties and other factors which may lead to any of such AElS and/or their outcomes being materially different from the original projections or plans. In addition, the Managers may from time to time and (in relation to the Ascott Reit Manager, with respect to Ascott Reit) within the development limits as set out in the Property Funds Appendix, embark on development activities. For instance, Ascott Reit has embarked on its maiden development project to build its first coliving property, lyf one-north Singapore, which is expected to open in 2021²¹.

There can be no assurance that the Managers will be able to implement any of such AElS successfully or carry out development activities successfully, or that the carrying out of any AElS

²¹ lyf one-north Singapore is currently under development. The Property is expected to obtain its Temporary Occupation Permit by 2020 and open in 2021.

or development activities will enhance the value of the relevant property. The AElS or development activities are or may be subject to ART obtaining the approvals of the relevant authorities. Furthermore, the Managers may not be able to carry out the proposed AElS or development activities within a desired timeframe, and any benefit or return which is expected from such AElS or development activities may be reduced or lost. Even if the relevant AEl or development is successfully carried out, there can be no assurance that ART will achieve its intended return or benefit from such AElS or development activities.

There is no assurance that the current rating given in respect of Ascott Reit will be maintained or that the rating will not be reviewed, downgraded, suspended or withdrawn in the future

Fitch Ratings has assigned a “BBB” issuer rating in respect of Ascott Reit, which was affirmed in August 2019 and in April 2020. The ratings assigned by Fitch Ratings is based on the views of Fitch Ratings only. Future events could have a negative impact on the rating in respect of ART and prospective investors should be aware that there is no assurance that the rating assigned will be maintained or that the rating would not be reviewed, downgraded, suspended or withdrawn as a result of future events or judgement on the part of Fitch Ratings.

Any rating changes that could occur may have a negative impact on the market value of the Securities. A downgrade of the rating may lead to ART being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, resulting in loans at higher interest rates.

The amount that Ascott Reit may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect the operations of Ascott Reit

Under the Property Funds Appendix, prior to 1 January 2022, the aggregate leverage of Ascott Reit should not exceed 50% of its Deposited Property²² at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Stapled Securities). On or after 1 January 2022, the aggregate leverage limit is 45% of Ascott Reit’s Deposited Property, and Ascott Reit’s aggregate leverage may exceed this limit (up to a maximum of 50%) only if it has a minimum adjusted interest coverage ratio²³ of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

As at 31 March 2020, ART’s outstanding borrowings (excluding interest) was approximately S\$2,537.0 million, including both bank loans and the outstanding notes issued under its medium term note programmes. ART’s gearing as at 31 March 2020 was 35.4%.

A decline in the value of Ascott Reit’s Deposited Property may also cause the aggregate leverage limit to be exceeded, thus affecting Ascott Reit’s ability to make further borrowings.

²² In response to the COVID-19 pandemic, the MAS had on 16 April 2020, announced that the aforementioned aggregate leverage limit for REITs will be raised from 45.0% to 50.0%, with immediate effect. In addition, the MAS will defer to 1 January 2022, the implementation of the minimum interest coverage requirement it had proposed in its consultation paper on “Proposed Amendments to the Requirements for REITs” published on 2 July 2019 (the “**Consultation Paper**”). In the Consultation Paper, the MAS had proposed reviewing the aggregate leverage limit, including introducing the option of allowing a REIT’s aggregate leverage to exceed 45.0%, with a higher aggregate leverage limit of 50.0%. The flexibility for a REIT to take on higher leverage in excess of the 45.0% limit would be subject to any requirements which the MAS may impose, such as a minimum interest coverage ratio of 2.5 times after taking into account the interest payments arising from the new debt.

²³ “Adjusted interest coverage ratio” means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

Ascott Reit may, from time to time, require further debt financing to achieve its investment strategies. In the event that Ascott Reit decides to incur additional borrowings in the future, Ascott Reit may face adverse consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements of Ascott Reit’s existing asset portfolio or for future acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property may also cause the borrowing limit to be exceeded, thus affecting Ascott Reit’s ability to make further borrowings; and
- cash flow shortages (including with respect to distributions) which Ascott Reit might otherwise be able to resolve by borrowing funds.

If the CMS Licence of the Ascott Reit Manager is cancelled or not renewed by the MAS, the operations of Ascott Reit will be adversely affected.

The Capital Markets Services Licence issued to the Ascott Reit Manager by the MAS (the “**CMS Licence**”) is subject to conditions and is valid unless otherwise cancelled or renewed. If the CMS Licence of the Ascott Reit Manager is cancelled by the MAS, it will not be able to continue to be the manager of Ascott Reit and the operations of Ascott Reit will be adversely affected if no suitable replacement manager is found or can be found in a timely manner.

The financial information of the ART Group for FY2019 and for future financial years is not, and will not be, directly comparable with the corresponding financial information for the previous financial years

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. ART has adopted FRS 116 from 1 January 2019, using the modified retrospective approach.²⁴ Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative information.

In connection with the Combination, Ascott BT was recently constituted by Ascott Reit on 9 September 2019, with the Ascott BT Trustee-Manager incorporated on 2 August 2019. Pursuant to the Ascott Reit Scheme, the units in Ascott BT were distributed *in specie* to the Ascott Reit Holders and stapled to the Ascott Reit Units in accordance with the Stapling Deed. On 31 December 2019, ART completed the Combination, pursuant to which Ascott Reit acquired all of the units in A-HTRUST REIT (which holds five Properties) and Ascott BT acquired all of the units in A-HTRUST BT (which holds nine Properties).²⁵ The selected consolidated statement of financial position of the ART Group as at 31 December 2019 includes A-HTRUST’s portfolio. However, the selected consolidated statement of total return of the ART Group for FY2019 excludes the financial performance of A-HTRUST, whose financial results will be incorporated only from 1 January 2020 onwards.

²⁴ For further details of the adoption of FRS 116, please see note 2.5 to the Stapled Group’s audited financial statements for the year ended 31 December 2019 set out on pages F-64 to F-66 in this Information Memorandum.

²⁵ For further details of the Combination, see “Description of Ascott Residence Trust – 8. Recent Developments – 8.1 Combination between Ascott Reit and A-HTRUST”.

Accordingly, due to the constitution of Ascott BT on 9 September 2019 and the Ascott Reit Scheme, inclusion of A-HTRUST's portfolio (in relation to the statement of financial position of the ART Group as at 31 December 2019) and the adoption of FRS 116, the selected consolidated statement of financial position or, as the case may be, total return of the ART Group as at and for the year ended 31 December 2019 will not be directly comparable to the selected consolidated statement of financial position or, as the case may be, total return of the Ascott Reit Group as at and for the years ended 31 December 2017 and 31 December 2018, respectively. Accordingly, potential investors should exercise caution when comparing the ART Group's consolidated financial information for FY2019 with the corresponding financial information of the Ascott Reit Group for the previous financial years.

Potential investors should also note that the Ascott Reit Group's, ART's or, as the case may be, A-HTRUST's historical results for any prior years are not necessarily indicative of results to be expected of ART or any of its Properties for any future year. In particular, ART's financial performance is expected to be adversely impacted due to the recent on-going COVID-19 pandemic, the impact of which would only be reflected in the financial results for the six months ending 30 June 2020, and potentially, future financial periods. See the risk factor entitled "ART's prospects may be adversely affected by natural disasters or other catastrophes, outbreaks of infectious diseases, severe weather conditions or other acts of God" above for further details.

The ART Group depends on certain key personnel, and the loss of any key personnel may adversely affect its operations

The ART Group's operations depend, in part, upon the continued service and performance of members of the Managers' senior management team and certain key senior personnel. These key personnel may in future leave the Managers and compete with the Managers and the ART Group. The loss of any of these individuals, or of one or more of the Managers' other key employees could have a material adverse effect on the ART Group's business, financial condition and results of operations.

Fluctuations in exchange rates may adversely affect the ART Group's reported financial results

The ART Group's current portfolio of Properties is located across 15 countries across the Asia-Pacific region (namely Australia, China, Indonesia, Japan, Malaysia, the Philippines, South Korea, Singapore and Vietnam), Europe (namely Belgium, France, Germany, Spain and the UK) and the United States.

Because of the geographic diversity of the ART Group's property portfolio, the ART Group receives income in the local currencies where its properties are located at the then-applicable exchange rates. As a result, the ART Group is exposed to fluctuations in foreign currency exchange rates against the Singapore dollar. Such fluctuations can cause fluctuations in the ART Group's results of operations and could have a material adverse effect on the ART Group's reported financial results. A weakening of foreign currencies against the Singapore dollar may also result in an increase in ART's gearing due to the reduced asset value as a result of the weaker currency and a decline in the ART Group's net asset value ("NAV").

ART may engage in hedging transactions. Such hedging transactions may not be effective and can limit gains and increase exposure to losses. These hedging transactions could fail to protect, or could even adversely affect, ART

ART has entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations and manage the currency risks associated with the cash flows generated by the Properties outside Singapore, although there can be no assurance as to the extent or efficacy of any such hedging arrangements. Hedging activities may not have the desired beneficial impact on

ART's business, financial condition, results of operations and prospects. Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. The Managers will regularly monitor the feasibility of engaging in such hedging transactions while taking into account the cost of such transactions. These costs will increase as the period covered by the hedging increases and during periods of rising and volatile interest rates and/or foreign exchange rates.

Interest rate hedging could fail to protect ART or adversely affect ART for reasons which include, but are not limited to:

- available interest rate hedging may not correspond directly with the interest rate risk for which protections are sought;
- the party owing money in the hedging transaction may default on its own obligation to pay;
- the credit quality of the counterparty owing money on the hedge may deteriorate to such an extent that it impairs ART's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value.

Such changes, although unrealised, would reduce the NAV of the ART Group if it is due to downward adjustments.

ART may be unable to comply with the terms and conditions of tax rulings and tax exemptions obtained, or such tax rulings or tax exemptions may be revoked or amended

Ascott Reit has obtained various tax rulings and tax exemptions from the IRAS and the Ministry of Finance, including the tax transparency ruling and exemptions on foreign-sourced income received in Singapore in respect of its overseas Properties (the "**Tax Rulings**"). These Tax Rulings are subject to stipulated terms and conditions based on the facts and representations presented to the IRAS and the Ministry of Finance at the time of such applications, and include the requirement that Ascott Reit distribute at least 90.0% of its taxable income in the case of the tax transparency ruling. There can be no assurance that ART will be able to comply with these terms and conditions on an on-going basis or ensure that the facts and representations presented to the tax authorities do not change over time. There can also be no assurance that the IRAS or the Ministry of Finance will not review, amend or revoke the Tax Rulings, either in whole or in part, either arising from a change in the tax laws or their interpretations or a change in policy. Non-compliance with the terms and conditions imposed on ART under the Tax Rulings may affect Ascott Reit's tax transparent status, the ability of ART to distribute its taxable income free of tax deduction at source and may also cause ART to pay income tax on its taxable income which may result in ART facing liquidity constraints.

The operation of certain Properties relies on trademarks which ART does not own

The operation of certain Properties relies on trademarks which ART does not own, including, but not limited to, the "Ascott", "Somerset", "Citadines" and "Citadines Connect" trademarks. ART has been granted rights to use these third party trademarks under certain agreements with the owner and/or licensor of such trademark in connection with the operation of the Properties. Loss of the right to use the trademarks may have a material adverse effect on ART's reputation, goodwill, business, prospects and results of operations.

The ART Group may be required to indemnify the relevant Management Companies or sub-trustee

In respect of six of the Properties located in Australia (which were acquired from A-HTRUST BT pursuant to the Combination), the Management Contracts entered into with the Australia Management Companies provide for A-HTRUST BT, and accordingly the ART Group, to be liable for such debts, obligations and/or liabilities in the due performance of the duties of the Australia Management Companies under the respective Management Contract, unless such debts, obligations and/or liabilities arose from the gross negligence or wilful default of the respective Australia Management Company.

Under the terms of the appointment of trustee for Ascendas Hospitality Australia Investment Fund No. 1 and Ascendas Hospitality Australia Investment Fund No. 2, the trustee will be required to act in accordance with the directions of CapitaLand Australia Pty Ltd (“**CAPL**”). Accordingly, the relevant trustee will be entitled to an indemnity from the relevant Australian trust, which pursuant to the Combination forms part of the ART Group, for costs properly incurred for acting in accordance with directions given by CAPL except to the extent that the relevant cost is directly attributable to fraud, negligence or wilful misconduct of the relevant trustee or its agents. While the relevant trustee will have recourse to the assets of the relevant trust, if the assets were insufficient to meet the indemnity, the ART Group would be required to meet that shortfall under the indemnity.

If any of such claims under the abovementioned indemnities arise, then the financial condition of the ART Group could be adversely affected.

The ART Group will be exposed to certain risks in relation to information technology and systems

ART is reliant on certain technologies and systems for the operation of its business, whether belonging to the members of the ART Group, the Master Lessees or the Management Companies. Any system failures, data viruses, computer “hackers” or other causes may result in operational problems with such information systems. Bookings and reservations for hotel rooms and serviced residence bookings are done through the platforms of the service providers, including that of the Management Companies. The ART Group may not have control over potential failures, outages or downtime over such information systems which could affect, among others, the delivery of reservations to its hotels. Any material disruption or slowdown of the information systems, especially any failures relating to its reservation system, could cause valuable information to be lost or operations to be delayed, which in turn could have a material adverse effect on the ART Group’s business, financial condition and results of operations and have a material adverse impact on the ART Group’s reputation.

RISKS ASSOCIATED WITH THE PROPERTIES

The proportionate distributions received by ART from Somerset Chancellor Court, Somerset Ho Chi Minh City and Somerset Grand Hanoi will be diluted in the future

Somerset Chancellor Court is owned by Saigon Office and Serviced Apartment Company Limited (“**SOSACL**”), a 67.0% subsidiary of East Australia Trading Company (S) Pte Ltd. (“**EATC(S)**”). Somerset Ho Chi Minh City is owned by Mekong-Hacota Joint Venture Company Limited (“**Mekong-Hacota**”), a 62.1% subsidiary of Ascott Residences Pte Ltd (“**Ascott Residences**”). Somerset Grand Hanoi is owned by Hanoi Tower Center Company Limited (“**Hanoi Tower Center**”), a 76.0% subsidiary of Burton Engineering Pte Ltd (“**Burton Engineering**”).

EATC(S), Ascott Residences and Burton Engineering (collectively, the “**Vietnam Property Holding Companies**”) are wholly owned by the Ascott Reit. The remaining shareholding interests in SOSACL, Mekong-Hacota and Hanoi Tower Center (the “**Vietnam Property Companies**”) are

owned by unrelated third parties. Ascott Reit's interests in the Vietnam Property Companies are held under the terms of the respective joint venture arrangements with the unrelated third-party shareholders in each of the Vietnam Property Companies (the "Vietnam Properties JVA") with each of these unrelated third parties.

Under the terms of the Vietnam Properties JVAs, the net profits of each of the Vietnam Property Companies, after the fulfilment of certain statutory financial obligations and the payment of other amounts due, are to be distributed to the shareholders of Vietnam Property Companies in certain proportions during different periods in accordance with the terms of the relevant Vietnam Properties JVA and/or the applicable investment licence under which the Vietnam Property Companies operate.

In relation to EATC(S), Ascott Reit is entitled to 67.0% of the distributed profits during the period for which loan capital injected by Ascott Reit and interest is outstanding thereon. Ascott Reit's entitlement to the distributed profits will fall to 60.0% following the repayment of loan capital and interest and further decrease to 40.0% from the 31st to 48th year from the date of issue of the investment licence. In relation to Ascott Residences, Ascott Reit owns 62.1% of the legal capital in Mekong-Hacota. From the 19th year of the date of issue of the investment licence, the unrelated joint venture partner in Mekong-Hacota has a right to acquire approximately 0.9% of the legal capital in Mekong-Hacota every year until it owns 43.0% of the legal capital in Mekong-Hacota (in the 32nd year), whereupon the legal capital of Mekong-Hacota owned by Ascott Residences will have fallen to 57.0%. Consequently, the distributed profits that Ascott Reit is entitled to receive will decrease from the 19th year to the 32nd year. In relation to Burton Engineering, Ascott Reit owns 76.0% of the legal capital in Hanoi Tower Center and is entitled to 76.0% of the distributed profits in the first 25 years after fulfilling all financial obligations to the Government of Vietnam and other obligations. From the 26th to 35th year, Ascott Reit is entitled to 70.0% of the distributed profits. From February 2018, the distributed profits that Ascott Reit is entitled to receive has decreased from 76.0% to 70.0%. From the 36th to the 45th year, Ascott Reit is entitled to 50.0% of the distributed profits.

The decreasing proportion of distributed profits that each of the Vietnam Property Holding Companies is entitled to for the duration of the relevant Vietnam Properties JVAs will adversely affect ART's business, financial condition and results of operations.

Where ART only owns a portion of the strata lots of a subdivided development with common property, there is no assurance that the other subsidiary proprietors of such subdivided development will co-operate with ART on matters concerning the common property of this subdivided development

ART owns, and may acquire, a portion (and not all) of the strata lots of a subdivided development with common property. All the subsidiary proprietors of such subdivided development, who constitute the management corporation of the subdivided development, jointly own the common property in the subdivided development as tenants-in-common in proportion to the share values attributable to their respective strata lots. If ART does not own all of the total share value of strata lots comprising the subdivided development, it cannot deal with the common property in the subdivided development as if the subdivided development is entirely owned by it. The other subsidiary proprietors of such subdivided development may vote against resolutions concerning the common property of such Properties and hence prevent such resolutions from being passed. If such resolutions are not passed, enhancement works involving the common property of the subdivided development cannot be carried out by the management corporation of the subdivided development. This may affect the ability of the subdivided development to attract guests which may adversely affect the results of operation and financial condition of ART.

The President of the Republic of Singapore may, as head lessor, re-enter the Singapore Properties upon breach of terms and conditions of the State lease

Each of Citadines Mount Sophia Property Singapore, Ascott Orchard Singapore and Park Hotel Clarke Quay (which was acquired pursuant to the Combination) is subject to a registered State lease, with the President of the Republic of Singapore as head lessor. Somerset Liang Court Property Singapore was leased under a registered State lease to the Urban Redevelopment Authority, which was subsequently sub-leased to Ascott Reit.²⁶ The State lease(s) contains terms and conditions commonly found in State leases in Singapore, including the lessor's right to re-enter the Singapore Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the lease.

The future market value of the Properties may differ from the valuations determined by independent valuers

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions. A valuer's determination of the appraised value of any property does not guarantee a sale of such property at its appraised value at present or in the future. The price at which ART may sell any of the new properties acquired in the future may be lower than the price paid for that property.

In addition, there can be no assurance that there will be no downward revaluation of the Properties in the future. In addition, ART is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on ART's financial results as revaluation losses will be charged to ART's statements of total return in the financial years where there is a significant decrease in the valuation of any of the Properties. A downward revaluation of any of these properties may also result in an increase in ART's gearing.

The latest independent valuations of the Properties are as at 31 December 2019, and do not take into account the impact of the COVID-19 pandemic. In valuing the Properties, the valuers utilise, among others, the discounted cash flow and income capitalisation methods, which take into account the projected cash flows of the property. The COVID-19 pandemic has caused adverse economic conditions, and led to significant market uncertainty, including risks that projected cash flows will not be met or that assumptions underlying the valuations become incorrect due to the changing market conditions. Accordingly, the valuations of the Properties may change significantly and unexpectedly over a relatively short period of time.

The due diligence exercise on the Properties as well as their respective tenancies, contracts, building and equipment may not have identified all defects, breaches of laws and regulations, inherent or historical tax liabilities and other deficiencies

The Managers believe that reasonable due diligence investigations with respect to the Properties (including the 14 Properties acquired pursuant to the Combination) and any future properties to be acquired by ART and their holding entities were or will be conducted prior to their acquisition. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair, maintenance or replacement (including design, construction or other latent property or equipment defects in the Properties which may require or result in additional capital expenditure, special repair, maintenance expenses, the payment of damages or other obligations to third parties) or that the due diligence investigations and physical inspections will uncover all non-compliance with the laws and regulations in relation to the Properties or their holding entities.

²⁶ In November 2019, ART announced the sale of the partial GFA of Somerset Liang Court Property Singapore and the redevelopment of the retained GFA into a new Somerset serviced residence property.

Statutory or contractual representations, warranties and indemnities given by any seller of properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects. Costs or liabilities arising from such defects or deficiencies may require or result in significant capital expenditures or obligations to third parties and may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on ART's earnings and cash flows.

Should any of the properties of ART or their holding entities not be in compliance with certain laws and regulations, ART may also incur financial or other obligations in relation to such breaches or non-compliance.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on ART's earnings and cash flows. The costs of maintaining the Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the properties age. The business and operation of the Properties may be disrupted as a result of asset enhancement works and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such asset enhancement works. In addition, statutory or contractual representations, warranties and indemnities given by any seller of real estate properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The ART Group may suffer material losses in excess of insurance proceeds

The ART Group maintains insurance policies for the Properties in line with general market practices and legal requirements. However, the Properties could suffer physical damage caused by fire or other causes or the ART Group may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk, terrorist acts and losses caused by outbreaks of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, the ART Group's insurance policies for the Properties cover acts of terrorism but do not cover acts of war or outbreaks of contagious diseases. The Japanese properties within ART's portfolio are not insured against earthquakes, save for the Properties held under Tokyo Rental Housing Properties.

Should an uninsured loss or a loss in excess of insured limits occur, the ART Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that Property. The ART Group would also remain liable for any debt or other financial obligation related to that Property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. Such an event would adversely affect ART's business, financial condition and results of operations.

The loss of a Master Lessee (whether due to expiry and non-renewal, or termination due to a force majeure event or otherwise), a downturn in the business of a Master Lessee or any breach by the Master Lessees of their obligations under the Master Leases may have an adverse effect on ART

35 of ART's operating Properties – 17 in France, five in Germany, five in Japan, four in Australia, two in South Korea and two in Singapore, are under Master Lease arrangements with the Master Lessees. The ART Group is dependent upon the ability of the Master Lessees to make timely rental payments.

As such, the business, financial condition, results of operations and prospects of the ART Group, and the level of ART's distributable income, may be adversely affected by a failure by the Master Lessees to make timely rental payments or a default by any of them under the Master Leases. Factors that may affect the ability of the Master Lessees to meet their obligations under the Master Leases include, but are not limited to, their bankruptcy, insolvency or downturn in their business, which may weaken their financial position, the local economies in which they have business operations and the performance of their other businesses (if any).

Failure by the Master Lessees to maintain the relevant Properties in a good state of tenantable repair and condition could have an adverse impact on the physical condition of the relevant Properties, rendering them unattractive to existing and potential guests. Such failure could also result in customers choosing alternative hospitality properties. Lack of capital or insufficient cash flow caused by lower occupancy may adversely impact future operations and profitability of the Properties under Master Leases, thereby affecting the ability of the Master Lessees to fund repairs, maintenance of furniture, fixtures and equipment and/or to make rental payments to ART. There is therefore no assurance that the Properties under Master Leases will continue to be operated, managed, maintained, branded or marketed well in the future and consequently the financial performance of the ART Group, which is dependent on the performance of the Master Lessees, could be adversely affected.

If a Master Lessee fails to meet its obligations under its lease agreements, the business, financial condition, results of operations and prospects of the ART Group may be adversely affected.

There is also no assurance that the Master Lessee(s) will renew their respective Master Lease(s) upon the expiry of the term of such Master Lease(s). In addition, the Master Leases may provide for termination by the relevant Master Lessee upon the occurrence of certain events, which may include, among others, certain force majeure events. If a Master Lessee defaults on its Master Lease, or a Master Lease is terminated (whether due to force majeure or otherwise) or expires (and is not renewed), a replacement lessee may not be found on satisfactory terms or a timely basis. In addition, the amount of rental and the terms on which each lease agreement is renewed or the new lease agreement is agreed upon may be less favourable than the existing lease agreement. While, as a last resort, ART may step in and directly enter into a management contract to appoint an operator to manage the Property, there can be no assurance that a similar amount of income will be generated from the Property. In such event, the ART Group's revenue and financial performance may be adversely affected.

The failure of the Management Companies of the Properties under Management Contracts to generate income could have an adverse effect on the business, financial condition, results of operations and prospects of the ART Group

Unlike the Properties under Master Leases through which the ART Group derives regular rental income, the Properties under Management Contracts are managed by the Management Companies and generate revenue for the ART Group.

The ability of the Management Companies to generate income depends on their expertise and may also be affected by factors beyond their control, such as changes in general economic conditions, laws and governmental regulations, the level of demand for the Properties under Management Contracts, competition in the hospitality industry or latent defects in the Properties which affect the ability of the Management Companies to properly manage and operate the Properties. If the Management Companies are unable to manage the hotels profitably for the ART Group and fail to generate income, this may adversely affect the business, financial condition, results of operations and prospects of the ART Group.

In respect of the Ascott Management Agreements that provide for minimum guaranteed income, any failure by the Ascott Management Companies to pay the relevant Property Holding Companies such minimum guaranteed income in accordance with the terms of certain of the Ascott Management Agreements, or failure by the Sponsor to pay and satisfy the Ascott Reit Trustee and/or the relevant Property Holding Companies of outstanding sums owing by the Ascott Management Companies to the relevant Property Holding Companies, or termination of an Ascott Management Agreement that provides for a minimum guaranteed income (whether due to force majeure or otherwise), may have an adverse effect on the financial condition of ART and its level of distributable income.

As the Management Contracts are non-exclusive arrangements, there is no assurance that the Management Companies may not engage in other business ventures, including the acquisition, development or operation of lodging, residential and vacation ownership properties, which are or may become competitors of the Properties. In the event that the Properties face competition from their own Management Companies, this may have an adverse effect on the business and prospects of the ART Group.

Renovation work, repair and maintenance or physical damage to the Properties may disrupt the operations of the ART Group and (in the case of the Properties under Master Leases) collection of rental income or (in the case of the Properties under Management Contracts) the ability of the Management Companies to generate revenue or otherwise result in adverse impact on the financial condition of the ART Group

The quality and design of the Properties influence the room rates and the demand for rooms. The Properties may need to undergo renovation works from time to time to retain their attractiveness to guests and may also require ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining the Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the Properties age. The business and operations of the Properties may be disrupted as a result of renovation works and it may not be possible to collect the full rental rate or, as the case may be, any rental income on the space affected by such renovation works. In relation to the Properties under Master Leases, this may affect the ability of the Master Lessees to make timely rental payments under their respective Master Lease Agreements. In relation to the Properties under Management Contracts, this may affect the ability of the relevant Management Companies to generate income under their respective Management Contracts.

Physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operations of the Properties. Furthermore, the Master Lessees and/or Management Companies in respect of certain of the Properties have the right to terminate their tenancies prematurely in the event that such physical damage (not caused by the negligence or default of the Master Lessees and/or Management Companies) persists for an extended period of time. The foregoing may impose unbudgeted costs on the ART Group and may result in an adverse impact on the business, financial condition, results of operations and prospects of the ART Group.

The operations of the Properties may require hotel or other business related licences and any failure to obtain, renew or obtain the transfer of such licences may adversely affect the operations of the ART Group

The operation of serviced residences, hotels and rental housing properties is generally subject to various local laws and regulations. There may be laws and regulations which require the Master Lessees, Management Companies and/or Property Companies in the ART Group in relation to these Properties to be licensed and to obtain other approvals to own, operate and lease such Properties as a serviced residence, hotel or, as the case may be, rental housing. The withdrawal, suspension or non-renewal of any approvals and/or licences, or the imposition of any penalties, as a result of any infringement or non-compliance with any laws, rules or regulations applicable to such Properties, will have an adverse impact on the business at the relevant Property and their results of operations. Further, any changes in such laws, rules and regulations may also impact the business at the Properties and may result in higher costs of compliance. Any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenue and profits of the Properties or otherwise adversely affect their operations.

Existing or planned amenities and transportation infrastructure near the Properties may be closed, relocated, terminated, delayed or not completed

There is no assurance that the amenities and transportation infrastructure and public transport services near the Properties will not be closed, relocated, terminated, delayed or uncompleted, or that there will be no impediment to the traffic flow in the vicinity. Such closure, relocation, termination, delay, non-completion or impediment may adversely affect the accessibility of the Properties. This may then have an adverse effect on the attractiveness and marketability of the Properties to guests and may adversely affect the business, financial condition, results of operations and prospects of the ART Group.

Property operation costs and expenses may not decrease even if occupancy rate declines

The properties of the ART Group will typically be continuously operational and most costs incurred will not vary significantly with high or low occupancy rates over a week, month or season. Operating a hotel or serviced residence or rental housing property involves a significant amount of fixed costs and significant fixed costs may limit the ability of the operators of the properties to respond to adverse market conditions by minimising costs. Such limitations may have an impact on profitability when the hospitality industry is weak. This may adversely affect the ability of the Master Lessees to make rental payments to the ART Group, as well as the ability of the Management Companies of the Properties under Management Contracts to generate income for the ART Group.

RISKS RELATING TO STAPLED TRUSTS

The Stapled Securities may be subsequently unstapled and the structure of the ART Group may be undermined

The Stapled Securities may in the future be unstapled for various reasons as set out in the Stapling Deed. In particular, the Stapled Securityholders may, for various reasons, decide that the Stapled Securities should be unstapled, subject to the Stapling Deed, the Ascott Reit Trust Deed, the Ascott BT Trust Deed and any relevant legislation. In the event that the unstapling of the Stapled Securities should occur, the structure of the ART Group may be undermined and there may be ramifications and adverse effects to the Stapled Securityholders and the Securityholders.

Ascott Reit and Ascott BT may not have the same board of directors in the future, and this may lead to differences or deadlock in the future operations of the ART Group

As at the Latest Practicable Date, the Boards of both Managers are identical so as to avoid any differences or deadlock in the operations of the ART Group. However, there is no assurance that the composition of the two boards will remain the same in the future.

In the event that the Ascott Reit Manager or Ascott BT Trustee-Manager is removed and/or replaced, the other will be required to co-operate with the new manager (which may have a different board of directors and management team) in the management of Ascott Reit or, as the case may be, Ascott BT.

As a result, the ART Group may lose the advantage of being managed efficiently by the same, or substantially the same board of directors. Further, there can be no assurance that having different Boards for the Ascott Reit Manager and Ascott BT Trustee-Manager will not lead to differences or deadlock in the operation of the ART Group, which may have adverse effects on the business, financial condition, results of operations and prospects of the ART Group.

ART is exposed to risks associated with changes in applicable tax laws and regulations, changes in the application of treaty benefits under relevant double taxation agreements and tax treaties and cessation of preferential tax benefits for its Properties

The income and gains derived by ART, directly or indirectly, from its Properties, may be exposed to various types of taxes in Singapore, Australia, China, Indonesia, Japan, Malaysia, the Philippines, South Korea, the United States, Vietnam, and the various countries in Europe. These include, but are not limited to, income tax, withholding tax, capital gains tax and other taxes specifically imposed for the ownership of such assets. Any change in the tax laws, administrative guidance, practice, regulations, or any disagreement as to the interpretation thereof, may lead to an increase in tax rates or the introduction of new taxes, could result in additional tax liability for the ART Group, could adversely affect the value of the investments of the ART Group, and/or affect the ability of the ART Group to achieve its investment objectives.

Any change in the tax status of the ART Group and/or any of its subsidiaries, or change in tax laws, administrative guidance, or regulation (or any disagreement as to the interpretation thereof) that applies to the ART Group and/or any of its subsidiaries, could adversely affect the distributions paid by the ART Group and/or any of its subsidiaries.

Such changes in relation to tax laws, if any, may adversely affect ART's business, financial condition and results of operations.

In addition, the application of treaty benefits under the relevant Avoidance of Double Taxation Agreements (“DTAs”) and tax treaties, such as the application of reduced withholding tax rates or preferential tax rates on interest and/or dividend income received by the relevant members of the ART Group, may be subject to certain conditions. There can be no assurance that the relevant entities in the ART Group will, on an on-going basis, be able to meet the requisite conditions to benefit from the reduced withholding tax rates or preferential tax rates provided under such DTAs. Where reduced withholding tax rates or preferential tax rates are not applicable, this would reduce ART's income.

RISKS RELATING TO THE COUNTRIES IN WHICH THE PROPERTIES ARE LOCATED

The ART Group is subject to risks relating to the economic, political, legal or social environments of the countries in which the Properties are located

The ART Group is subject to risks associated with countries where certain Properties are located and which have, at various times in the past, been adversely affected by volatile economic, political and social conditions. The business, prospects, profitability and asset values of the properties may be materially and adversely affected by factors such as, among other things:

- unexpected changes in laws and regulations and uncertainty in connection with the application and/or implementation of existing laws and regulations;
- the ability of the Managers to deal with multiple and diverse regulatory regimes;
- potentially adverse tax consequences;
- uncertain protection for intellectual property rights;
- fluctuations in exchange rates between S\$ and the relevant foreign currency;
- the risk of nationalisation and expropriation of the Group's assets;
- imposition or tightening of foreign exchange controls or restrictions on repatriation of dividends or profits;
- social unrest or political instability; and
- adverse economic, political and other conditions.

In particular, the interpretation or application of laws and regulations in the countries or jurisdictions in which the Properties are located may be uncertain and subject to rapid and unforeseen changes. Neither the ART Group nor the Managers have any control over such conditions and developments and cannot provide any assurance that such conditions and developments will not have a material adverse effect on the operations, financial condition and results of operations of the properties.

The ART Group may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting Registered Business Trusts (as defined below) and/or REITs

The ART Group may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts registered with the MAS (“**Registered Business Trusts**”) and/or REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect Registered Business Trusts and/or REITs in general, or the ART Group, Ascott Reit and/or Ascott BT specifically.

The Properties or part thereof may be acquired compulsorily

The Properties or the land on which the properties therein are located in and outside of Singapore may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or the public interest. In the event the Properties or the land on which they are located are compulsorily acquired, the income of the ART Group may be adversely affected. The owner of a property within the Properties that is compulsorily acquired may be compensated in accordance with the laws of the respective jurisdiction. If the market value

of the land (or part thereof) to be compulsorily acquired is greater than the compensation paid to the ART Group, the ART Group's business, financial condition and results of operations could be adversely affected.

Potential liability for environmental problems could result in substantial costs

The ART Group is subject to a variety of laws and regulations in countries in which the Properties are located concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard to whether the owner or operator knows of, or is responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. ART has not provided for such potential obligations in its consolidated financial statements. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports, investigations and due diligence exercises with respect to any of the Properties may not reveal all environmental liabilities, whether previous or current owners or operators of such Properties had created any material environmental condition not known to them or whether a material environmental condition exists in any one or more of these Properties. There also exists the risk that material environmental conditions, liabilities, or compliance concerns may have arisen or may arise in the future. Future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liabilities.

ART cannot provide assurance that more stringent requirements for environmental protection will not be imposed by the relevant governmental authorities in the future. If ART fails to comply with existing or future environmental laws and regulations of the jurisdictions in which the Properties are located, or fails to meet societal expectations with regard to environmental issues, ART may suffer damage to its reputation or may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

There can be no assurance that the tourism promotion authorities in the countries in which the ART Group operates will succeed in increasing tourism receipts or that such success, if any, will improve the financial performance of the ART Group

The Properties target demand from both business travellers and leisure travellers. Therefore, the financial performance of the Properties may also be affected by the tourism industries of the respective countries in which the ART Group operates. In this regard, there can be no assurance that the initiatives taken by the tourism promotion authorities in the countries in which the ART Group operates to increase tourism receipts will be successful. Even if these initiatives are successful, it is not certain that an increase in tourism receipts would lead to a corresponding increase in the number of visitors or the length of their stay. Furthermore, an increase in the number of visitors or the length of their stay may not result in an increase in the revenues or gross operating profits of the Properties, or an increase in rental payments received by the ART Group.

RISKS RELATING TO THE SECURITIES GENERALLY

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities develops, there can be no assurance as to its liquidity or sustainability. Investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments with a developed secondary market. This may particularly be the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally may have a more limited secondary market and higher price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuers, the Guarantor, Ascott Reit, Ascott BT and Ascott Residence Trust. If the Securities are trading at a discount, investors may not receive a favourable price for their Securities, and in some circumstances, investors may not be able to sell their Securities at their fair market value or at all.

A lack of liquidity may have a material adverse effect on the market value of the Securities. Although issuing additional Securities may increase their liquidity, there can be no assurance that the price of such Securities will not be adversely affected by such issuance.

Although an application will be made for the listing and quotation of Securities issued under the Programme agreed at or before issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be approved, that any particular Tranche of Securities will be so listed or that an active trading market will develop.

Fluctuation of the market value of the Securities issued under the Programme

The trading price of the Securities may be influenced by numerous factors, including the market for similar securities, the operating results and/or financial condition of the Issuers, the Guarantor, Ascott Reit, Ascott BT and/or their respective Related Entities (if any), and political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuers, the Guarantor, Ascott Reit, Ascott BT and/or their respective Related Entities (if any) generally. Adverse economic developments, in Singapore and countries in which the Issuers, the Guarantor, Ascott Reit, Ascott BT and/or their respective Related Entities (if any) operate or have business dealings could have a material adverse effect on the operating results, business, financial performance and/or the financial condition of the Issuers, the Guarantor, Ascott Reit, Ascott BT and/or their respective Related Entities (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Securities.

An investment in the Securities is subject to interest rate risk

An investment in fixed rate Securities involves the risk that subsequent changes in interest rates may adversely affect the value of the Securities and Securityholders may suffer unforeseen losses due to such fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, resulting in a capital loss for the Securityholders. However, the Securityholders

may reinvest the interest or distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. Securityholders may enjoy capital gains but interest or distribution payments received may be reinvested at lower prevailing interest rates.

Currency risk associated with Securities denominated in foreign currencies

As the Securities can be denominated in currencies other than Singapore dollars, the Issuers, the Guarantor, the Ascott Reit, Ascott BT and/or Ascott Residence Trust may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Issuers, the Guarantor, Ascott Reit, Ascott BT and/or Ascott Residence Trust may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected

The Issuers will pay principal and interest or distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if the Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less interest and/or distribution or principal than expected, or no interest and/or distribution or principal at all.

Inflation risk

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns, as the principal repayment and interest payments or payments of distributions on the Securities may not keep pace with inflation.

The Securities are not secured

The Securities and the Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. Accordingly, on a winding-up or dissolution of the Relevant Issuer, Ascott Reit and/or Ascott BT, the Securityholders will not have recourse to any specific assets of the Relevant Issuer and its Related Entities (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance there would be sufficient value in the assets of the Relevant Issuer, Ascott Reit and/or Ascott BT, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

The regulation and reform of “benchmark” rates of distribution and indices may adversely affect the value of Securities linked to or referencing such “benchmarks”

Reference rates and indices which are deemed to be or used as “benchmarks” (including LIBOR, SIBOR and the Singapore Swap Offer Rate (“SOR” or “Swap Rate”)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union (“EU”) (which, for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes or Perpetual Securities linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has through a series of announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from the SOR to the Singapore Overnight Rate Average.

It is not possible to predict with certainty whether, and to what extent, LIBOR, SIBOR or SOR will continue to be supported going forwards. This may cause LIBOR, SIBOR or SOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential

changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes or Perpetual Securities linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions of the Notes or, as the case may be, Perpetual Securities) occurs, including if an Original Reference Rate (as defined in the Conditions of the Notes or, as the case may be, Perpetual Securities) ceases to be published for a period of at least five business days or ceases to exist, or if it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Relevant Issuer or any other party to calculate any payments due to be made to any Noteholder or, as the case may be, Perpetual Securityholder using the Original Reference Rate. Such fallback arrangements include the possibility that the Rate of Interest or, as the case may be, Rate of Distribution could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Conditions of the Notes or, as the case may be, Perpetual Securities), with or without the application of an adjustment spread and may include amendments to the Conditions of the Notes or, as the case may be, the Perpetual Securities to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser or, as the case may be, the Relevant Issuer. An adjustment spread, if applied, could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest or, as the case may be, Rate of Distribution. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Securities linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest or, as the case may be, Rate of Distribution) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest or, as the case may be, Rate of Distribution for a particular Interest Period or, as the case may be, Distribution Period may result in the Rate of Interest or, as the case may be, Rate of Distribution for the last preceding Interest Period or, as the case may be, Distribution Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Floating Rate Perpetual Securities (as applicable) based on the rate which was last observed on the relevant screen page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Securities in making any investment decision with respect to any Notes or Perpetual Securities linked to or referencing a benchmark.

Enforcement against the Ascott BT Trustee-Manager is subject to limitations

The Securities are issued by the Ascott BT Trustee-Manager and not Ascott BT, as the latter is not a legal entity. Under the Conditions, Securityholders shall only have recourse to the assets of Ascott BT and not Ascott Business Trust Management Pte. Ltd. personally nor any other asset held by Ascott Business Trust Management Pte. Ltd. as trustee-manager of any trust other than

Ascott BT. Furthermore, Securityholders do not have direct access to the assets of Ascott BT but may only have recourse to such assets through the Ascott BT Trustee-Manager and if necessary seek to subrogate the Ascott BT Trustee-Manager's right of indemnity out of the assets of Ascott BT, and accordingly, any claim to such assets is derivative in nature. A Securityholder's right of subrogation could be limited by the Ascott BT Trustee-Manager's right of indemnity under the Ascott BT Trust Deed. Such right of indemnity of the Ascott BT Trustee-Manager may not be available in the event of fraud, gross negligence or wilful default of the Ascott BT Trustee-Manager or breach of any provisions of the Ascott BT Trust Deed or breach of trust by the Ascott BT Trustee-Manager.

The Trust Deed, the Programme Agreement, the Agency Agreement and the Securities provide that recourse for any liability of or indemnity given by the Ascott BT Trustee-Manager under these documents is limited to the assets of Ascott BT and shall not extend to any personal assets of Ascott Business Trust Management Pte. Ltd., or any assets held by Ascott Business Trust Management Pte. Ltd. as trustee-manager of any trust other than Ascott BT. They also provide that the foregoing shall not restrict or prejudice any rights or remedies of any of the other parties to these documents in connection with any gross negligence, fraud, wilful default or breach of trust of the Ascott BT Trustee-Manager.

Enforcement against the Ascott Reit Trustee is subject to limitations

The Securities are issued, and (in the case where the Relevant Issuer is ARMPL) guaranteed, by the Ascott Reit Trustee and not Ascott Reit, as the latter is not a legal entity. Under the terms of the Securities, Securityholders shall only have recourse to the assets of Ascott Reit and not DBS Trustee Limited personally nor any other asset held by DBS Trustee Limited as trustee of any trust other than Ascott Reit. Furthermore, Securityholders do not have direct access to the assets of Ascott Reit but may only have recourse to such assets through the Ascott Reit Trustee and if necessary seek to subrogate the Ascott Reit Trustee's right of indemnity out of the assets of Ascott Reit, and accordingly, any claim to such assets is derivative in nature. A Securityholder's right of subrogation could be limited by the Ascott Reit Trustee's right of indemnity under the Ascott Reit Trust Deed. Such right of indemnity of the Ascott Reit Trustee may not be available in the event of fraud, gross negligence or wilful default of the Ascott Reit Trustee or breach of any provisions of the Ascott Reit Trust Deed or breach of trust by the Ascott Reit Trustee.

The Trust Deed, the Programme Agreement, the Agency Agreement and the Securities provide that recourse for any liability of or indemnity given by the Ascott Reit Trustee under these documents is limited to the assets of Ascott Reit and shall not extend to any personal assets of DBS Trustee Limited, or any assets held by DBS Trustee Limited as trustee of any trust other than Ascott Reit. They also provide that the foregoing shall not restrict or prejudice any rights or remedies of any of the other parties to these documents in connection with any gross negligence, fraud, wilful default or breach of trust of the Ascott Reit Trustee.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg, CDP and/or such other clearing system, a "Clearing System"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors can trade their beneficial interests only through the relevant Clearing System. The

relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Securities and Global Certificates.

While the Securities are represented by one or more Global Securities or Global Certificates, the Relevant Issuer will discharge its payment obligations under the Securities by paying to the Common Depository, CDP or such other Clearing System for distribution to their accountholders or, to the CDP Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of beneficial interest in the Global Securities or Global Certificates must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The Relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders may act only if they are enabled by the relevant Clearing System(s) to appoint proxies. Similarly, holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right under the Global Securities and the Global Certificates to take enforcement action against the Relevant Issuer if a default occurs under the relevant Securities but must rely upon their rights under the Trust Deed.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment given its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement or amendment to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments differs from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Performance of contractual obligations by the Relevant Issuer depends on other parties

The ability of the Relevant Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Securities of their obligations thereunder including the performance by the Trustee and the Agents (as defined in the Trust Deed) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer of its obligations to make payments under the Securities, the Relevant Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and/or the Couponholders.

Securities may be issued at a substantial discount or premium

The market values of Securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Definitive Securities and Certificates with a denomination that is not an integral multiple of the specified minimum denomination may be illiquid and difficult to trade

Securities issued with denominations of a specified minimum amount and a higher integral multiple of another smaller amount might be traded in amounts in excess of the minimum denomination that are not integral multiples thereof. In such a case, a Securityholder who, because of trading such amounts, holds a principal amount less than the minimum denomination will not receive a Definitive Security or Certificate in respect of its holding (should Definitive Securities or Certificates be issued) and would need to purchase a principal amount of Securities such that it holds an amount equal to or more than the minimum denomination. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities and Certificates will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Relevant Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (including under Condition 10 of the Notes and Condition 9 of the Perpetual Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee is not obliged to take any action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the Trust Deed and if there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

Provisions in the Trust Deed and the terms and conditions of the Securities may be modified

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of the Securityholders or Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is to cure any ambiguity or of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed or any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified by the Relevant Issuer to the Securityholders as soon as practicable.

A change in Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities and any such change could materially impact the value of any Securities affected by it.

Commencement of proceedings under applicable Singapore insolvency or related laws may result in a material adverse effect on the Securityholders

There can be no assurance that the Issuers, the Guarantor, Ascott Reit and/or Ascott BT will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. It is unclear whether Singapore insolvency and related laws applicable to companies can be applied to real estate investment trusts and business trusts. Application of these laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders. Where any of the Issuers, the Guarantor, Ascott Reit or Ascott BT is insolvent or close to becoming insolvent and such Issuer, the Guarantor, the Ascott Reit Trustee or, as the case may be, the Ascott BT Trustee-Manager undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to such Issuer, the Guarantor, Ascott Reit or, as the case may be, Ascott BT. It may also be possible that if a company related to such Issuer, the Guarantor, the Ascott Reit Trustee or, as the case may be, the Ascott BT Trustee-Manager proposes a creditor scheme of arrangement and obtains an order for a moratorium, such Issuer, the Guarantor, the Ascott Reit Trustee or, as the case may be, the Ascott BT Trustee-Manager may also seek a moratorium even

if such Issuer, the Guarantor, the Ascott Reit Trustee or, as the case may be, the Ascott BT Trustee-Manager is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the relevant judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the any of the Issuers, the Guarantor, Ascott Reit or, as the case may be, Ascott BT, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments have introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the “**IRD Bill**” or as passed, the “**IRD Act**”) was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against terminating, amending, or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings, by reason only of the fact that the proceedings are commenced or that the company is insolvent. The extent to which the provisions in the IRD Act will impact the transactions contemplated under this Programme (if at all) will depend on the extent to which such transactions will be exempted from the application of such provisions. While the consultation paper on proposed draft subsidiary legislation under Section 440 of the IRD Act has indicated that bonds will generally be exempted from the prohibition described above, the relevant details are not yet available and there is no certainty as to whether or the extent to which the transactions contemplated under this Programme will fall within such exemptions to be finally enacted.

RISKS RELATING TO THE NOTES

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “Singapore Taxation”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Notes may be subject to optional redemption by the Relevant Issuer

An optional redemption feature is likely to limit the market value of the Notes with the feature. During any period when the Relevant Issuer may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

RISKS RELATING TO THE PERPETUAL SECURITIES

Investors have no right to require redemption of Perpetual Securities

The Perpetual Securities have no final maturity date. Perpetual Securityholders have no right to require the Relevant Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, potential investors should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Relevant Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Relevant Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Relevant Issuer is not subject to any limit as to the number of times or the amount with respect to which the Relevant Issuer can elect not to pay distributions under the Perpetual Securities. While the Relevant Issuer may, at its sole discretion and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Relevant Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Relevant Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Relevant Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Relevant Issuer's or the Group's financial condition.

If specified in the relevant Pricing Supplement, the Relevant Issuer may at its option redeem the Perpetual Securities at specified date(s) or on the occurrence of certain other events

The Perpetual Securities have no fixed maturity date. If specified in the relevant Pricing Supplement, the Relevant Issuer may redeem the Perpetual Securities at its option on the date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to (but excluding) the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Relevant

Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or at any time after such Distribution Payment Date, upon the occurrence of certain other events. See the sections “Terms and Conditions of the Ascott BT Perpetual Securities – 5. Redemption and Purchase” and “Terms and Conditions of the Ascott Reit Perpetual Securities – 5. Redemption and Purchase” in this Information Memorandum.

The date on which the Relevant Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or their individual circumstances. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment default under the Perpetual Securities

Any scheduled distribution will not be due if the Relevant Issuer elects not to pay all or a part of that distribution under the Conditions of the Perpetual Securities. Notwithstanding the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings (as defined in Condition 9(a) of the Ascott BT Perpetual Securities and Condition 9(a) of the Ascott Reit Perpetual Securities) is limited to circumstances where payment of principal, interest or other amounts payable under the Perpetual Securities has become due and such default continues for 15 business days after the due date. The only remedy against the Relevant Issuer, the Guarantor, Ascott Reit and/or Ascott BT available to the Trustee or (where the Trustee has failed to proceed against the Relevant Issuer, the Guarantor, Ascott Reit and/or Ascott BT as provided in the Conditions of the Perpetual Securities) any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following a non-payment default will be instituting proceedings for the Winding-Up of Ascott Reit and/or Ascott BT, proving in the Winding-Up of the Relevant Issuer, Ascott Reit and/or Ascott BT, and/or claiming in the liquidation of the Relevant Issuer, Ascott Reit and/or Ascott BT in respect of any payment or other obligations of the Relevant Issuer arising from the Perpetual Securities.

The Relevant Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Relevant Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities that the Relevant Issuer may issue or incur, as the case may be, and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Relevant Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by Perpetual Securityholders on a Winding-Up of the Relevant Issuer, Ascott Reit and/or Ascott BT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of Perpetual Securityholders to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Relevant Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations.

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 9(a) of the Ascott BT Perpetual Securities) of the Ascott BT Trustee-Manager or Ascott BT, there shall be payable by the Ascott BT Trustee-Manager in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Ascott BT Trustee-Manager), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Ascott BT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**Ascott BT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Ascott BT Trustee-Manager or Ascott BT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a) of the Ascott BT Perpetual Securities) of the Ascott BT Trustee-Manager but junior to the claims of all other present and future creditors of the Ascott BT Trustee-Manager (other than Parity Obligations of the Ascott BT Trustee-Manager), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Ascott BT Notional Preferred Unit on a return of assets in such Winding-Up of the Ascott BT Trustee-Manager or Ascott BT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Ascott BT Perpetual Securities) in respect of which the Ascott BT Trustee-Manager has given notice to the Perpetual Securityholders in accordance with these Conditions.

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 9(a) of the Ascott Reit Perpetual Securities) of the Ascott Reit Trustee or Ascott Reit, there shall be payable by the Ascott Reit Trustee in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Ascott Reit Trustee), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Ascott Reit Trustee or Ascott Reit, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Ascott Reit (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**Ascott Reit Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the Ascott Reit Trustee or Ascott Reit and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Ascott Reit Trustee or Ascott Reit, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a) of the Ascott Reit Perpetual Securities) of the Ascott Reit Trustee but junior to the claims of all other present and future creditors of the Ascott Reit Trustee (other than Parity Obligations of the Ascott Reit Trustee), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Ascott Reit Notional Preferred Unit on a return of assets in such Winding-Up of the Ascott Reit Trustee or Ascott Reit were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Ascott Reit Perpetual Securities) in respect of which the Ascott Reit Trustee has given notice to the Perpetual Securityholders in accordance with these Conditions.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Relevant Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Relevant Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrance of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a Winding-Up of the Relevant Issuer, Ascott Reit and/or Ascott BT and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as “debt securities” by the IRAS for the purposes of the ITA and whether the tax exemptions or tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Singapore Taxation” of this Information Memorandum) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to Perpetual Securityholders may differ. In addition, in the event that the IRAS does not regard the Relevant Tranche of the Perpetual Securities issued by the Ascott Reit Trustee as “debt securities” for Singapore income tax purposes, payments in respect of such Relevant Tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and any Additional Distribution Amounts) may be subject to Singapore income tax, and the Ascott Reit Trustee may be obliged (in certain circumstances) to withhold or deduct tax on such payments. In that event, the Ascott Reit Trustee will not pay any additional amounts in respect of any such withholding or deduction from such payments in respect of such Relevant Tranche of the Perpetual Securities in connection therewith for or on account of any such taxes or duties.

Perpetual Securityholders are advised to consult their own accounting and tax advisers regarding the Singapore tax treatment of payments made to them under the Relevant Tranche of Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and any Additional Distribution Amounts) including the risk of such payments being subject to Singapore withholding tax.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the selected consolidated financial information of the Ascott Reit Group as at and for the years ended 31 December 2017 and 31 December 2018, and the Stapled Group as at and for the year ended 31 December 2019.

The selected consolidated financial information as at and for the year ended 31 December 2019 has been derived from the Stapled Group's audited consolidated financial statements for the financial year ended 31 December 2019 ("FY2019") included in this Information Memorandum and should be read together with such financial statements and the accompanying notes thereto. The selected consolidated financial information as at and for the years ended 31 December 2017 and 31 December 2018 has been derived from the Ascott Reit Group's audited consolidated financial statements for the financial years ended 31 December 2017 ("FY2017") and 31 December 2018 ("FY2018"), respectively, which are incorporated by reference in this Information Memorandum and should be read together with those financial statements and the accompanying notes thereto.

On 31 December 2019, ART completed the Combination, acquiring all of the units in A-HTRUST REIT and A-HTRUST BT by way of a trust scheme of arrangement, pursuant to which 14 Properties under A-HTRUST were added to ART's portfolio. For further details of the Combination, see "Description of Ascott Residence Trust – 8. Recent Developments – 8.1 Combination between Ascott Reit and A-HTRUST". The selected consolidated statement of financial position of the Stapled Group as at 31 December 2019 includes A-HTRUST's portfolio. However, the selected consolidated statement of total return of the Stapled Group for FY2019 excludes the financial performance of A-HTRUST, whose financial results will be incorporated only from 1 January 2020 onwards. The audited consolidated financial statements of A-HTRUST as at and for the years ended 31 March 2018 and 31 March 2019 are available on the website of the SGX-ST and are not incorporated by reference in this Information Memorandum.

*ART has adopted a number of new standards, amendments to standards and interpretations that were effective for the annual periods beginning on or after 1 January 2019. Of these new standards, Financial Reporting Standard 116 Leases ("**FRS 116**") has a more significant impact on ART. For further details of FRS 116 and the effects of such adoption, please see note 2.5 to the Stapled Group's audited financial statements for FY2019 set out on pages F-64 to F-66 in this Information Memorandum. ART has adopted FRS 116 using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative information.*

Accordingly, due to the inclusion of A-HTRUST's portfolio (in relation to the statement of financial position as at 31 December 2019) and the adoption of FRS 116, the selected consolidated statement of financial position or, as the case may be, total return of the Stapled Group as at and for the year ended 31 December 2019 will not be directly comparable to the selected consolidated statement of financial position or, as the case may be, total return of the Ascott Reit Group as at and for the years ended 31 December 2017 and 31 December 2018, respectively. Please see "Risk Factors – Risks Associated with the ART Group's Business and Operations – The financial information of the ART Group for FY2019 and for future financial years is not, and will not be, directly comparable with the corresponding financial information for the previous financial years".

The past performance of ART is not indicative of future performance. The Ascott Reit Group's or, as the case may be, the Stapled Group's historical results for any prior years are not necessarily indicative of results to be expected for any future year.

The Ascott Reit Group's or, as the case may be, the Stapled Group's financial statements are reported in Singapore dollars.

The Ascott Reit Group's audited financial statements for FY2017 and FY2018, and the Stapled Group's audited financial statements for FY2019 contained and/or incorporated by reference in this Information Memorandum were prepared and presented in accordance with RAP 7.

Consolidated Statements of Total Return

	Audited				
	Ascott Reit Group			Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019	Stapled Group ⁽¹⁾ FY2019 ⁽²⁾
	FY2017 S\$'000	FY2018 S\$'000	FY2019 S\$'000	S\$'000	S\$'000
Gross revenue	496,288	514,273	514,956	–	514,956
Direct expenses	(269,370)	(274,913)	(262,345)	–	(262,345)
Gross profit	226,918	239,360	252,611	–	252,611
Finance income	1,581	1,194	2,080	–	2,080
Other income	558	1,479	626	–	626
Finance costs	(46,668)	(47,116)	(51,817)	–	(51,817)
Ascott Reit Manager's management fees	(22,358)	(23,900)	(23,416)	–	(23,416)
Ascott BT Trustee-Manager's management fees	–	–	–	(8)	(8)
Professional fees	(2,651)	(2,920)	(2,591)	–	(2,591)
Ascott Reit Trustee's fees	(495)	(546)	(582)	–	(582)
Audit fees	(2,380)	(2,398)	(2,194)	(40)	(2,234)
Foreign exchange gain/(loss)	16,225	(6,097)	1,871	–	1,871
Other operating expenses	(3,232)	(1,999)	(1,993)	–	(1,993)
Net income/(loss) before share of results of associate	167,498	157,057	174,595	(48)	174,547
Share of results of associate (net of tax)	(38)	(21)	(7)	–	(7)
Net income/(loss)	167,460	157,036	174,588	(48)	174,540
Net change in fair value of investment properties, investment property under development and assets held for sale	85,640	35,499	250,221	–	250,221
Net change in fair value of financial derivatives	1,121	–	(926)	–	(926)
Profit from divestments	20,844	3,211	1,019	–	1,019
Assets written off	(621)	(364)	(4,040)	–	(4,040)
Transaction costs relating to the Combination	–	–	(7,081)	(12,620)	(19,701)
Impairment of goodwill	–	–	(60,866)	(79,233)	(140,099)
Total return/(loss) for the year/period before income tax	274,444	195,382	352,915	(91,901)	261,014
Income tax expense	(51,944)	(43,541)	(44,692)	–	(44,692)
Total return/(loss) for the year/period	222,500	151,841	308,223	(91,901)	216,322

Audited

	Ascott Reit Group			Ascott BT Group	Stapled Group ⁽¹⁾
	FY2017 S\$'000	FY2018 S\$'000	FY2019 S\$'000	Period from 9 September 2019 (date of constitution) to 31 December 2019 S\$'000	FY2019 ⁽²⁾ S\$'000
Total return/(loss) attributable to:					
Unitholders and perpetual securities holders	214,247	147,593	308,163	(91,901)	216,262
Non-controlling interests	8,253	4,248	60	–	60
	222,500	151,841	308,223	(91,901)	216,322
Unitholders'/Stapled Securityholders' Distribution ⁽³⁾	152,188	154,783	165,557	–	–
Earnings per Unit/Stapled Security (cents)					
– basic ⁽⁴⁾	9.46	5.95	–	–	9.04
– diluted	9.40	5.91	–	–	8.99
Distribution per Unit/Stapled Security (cents)	7.09 ⁽⁵⁾	7.16	7.61	–	–

Notes:

- (1) The Stapled Group comprises Ascott Reit and Ascott BT. The Ascott Reit Units are stapled to Ascott BT Units pursuant to the Stapling Deed. The Statements of Total Return of the Stapled Group for FY2019 comprise results for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.
- (2) FRS 116 was effective from 1 January 2019. The adoption of this standard changes the nature of expense for the Stapled Group's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use ("ROU") assets and interest expense on lease liabilities. Please see note 2.5 to the Stapled Group's audited financial statements for the year ended 31 December 2019 set out on pages F-64 to F-66 in this Information Memorandum for further details. Due to the adoption of FRS 116 from 1 January 2019 (without any restatement of comparative information), the selected consolidated statement of total return of the Stapled Group for the financial year ended 31 December 2019 will not be directly comparable to the selected consolidated statement of total return of the Ascott Reit Group for the financial years ended 31 December 2017 and 31 December 2018, respectively. Please see "Risk Factors – Risks Associated with the ART Group's Business and Operations – The financial information of the ART Group for FY2019 and for future financial years is not, and will not be, directly comparable with the corresponding financial information for the previous financial years".
- (3) On 31 December 2019, ART completed the Combination. The Combination was effected through the acquisition of all the issued and paid-up stapled securities in A-HTRUST by way of a trust scheme of arrangement with a consideration of S\$1.0868 for each A-HTRUST stapled security. The scheme consideration comprised S\$0.0543 in cash and 0.7942 Stapled Securities issued at a price of S\$1.30 each. A total of 904,277,884 Stapled Securities were issued pursuant to the Combination. The distribution for the period from 1 July 2019 to 31 December 2019 pertained to the permitted distribution prior to the completion of the Combination. The consideration Stapled Securities issued pursuant to the Combination are not entitled to the permitted distribution. Hence, the FY2019 Stapled Securityholders' Distribution for the Stapled Group is not presented.
- (4) As the Combination was completed on 31 December 2019, there are no earnings derived from A-HTRUST in FY2019. As such, the consideration Stapled Securities issued pursuant to the Combination are not included in the weighted average number of Stapled Securities used for the computation of earnings per Stapled Security for FY2019.
- (5) DPU was lower in FY2017 due to a rights issue, pursuant to which 481,688,010 new Ascott Reit Units were issued on 11 April 2017.

Consolidated Statements of Financial Position

	Audited				
	Ascott Reit Group			Ascott BT Group	Stapled Group ⁽¹⁾
	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 31 December 2019	As at 31 December 2019 ⁽²⁾
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Investment properties	4,908,400	4,679,295	5,659,587	552,265	6,096,138
Other non-current assets	–	65,535	–	–	–
Property, plant and equipment	49,768	48,564	44,258	584,583	628,841
Investment property under development	–	–	74,860	–	74,860
Investment securities	–	–	2,534	–	–
Associate	2,992	3,040	3,006	–	3,006
Financial derivative assets	7,169	8,294	11,010	6,524	17,534
Deferred tax assets	5,770	4,309	3,212	4,335	7,547
	4,974,099	4,809,037	5,798,467	1,147,707	6,827,926
Current assets					
Inventories	214	328	372	297	669
Trade and other receivables	66,573	56,919	90,231	12,504	62,459
Assets held for sale	194,820	215,000	253,292	–	253,292
Cash and cash equivalents	257,345	227,847	245,884	29,619	275,503
Financial derivative assets	–	–	1,378	1,559	2,937
	518,952	500,094	591,157	43,979	594,860
Total assets	5,493,051	5,309,131	6,389,624	1,191,686	7,422,786
Non-current liabilities					
Financial liabilities	1,681,106	1,835,316	1,683,053	328,806	2,011,859
Financial derivative liabilities	15,960	6,850	4,181	1,833	6,014
Trade and other payables	–	–	8,820	9,735	18,555
Deferred income	–	–	605	3,781	4,386
Deferred tax liabilities	119,211	117,865	153,154	46,998	200,152
Lease liabilities	–	–	274,098	110,802	274,098
	1,816,277	1,960,031	2,123,911	501,955	2,515,064
Current liabilities					
Financial liabilities	264,267	70,137	311,656	25,498	337,154
Financial derivative liabilities	165	280	1,765	416	2,181
Liabilities held for sale	1,065	–	13,445	–	13,445
Trade and other payables	237,069	141,252	139,524	73,959	173,207
Deferred income	–	–	159	1,697	1,856
Current tax liabilities	2,525	6,522	18,549	1,093	19,642
Lease liabilities	–	–	17,928	4,912	17,928
	505,091	218,191	503,026	107,575	565,413
Total liabilities	2,321,368	2,178,222	2,626,937	609,530	3,080,477
Net assets	3,171,683	3,130,909	3,762,687	582,156	4,342,309

Audited

	Ascott Reit Group			Ascott BT Group	Stapled Group ⁽¹⁾
	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 31 December 2019	As at 31 December 2019 ⁽²⁾
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Represented by:					
Unitholders'/Stapled Securityholders' funds	2,685,129	2,644,051	3,282,909	577,644	3,860,553
Perpetual securities holders	397,127	397,127	396,299	–	396,299
Non-controlling interests	89,427	89,731	83,479	4,512	85,457
Net assets	3,171,683	3,130,909	3,762,687	582,156	4,342,309
Units/Stapled Securities in issue ('000)	2,149,688	2,164,592	3,083,089	3,083,089	3,083,089
Net asset value per Unit/Stapled Security (S\$)	1.25	1.22	1.06	0.19	1.25

Notes:

- (1) The Stapled Group comprises Ascott Reit and Ascott BT. The Ascott Reit Units are stapled to Ascott BT Units pursuant to the Stapling Deed. As the Combination was completed on 31 December 2019, the FY2019 financial performance of the Stapled Group did not include the FY2019 financial performance of A-HTRUST. However, the balance sheet of the Stapled Group as at 31 December 2019 included the A-HTRUST portfolio. Due to the inclusion of A-HTRUST's portfolio, the selected consolidated statement of financial position of the Stapled Group as at 31 December 2019 will not be directly comparable to the selected consolidated statement of financial position of the Ascott Reit Group as at 31 December 2017 and 31 December 2018, respectively.

Please see "Risk Factors – Risks Associated with the ART Group's Business and Operations – The financial information of the ART Group for FY2019 and for future financial years is not, and will not be, directly comparable with the corresponding financial information for the previous financial years".

- (2) FRS 116 was effective from 1 January 2019. FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises an ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. ART has applied the practical expedient to grandfather the definition of a lease on transition and recognised the existing operating lease arrangements as at 31 December 2018 as ROU assets with corresponding lease liabilities. Please see note 2.5 to the Stapled Group's audited financial statements for the year ended 31 December 2019 set out on pages F-64 to F-66 in this Information Memorandum for further details. Due to the adoption of FRS 116 from 1 January 2019 (without any restatement of comparative information), the selected consolidated statement of financial position of the Stapled Group as at 31 December 2019 will not be directly comparable to the selected consolidated statement of financial position of the Ascott Reit Group as at 31 December 2017 and 31 December 2018, respectively. Please see "Risk Factors – Risks Associated with the ART Group's Business and Operations – The financial information of the ART Group for FY2019 and for future financial years is not, and will not be, directly comparable with the corresponding financial information for the previous financial years".

FY2019 versus FY2018

Gross Revenue

Revenue for FY2019 increased by S\$0.6 million as compared to FY2018. The increase in revenue was mainly due to higher revenue of S\$2.6 million from the existing properties and additional contribution of S\$3.9 million from the acquisition of Citadines Connect Sydney Airport on 1 May 2019, partially offset by the decrease in revenue of S\$5.9 million from the divestment of Ascott Raffles Place Singapore and Somerset West Lake Hanoi.

RevPAU

RevPAU increased by S\$1, from S\$151 in FY2018 to S\$152 in FY2019.

Gross Profit

Gross profit for FY2019 increased by S\$13.2 million or 6% as compared to FY2018 due to higher revenue and FRS 116 adjustments. FRS 116 was effective from 1 January 2019. The adoption of this standard changed the nature of expense for the Stapled Group's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities. Overall portfolio performance remained resilient for FY2019, due to our geographically diversified presence and mix of stable and growth income streams.

Unitholders' Distribution

ART achieved unitholders' distribution of S\$165.6 million for FY2019, S\$10.8 million or 7% higher as compared to FY2018. The higher unitholders' distribution was mainly due to lower finance costs and partial distribution of divestment gains. Distribution per Stapled Security for FY2019 was 7.61 cents, 6% higher than the distribution per Ascott Reit Unit ("DPU") for FY2018.

FY2018 versus FY2017

Gross Revenue

Revenue for FY2018 increased by S\$18.0 million or 4% as compared to FY2017. The increase in revenue was mainly due to the additional revenue of S\$25.8 million from the acquisition of Citadines City Centre Frankfurt, Citadines Michel Hamburg, DoubleTree by Hilton Hotel New York – Times Square South and Ascott Orchard Singapore in FY2017.

The increase was partially offset by the decrease in revenue of S\$10.2 million from the divestment of 18 rental housing properties in Tokyo, Japan in April 2017, and the divestment of Citadines Gaoxin Xi'an and Citadines Biyun Shanghai which was completed on 5 January 2018. Operations at Citadines Gaoxin Xi'an and Citadines Biyun Shanghai had ceased in September 2017 and December 2017, respectively.

On a same store basis, revenue increased by S\$2.4 million mainly due to stronger underlying performance from the properties in the United Kingdom and Belgium, partially offset by lower revenue from the properties in Vietnam.

RevPAU

RevPAU increased by S\$7 or 5% in FY2018, from S\$144 in FY2017 to S\$151 in FY2018.

Gross Profit

In line with the increase in revenue, gross profit for FY2018 increased by S\$12.5 million or 5% as compared to FY2017.

Unitholders' Distribution

The Ascott Reit Group achieved Unitholders' distribution of S\$154.8 million for FY2018, S\$2.6 million or 2% higher as compared to FY2017. DPU for FY2018 was 7.16 cents, 1% higher than FY2017.

Change in fair value of the Stapled Group's portfolio of properties

As at 31 December 2019, independent full valuations were carried out by HVS (except for the A-HTRUST properties, Somerset Liang Court Property Singapore, Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan). In determining the fair value of the Stapled Group's portfolio, the discounted cash flow approach and residual land method were used. The valuation method used was consistent with that used in prior years.

The valuation of Somerset Liang Court Property Singapore was based on the independent valuation conducted by Knight Frank Pte Ltd for the portion of the GFA to be sold and the independent valuation conducted by HVS for the retained GFA. The partial GFA that is to be sold was reclassified as assets held for sale.

Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were valued at their respective sale consideration. As the divestment of these two properties is expected to complete by 2H2020, all the assets and liabilities of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were reclassified to assets held for sale and liabilities held for sale.

As at 31 December 2019, the Stapled Group's portfolio (excluding the A-HTRUST properties) was revalued at S\$4.9 billion, resulting in a surplus of S\$250.2 million which was recognised in the Stapled Group's consolidated statement of total return in FY2019. The surplus resulted mainly from an increase in valuation of the Stapled Group's properties in Australia, China, Europe, Japan and Singapore, partially offset by a decrease in valuation of the properties in Vietnam and the Philippines. The net impact on the Stapled Group's consolidated statement of total return was S\$245.0 million (net of tax and non-controlling interests).

The 31 December 2019 valuation of the A-HTRUST properties in Australia, Japan, South Korea and Singapore were conducted by Cushman & Wakefield (Valuations) Pty Ltd, JLL Morii Valuation & Advisory K.K., CBRE Korea Co., Ltd. and Cushman & Wakefield VHS Pte Ltd, respectively. The A-HTRUST portfolio was valued at S\$1.8 billion as at 31 December 2019.

As at 31 December 2018, independent full valuations for the Ascott Reit Group's portfolio were carried out by Colliers International. In determining the fair value of the Ascott Reit Group's portfolio, the discounted cash flow approach was used. The Ascott Reit Group's portfolio of properties (including assets held for sale) was revalued at S\$4.9 billion, resulting in a surplus of S\$35.5 million which was recognised in the Ascott Reit Group's consolidated statement of total return in FY2018. The surplus was mainly due to higher valuation of the Ascott Reit Group's properties in the UK, France, Belgium and Vietnam. The net impact on the Ascott Reit Group's consolidated statement of total return was S\$15.5 million (net of tax and non-controlling interests).

As at 31 December 2017, independent full valuations for the Ascott Reit Group's portfolio were carried out by Colliers International (except for Citadines Biyun Shanghai and Citadines Gaoxin Xi'an which were valued at their respective sale consideration). The Ascott Reit Group's portfolio (including assets held for sale) was revalued at S\$5.1 billion, resulting in a surplus of S\$85.6 million which was recognised in the Ascott Reit Group's consolidated statement of total return in FY2017. The surplus was mainly due to the fair value gain of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an based on their sale consideration (net of property costs and transaction costs) and higher valuation of the Ascott Reit Group's properties in Germany, the UK and Vietnam. The net impact on the Ascott Reit Group's consolidated statement of total return was S\$58.0 million (net of tax and non-controlling interests).

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the consolidated capitalisation and indebtedness of Ascott Reit Group, Ascott BT Group, and the ART Group as at 31 December 2019. The information set out in this table has been extracted from and should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere and/or incorporated by reference in this Information Memorandum.

	As at 31 December 2019 (S\$'000)		
	Ascott Reit Group	Ascott BT Group	ART Group
Total short-term borrowings	311,656	25,498	337,154
Total long-term borrowings	1,683,053	328,806	2,011,859
Total borrowings⁽¹⁾	1,994,709	354,304	2,349,013
Total Stapled Securityholders' funds	3,282,909	577,644	3,860,553
Total capitalisation⁽²⁾	5,277,618	931,948	6,209,566

Notes:

(1) Net of unamortised fees and expenses incurred for debt raising exercises amounting to S\$9.8 million.

(2) "Total capitalisation" is defined as borrowings and equity attributable to Stapled Securityholders.

Save as disclosed in this Information Memorandum, there has been no material change in the capitalisation or indebtedness of the ART Group since 31 December 2019 as at the Latest Practicable Date.

USE OF PROCEEDS

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used (a) to refinance the existing borrowings of ART, (b) to finance or refinance the acquisitions and/or investments of Ascott BT, Ascott Reit or, as the case may be, ART and any asset enhancement works initiated by Ascott BT, Ascott Reit or, as the case may be, ART or any trust, fund or entity in which Ascott BT, Ascott Reit or, as the case may be, ART has an interest, (c) to on-lend to any trust, fund or entity in which Ascott BT, Ascott Reit or, as the case may be, ART has an interest or (d) to finance general working capital purposes of the Ascott BT Group, the Ascott Reit Group or, as the case may be, the ART Group and/or (e) for such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the CDP Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also

available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that payments made under each tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and any Additional Distribution Amounts) will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions under the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA or payments made under each tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and any Additional Distribution Amounts) are not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to such holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) prior to 1 January 2014 and by Financial Sector Incentive (Bond Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Capital Market) Companies (as defined in the ITA) thereafter, any tranche of the Securities (the “**Relevant Securities**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Securities paid by the Relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not

obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities paid by the Relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Relevant Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Relevant Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer or the Ascott Reit Manager, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer or the Ascott Reit Manager, Qualifying Income derived from such Relevant Securities held by:

(i) any related party of the Relevant Issuer or the Ascott Reit Manager; or

(ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Relevant Issuer or the Ascott Reit Manager,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) for tax purposes in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Securities is made. See also “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Relevant Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuers, Ascott Reit, Ascott BT and/or their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuers, Ascott Reit, Ascott BT and/or their respective affiliates in the ordinary course of the Issuers' or their business. The Relevant Issuer may from time to time agree with the relevant Dealer(s) that the Relevant Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Relevant Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Relevant Issuer that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arrangers, the Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers or their respective subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuers, Ascott Reit, Ascott BT or their respective subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes whether or not with a view to later distribution.

Accordingly, references herein to the Securities being “offered” should be read as including any offering of the Securities to the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

In respect of Securities or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, the Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Security constituting part of its allotment except in accordance with Rule 903 of Regulation S or pursuant to another exemption from the registration requirements of the Securities Act.

In respect of Securities offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, the Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this section have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

The Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to the Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act.

European Economic Area and the United Kingdom

The following selling restriction is applicable to issues of Perpetual Securities only:

Each Dealer has represented and agreed that no offers or sales of the Perpetual Securities will be made in, or to any person domiciled in, or having their registered office located in, any member of the European Economic Area and in the United Kingdom.

The following selling restriction is applicable to issues of Notes only:

- (a) Each Dealer has represented and agreed that it will not engage in the offer or marketing of the Notes in any jurisdiction in which Directive 2011/61/EU (the “**AIFM Directive**”) has been implemented, save that they may, notwithstanding the foregoing but without prejudice to any other matter contained in this section, engage in the offer or marketing of the Notes in Germany, France, The Netherlands, the United Kingdom, Norway, Denmark, Finland, Italy, Spain, Belgium, Austria, Luxembourg, Portugal, Ireland and such further jurisdictions as agreed in writing between the Relevant Issuer and the relevant Dealer prior to any such marketing or offer taking place (each such jurisdiction in which such marketing or offer is permitted pursuant to this paragraph being a “**Relevant AIFMD Jurisdiction**”).
- (b) For the avoidance of doubt, and notwithstanding the foregoing or the generality of the matters set out under “Subscription, Purchase and Distribution” of this Information Memorandum, no Dealer has made any representation, undertaking or agreement that it has complied with the provisions of the AIFM Directive, as such directive is implemented into, and interpreted in accordance with, the laws of each Relevant AIFMD Jurisdiction.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or
 - (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and
- (ii) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the Pricing Supplement in respect of any Securities specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent

and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Securities to the public in that Relevant State:

- (i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Securities to the public**” in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended or superseded).

United Kingdom

The following selling restriction is applicable to issues of Notes only:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the

meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Relevant Issuer; and

- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any other document or any Pricing Supplement.

Selling restrictions may be supplemented or modified with the agreement of the Relevant Issuer. Any such supplement or modification may be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Securities or a supplement to this Information Memorandum).

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

SHARE CAPITAL OF ARMPL

1. As at the Latest Practicable Date, there is only one class of ordinary shares in ARMPL. The rights and privileges attached to the shares are stated in the Constitution of ARMPL.
2. Save as disclosed below, no shares in ARMPL have been issued or are proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, within the two years preceding the Latest Practicable Date.
3. The issued share capital of ARMPL as at the Latest Practicable Date is as follows:

Share Designation	Issued Share(s)	Issued Share Capital (S\$)
Ordinary Shares	1	1

SHARE CAPITAL OF THE ASCOTT BT TRUSTEE-MANAGER

4. As at the Latest Practicable Date, there is only one class of ordinary shares in the Ascott BT Trustee-Manager. The rights and privileges attached to the shares are stated in the Constitution of the Ascott BT Trustee-Manager.
5. Save as disclosed below, no shares in the Ascott BT Trustee-Manager have been issued or are proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, within the two years preceding the Latest Practicable Date.
6. The issued share capital of the Ascott BT Trustee-Manager as at the Latest Practicable Date is as follows:

Share Designation	Issued Share(s)	Issued Share Capital (S\$)
Ordinary Shares	1	1

UNITS IN ASCOTT REIT

7. As at the Latest Practicable Date, there is only one class of units in Ascott Reit. The rights and privileges attached to the units of Ascott Reit are stated in the Ascott Reit Trust Deed. Each unit of Ascott Reit is stapled to a corresponding unit of Ascott BT pursuant to the Stapling Deed.
8. As at the Latest Practicable Date, there are 3,101,133,258 units of Ascott Reit issued and outstanding.
9. As at the Latest Practicable Date, Ascott is the holder of 1,253,327,466 units (direct and deemed interest) of Ascott Reit.

UNITS IN ASCOTT BT

10. As at the Latest Practicable Date, there is only one class of units in Ascott BT. The rights and privileges attached to the units of Ascott BT are stated in the Ascott BT Trust Deed. Each unit of Ascott BT is stapled to a corresponding unit of Ascott Reit pursuant to the Stapling Deed.

11. As at the Latest Practicable Date, there are 3,101,133,258 units of Ascott BT issued and outstanding.
12. As at the Latest Practicable Date, Ascott is the holder of 1,253,327,466 units (direct and deemed interest) of Ascott BT.

BORROWINGS

13. Save as disclosed in Appendix II, each of Ascott Reit and Ascott BT had as at 31 December 2019 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

14. The Directors of each of the Issuers are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, each of the Issuers will have adequate working capital for their present requirements.
15. The Guarantor is of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, Ascott Reit will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

16. There are no significant changes in the accounting policies of Ascott Residence Trust since its audited financial statements for the year ended 31 December 2019.

CONSENT

17. The Auditors have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

MATERIAL ADVERSE CHANGE

18. There has been no material adverse change in the financial condition or business of each of the Issuers, Ascott Reit, Ascott BT, the Ascott Reit Group or the Ascott BT Group since 31 December 2019.

LITIGATION

19. There are no legal or arbitration proceedings pending or threatened against the Issuers, the Guarantor (in its capacity as trustee of Ascott Reit), Ascott Reit, Ascott BT or any of their respective subsidiaries (if any) the outcome of which may have or have had during the 12 months prior to the Latest Practicable Date a material adverse effect on the financial position of the Issuers, the Guarantor (in its capacity as trustee of Ascott Reit), Ascott Reit, Ascott BT, the Ascott Reit Group or the Ascott BT Group.

DOCUMENTS AVAILABLE FOR INSPECTION

20. Copies of the following documents may be inspected at the registered office of the Ascott Reit Manager and the Ascott BT Trustee-Manager during normal business hours²⁷ for a period of three months from the date of this Information Memorandum:
- (a) the Constitution of ARMPL, the Ascott Reit Manager and the Ascott BT Trustee-Manager;
 - (b) the Ascott Reit Trust Deed;
 - (c) the Ascott BT Trust Deed;
 - (d) the Stapling Deed;
 - (e) the Trust Deed;
 - (f) the letters of consent referred to in paragraph 17 above; and
 - (g) the audited consolidated financial statements of Ascott Residence Trust and its subsidiaries for the financial year ended 31 December 2019.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

21. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

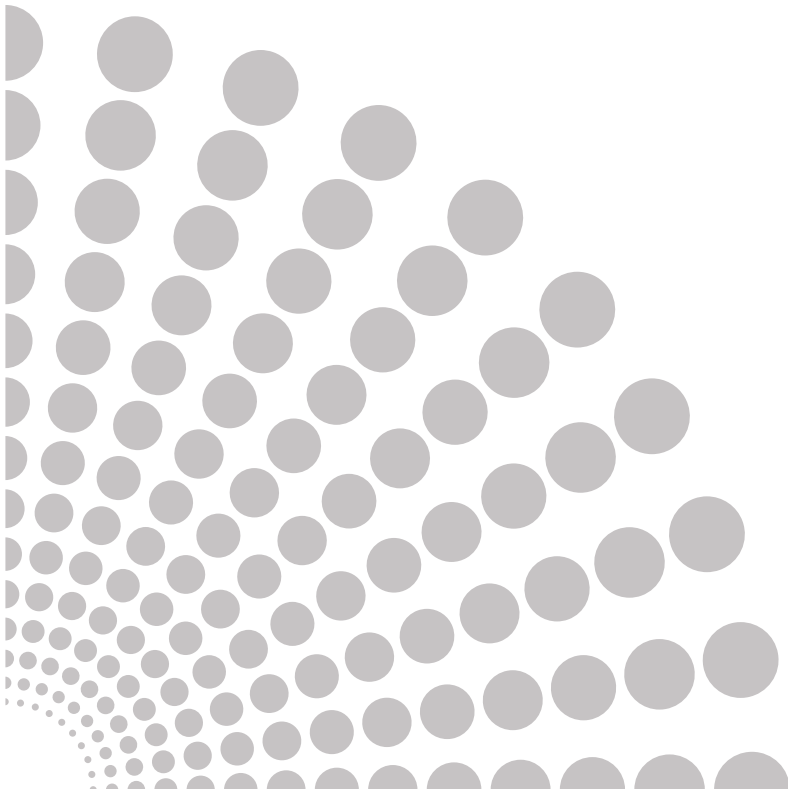
²⁷ Prior appointment with the Ascott Reit Manager and the Ascott BT Trustee-Manager is required. Please contact the Ascott Residence Trust Investor Relations team at +65 6713 2888.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASCOTT
RESIDENCE TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2019**

The information in this Appendix II has been extracted and reproduced from the auditor's report on the audited consolidated financial statements of the ART Group for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

ASCOTT RESIDENCE TRUST FINANCIAL STATEMENTS

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REPORT OF THE TRUSTEE OF ASCOTT REAL ESTATE INVESTMENT TRUST (FORMERLY KNOWN AS ASCOTT RESIDENCE TRUST)

DBS Trustee Limited (the "Ascott Reit Trustee") is under a duty to take into custody and hold the assets of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) ("Ascott Reit") held by it or through its subsidiaries (collectively, the "Ascott Reit Group") in trust for the holders of units in Ascott Reit. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Ascott Reit Trustee shall monitor the activities of Ascott Residence Trust Management Limited (the "Ascott Reit Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 January 2006 (as amended) (the "Ascott Reit Trust Deed") between the Ascott Reit Manager and the Ascott Reit Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Ascott Reit Trustee, the Ascott Reit Manager has, in all material respects, managed the Ascott Reit Group during the year covered by these financial statements, set out on pages 153 to 322 in accordance with the limitations imposed on the investment and borrowing powers set out in the Ascott Reit Trust Deed.

For and on behalf of the Ascott Reit Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
3 March 2020

REPORT OF THE MANAGER OF ASCOTT REAL ESTATE INVESTMENT TRUST (FORMERLY KNOWN AS ASCOTT RESIDENCE TRUST)

In the opinion of the directors of Ascott Residence Trust Management Limited (the "Ascott Reit Manager"), the Manager of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) ("Ascott Reit"), the accompanying consolidated financial statements of Ascott Reit and its subsidiaries (the "Ascott Reit Group"), and Ascott Residence Trust (the "Stapled Group", comprising the Ascott Reit Group and Ascott Business Trust and its subsidiaries) set out on pages 153 to 322, comprising the Statements of Financial Position, Statements of Total Return, Statements of Movements in Stapled Securityholders' Funds, Portfolio Statements and Statements of Cash Flows of the Ascott Reit Group and the Stapled Group, Distribution Statements of the Ascott Reit Group, and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the Ascott Reit Group and the Stapled Group as at 31 December 2019 and the financial performance, movements in Stapled Securityholders' funds, and cash flows of the Ascott Reit Group and the Stapled Group, and the distributable income of the Ascott Reit Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of Ascott Reit's trust deed between DBS Trustee Limited (the "Ascott Reit Trustee") and the Ascott Reit Manager dated 19 January 2006 (as amended) and the stapling deed of Ascott Residence Trust between the Ascott Reit Trustee, the Ascott Reit Manager and Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust) dated 9 September 2019. At the date of this statement, there are reasonable grounds to believe that the Ascott Reit Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the Ascott Reit Manager,
Ascott Residence Trust Management Limited

Beh Siew Kim
Director

Singapore
3 March 2020

REPORT OF THE TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

The directors of Ascott Business Trust Management Pte. Ltd., the trustee-manager of Ascott Business Trust ("Ascott BT") (the "Trustee-Manager"), are pleased to present their report to the Stapled Securityholders of Ascott Residence Trust ("ART") for the financial year ended 31 December 2019, together with the audited financial statements of the Ascott BT and its subsidiaries ("Ascott BT Group") for the financial period from 9 September 2019 (date of constitution) to 31 December 2019.

It should be noted that the Trustee-Manager was only incorporated on 2 August 2019 and Ascott BT only became a registered business trust on 30 December 2019. Accordingly, references to actions taken by the Trustee-Manager should be read taking this into account.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are:

Tan Beng Hai, Bob (Chairman)	(Appointed on 30 December 2019)
Beh Siew Kim (Chief Executive Officer)	(Appointed on 2 August 2019)
Zulkifli Bin Baharudin	(Appointed on 30 December 2019)
Sim Juat Quee Michael Gabriel	(Appointed on 30 December 2019)
Elaine Young Carole	(Appointed on 30 December 2019)
Lee Chee Koon	(Appointed on 30 December 2019)
Lim Cho Pin Andrew Geoffrey	(Appointed on 30 December 2019)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial period from 9 September 2019 (date of constitution) to 31 December 2019 was the Trustee-Manager a party to any arrangement whose object was to enable any or all directors of the Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities, or debentures, of Ascott BT.

REPORT OF THE TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

DIRECTORS' INTERESTS IN STAPLED SECURITIES OR DEBENTURES OF ASCOTT BT

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "BTA") particulars of interests of Directors who held office at the end of the financial period (including those held by their spouses and infant children) in Stapled Securities of ART are as follows:

Name of director in which interests are held	Direct and deemed holdings registered in the name of the director, spouse or infant children			
	Direct At date of constitution or date of appointment	Deemed At date of Constitution or date of appointment	Direct At 31 December 2019	Deemed At 31 December 2019
Tan Beng Hai, Bob	70,938	–	70,938	–
Beh Siew Kim	269,837	–	269,837	–
Zulkifli Bin Baharudin	84,174	–	84,174	–
Sim Juat Quee Michael Gabriel	38,250	–	38,250	–
Elaine Young Carole	103,312	–	103,312	–
Lee Chee Koon	46,440	–	46,440	–
Lim Cho Pin Andrew Geoffrey	25,800	–	25,800	–

There were no changes in the abovementioned interests of Ascott BT between 31 December 2019 and 21 January 2020.

DIRECTORS' CONTRACTUAL BENEFITS

During the financial period from 9 September 2019 to 31 December 2019, no director of the Trustee-Manager has received or became entitled to receive a benefit in Ascott BT by reason of a contract made by the Trustee-Manager, on behalf of Ascott BT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except that the directors served as directors or employees of related corporations and received remuneration in that capacity from related corporations.

STAPLED SECURITY OPTIONS

During the financial period, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued Stapled Securities in ART; and;
- (ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities of ART.

There were no unissued Stapled Securities in ART under option as at the end of the financial period.

REPORT OF THE TRUSTEE-MANAGER OF ASCOTT BUSINESS TRUST

AUDIT COMMITTEE

The members of the audit committee of the Trustee-Manager (the "Audit Committee") during the year and at the date of this statement are:

- Sim Juat Quee Michael Gabriel (Chairman), Independent, Non-Executive Director;
- Zulkifli Bin Baharudin, Independent, Non-Executive Director; and
- Elaine Carole Young, Independent, Non-Executive Director.

The Audit Committee performs the functions specified in Section 201B of the Companies Act, Chapter 50, Regulation 13(6) of the Business Trusts Regulations 2005 ("BTR"), the Listing Rules issued by Singapore Exchange Securities Trading Limited (the "SGX Listing Manual") and the Code of Corporate Governance 2018.

Since the Trustee-Manager was only incorporated on 2 August 2019 and Ascott BT only became a registered business trust on 30 December 2019, no meeting was held by the Audit Committee during the financial period.

In performing its functions, the Audit Committee met with Ascott BT's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of Ascott BT's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by Ascott BT's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of Ascott BT prior to their submission to the directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors of the Trustee-Manager that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of Ascott BT.

In appointing our auditors for the Ascott BT Group, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

INDEPENDENT AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In the opinion of the Directors,

- (a) the consolidated financial statements of the Ascott BT Group as set out on pages 153 to 322 are drawn up so as to give a true and fair view of the financial position of the Ascott BT Group as at 31 December 2019, and the financial performance, changes in stapled securityholders' funds and cash flows of the Ascott BT Group, for the financial period from 9 September 2019 (date of constitution) to 31 December 2019 in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "BTA") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of Ascott BT, the liabilities of Ascott BT as and when they fall due.

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

- the fees or charges paid or payable out of the property of the Ascott BT Group to the Trustee-Manager are in accordance with the Ascott BT trust deed dated 9 September 2019 (as amended);
- interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Ascott BT Group or the interest of the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
Ascott Business Trust Management Pte. Ltd.,

Tan Beng Hai, Bob
Director

Beh Siew Kim
Director

Singapore
3 March 2020

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect of the business of the Ascott BT Group or on the interests of all the unitholders of Ascott BT as a whole.

Beh Siew Kim
Chief Executive Officer

Singapore
3 March 2020

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

- i) the consolidated financial statements of Ascott Real Estate Investment Trust (formerly known as Ascott Residence Trust) ("Ascott Reit") and its subsidiaries (the "Ascott Reit Group"), which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2019, the Statement of Total Return, Distribution Statement, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott Reit Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;
- ii) the consolidated financial statements of Ascott Business Trust ("Ascott BT") and its subsidiaries (the "Ascott BT Group"), which comprise the Statement of Financial Position as at 31 December 2019, the Statement of Total Return and Statement of Comprehensive Income, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott BT Group for the financial period from 9 September 2019 (date of constitution) to 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies; and
- iii) the consolidated financial statements of Ascott Residence Trust, which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2019, the Statement of Total Return, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of Ascott Residence Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; as set out on pages 153 to 322. Ascott Residence Trust, which comprises the Ascott Reit Group and the Ascott BT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

- a) the accompanying consolidated financial statements of the Ascott Reit Group and the Stapled Group present fairly, in all material respects, the financial positions and portfolio holdings of the Ascott Reit Group and the Stapled Group as at 31 December 2019, the financial performance, movements in stapled securityholders' funds and cash flows of the Ascott Reit Group and the Stapled Group, and the distributable income of the Ascott Reit Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants ("ISCA");
- b) the accompanying consolidated financial statements of the Ascott BT Group are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "BTA") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of the Ascott BT Group as at 31 December 2019 and the financial performance, movements in stapled securityholders' funds and cash flows of the Ascott BT Group for the financial period from 9 September 2019 (date of constitution) to 31 December 2019.

INDEPENDENT AUDITORS' REPORT

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

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties, freehold land and buildings and investment property under development

Note 4 – Investment properties

Note 6 – Property, plant and equipment

Note 8 – Investment property under development

Risk:

The Stapled Group has portfolios of investment properties, freehold land and buildings, and investment property under development which are stated at their fair values as at 31 December 2019 of \$6,096.1 million, \$524.9 million and \$74.9 million respectively.

The fair values of the investment properties, freehold land and buildings and investment property under development are appraised by external property valuers. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied, particularly those relating to discount rates, terminal capitalisation rates, capitalisation rates and gross development costs.

Our response:

We assessed the Stapled Group's process relating to the selection of the external property valuers, the determination of the scope of work of the external property valuers, and the review and acceptance of the valuation reports issued by the external property valuers.

We evaluated the qualification and competence of the external property valuers. We also read the terms of engagement of the external property valuers with the Stapled Group to ascertain whether there are matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. We tested the reasonableness of inputs of the projected cash flows used in the valuations to master leases or historical records of supporting revenue per available unit, adjusted for current market factors.

INDEPENDENT AUDITORS' REPORT

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

We evaluated the key assumptions used in the valuations, which included discount rates, terminal capitalisation rates, capitalisation rates and gross development costs by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside expected range, we undertook further procedures to understand the effect of additional factors and when necessary, held further discussions with the external property valuers.

We also considered the appropriateness of disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings:

The Stapled Group has a structured process in appointing and instructing external property valuers, and in reviewing and accepting their valuations. The external property valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work. The valuation methodologies used by the external property valuers were in line with generally accepted market practices. The key assumptions used in the valuations, including the projected cash flows, discount rates, terminal capitalisation rates, capitalisation rates and gross development costs were supported by the evidence available and are within the range of industry and market data.

We also found the related disclosures in the financial statements to be appropriate.

Accounting for business combination of Ascott Reit and Ascendas Hospitality Trust Note 40 – Acquisition of subsidiaries and non-controlling interests

Risk:

On 31 December 2019, the combination with Ascendas Hospitality Trust ("A-HTRUST") was completed by way of a trust scheme of arrangement (the "Combination"). Ascott Reit acquired all the units in Ascendas Hospitality Real Estate Investment Trust and Ascott BT acquired all the units in Ascendas Hospitality Business Trust.

The Combination is a material non-routine transaction which is complex and significant judgements involved in determining whether the transaction is a business combination or asset acquisition, each of which requires different accounting treatments. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used by management in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

Our response:

We examined the scheme implementation agreement and other legal and contractual documents to determine whether the Combination is appropriately classified and accounted for in accordance with the relevant accounting standards, and faithfully presents the nature of the transaction.

We read the purchase price allocation report prepared by management's experts. Together with our valuation specialist, we discussed with management on the purchase price allocation to understand their basis of identifying and valuing the identified assets and liabilities. We also considered the objectivity, independence and competency of management's experts, and scope of their engagement.

We compared the methodologies and key assumptions used in determining the fair values of the identified assets acquired and liabilities assumed to generally accepted market practices and market data. We checked the computations for allocating the purchase price to those assets, liabilities and goodwill acquired.

We also considered the appropriateness of disclosure for the Combination in the financial statements.

INDEPENDENT AUDITORS' REPORT

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

Our findings:

The judgments exercised by the Stapled Group in the accounting for the Combination as a business combination, as well as the purchase price allocation assessment were appropriately supported by available information.

The management's experts are members of recognised professional bodies and have considered their own independence in carrying out their work.

The methods and key assumptions used in estimating the fair values of respective assets acquired and liabilities assumed in the Combination were supported by the evidence available.

We also found the disclosures of the Combination in the financial statements to be appropriate.

Other information

Ascott Residence Trust Management Limited, the Manager of Ascott Reit (the "Ascott Reit Manager") and Ascott Business Trust Management Pte. Ltd. the Trustee-Manager of Ascott BT (the "Ascott BT Trustee-Manager"), (collectively, the "Managers") are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Ascott Reit Manager for the financial statements

The Ascott Reit Manager is responsible for the preparation and fair presentation of the financial statements of the Ascott Reit Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the Ascott Reit Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Ascott Reit Manager is responsible for assessing the ability of the Ascott Reit Group and the Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Ascott Reit Manager either intends to terminate the Ascott Reit Group and the Stapled Group or to cease operations of the Ascott Reit Group and the Stapled Group, or has no realistic alternative but to do so.

The Ascott Reit Manager's responsibilities include overseeing the financial reporting process of the Ascott Reit Group and the Stapled Group.

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of the Ascott BT Trustee-Manager for the financial statements

The Ascott BT Trustee-Manager is responsible for the preparation of financial statements of the Ascott BT Group that gives a true and fair view in accordance with the provisions of the BTA and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Ascott BT Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

In preparing the financial statements, the Ascott BT Trustee-Manager is responsible for assessing the ability of the Ascott BT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Ascott BT Trustee-Manager either intends to terminate the Ascott BT Group or to cease the operations of the Ascott BT Group, or has no realistic alternative but to do so.

The Ascott BT Trustee-Manager's responsibilities include overseeing the Ascott BT Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Ascott Reit Group, the Ascott BT Group and the Stapled Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managers.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Managers and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Ascott Reit Group, the Ascott BT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Ascott Reit Group, the Ascott BT Group and the Stapled Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Ascott Reit Group, the Ascott BT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Managers regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Managers with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Managers, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

In our opinion, the accounting and other records required by the BTA to be kept by the Ascott BT Trustee-Manager on behalf of Ascott BT have been properly kept in accordance with the provisions of the BTA.

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
3 March 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Non-current assets					
Investment properties	4	5,659,587	552,265	6,096,138	4,679,295
Other non-current assets	5	–	–	–	65,535
Property, plant and equipment	6	44,258	584,583	628,841	48,564
Investment property under development	8	74,860	–	74,860	–
Investment securities	9	2,534	–	–	–
Associate	12	3,006	–	3,006	3,040
Financial derivative assets	13	11,010	6,524	17,534	8,294
Deferred tax assets	14	3,212	4,335	7,547	4,309
		<u>5,798,467</u>	<u>1,147,707</u>	<u>6,827,926</u>	<u>4,809,037</u>
Current assets					
Inventories		372	297	669	328
Trade and other receivables	15	90,231	12,504	62,459	56,919
Assets held for sale	16	253,292	–	253,292	215,000
Cash and cash equivalents	17	245,884	29,619	275,503	227,847
Financial derivative assets	13	1,378	1,559	2,937	–
		<u>591,157</u>	<u>43,979</u>	<u>594,860</u>	<u>500,094</u>
Total assets		<u>6,389,624</u>	<u>1,191,686</u>	<u>7,422,786</u>	<u>5,309,131</u>
Non-current liabilities					
Financial liabilities	18	1,683,053	328,806	2,011,859	1,835,316
Financial derivative liabilities	13	4,181	1,833	6,014	6,850
Trade and other payables	19	8,820	9,735	18,555	–
Deferred income	20	605	3,781	4,386	–
Deferred tax liabilities	14	153,154	46,998	200,152	117,865
Lease liabilities	21	274,098	110,802	274,098	–
		<u>2,123,911</u>	<u>501,955</u>	<u>2,515,064</u>	<u>1,960,031</u>
Current liabilities					
Financial liabilities	18	311,656	25,498	337,154	70,137
Financial derivative liabilities	13	1,765	416	2,181	280
Liabilities held for sale	16	13,445	–	13,445	–
Trade and other payables	19	139,524	73,959	173,207	141,252
Deferred income	20	159	1,697	1,856	–
Current tax liabilities		18,549	1,093	19,642	6,522
Lease liabilities	21	17,928	4,912	17,928	–
		<u>503,026</u>	<u>107,575</u>	<u>565,413</u>	<u>218,191</u>
Total liabilities		<u>2,626,937</u>	<u>609,530</u>	<u>3,080,477</u>	<u>2,178,222</u>
Net assets		<u>3,762,687</u>	<u>582,156</u>	<u>4,342,309</u>	<u>3,130,909</u>

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Represented by:					
Stapled Securityholders' funds	22	3,282,909	577,644	3,860,553	2,644,051
Perpetual securities holders	23	396,299	–	396,299	397,127
Non-controlling interests	11	83,479	4,512	85,457	89,731
		<u>3,762,687</u>	<u>582,156</u>	<u>4,342,309</u>	<u>3,130,909</u>
Stapled Securities/Units in issue ('000)					
	23	<u>3,083,089</u>	<u>3,083,089</u>	<u>3,083,089</u>	<u>2,164,592</u>
Net asset value per Stapled Security/ Unit (\$)					
		<u>1.06</u>	<u>0.19</u>	<u>1.25</u>	<u>1.22</u>

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2019

	Note	Ascott Reit Group 2019 \$'000	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019 \$'000	Stapled Group ⁽¹⁾ 2019 \$'000	Ascott Reit Group 2018 \$'000
Gross revenue	24	514,956	–	514,956	514,273
Direct expenses	25	(262,345)	–	(262,345)	(274,913)
Gross profit		252,611	–	252,611	239,360
Finance income	26	2,080	–	2,080	1,194
Other income		626	–	626	1,479
Finance costs	26	(51,817)	–	(51,817)	(47,116)
Ascott Reit Manager's management fees	27	(23,416)	–	(23,416)	(23,900)
Ascott BT Trustee-Manager's management fees	27	–	(8)	(8)	–
Ascott Reit Trustee's fee		(582)	–	(582)	(546)
Professional fees	28	(2,591)	–	(2,591)	(2,920)
Audit fees		(2,194)	(40)	(2,234)	(2,398)
Foreign exchange gain/(loss)		1,871	–	1,871	(6,097)
Other operating expenses		(1,993)	–	(1,993)	(1,999)
Net income/(loss) before share of results of associate		174,595	(48)	174,547	157,057
Share of results of associate (net of tax)	12	(7)	–	(7)	(21)
Net income/(loss)	29	174,588	(48)	174,540	157,036
Net change in fair value of investment properties, investment property under development and assets held for sale		250,221	–	250,221	35,499
Net change in fair value of financial derivatives		(926)	–	(926)	–
Profit from divestments	30	1,019	–	1,019	3,211
Assets written off	4	(4,040)	–	(4,040)	(364)
Transaction costs relating to the combination		(7,081)	(12,620)	(19,701)	–
Impairment of goodwill	7	(60,866)	(79,233)	(140,099)	–
Total return/(loss) for the year/period before income tax		352,915	(91,901)	261,014	195,382
Income tax expense	31	(44,692)	–	(44,692)	(43,541)
Total return/(loss) for the year/period		308,223	(91,901)	216,322	151,841

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to a stapling deed dated 9 September 2019 (the "Stapling Deed"). The Statements of Total Return comprise results for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2019

	Ascott Reit Group	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019	Stapled Group ⁽¹⁾ 2019	Ascott Reit Group 2018
Note	2019 \$'000	2019 \$'000	2019 \$'000	2018 \$'000

Total return/(loss) attributable to:

Unitholders and perpetual securities holders		308,163	(91,901)	216,262	147,593
Non-controlling interests	11	60	–	60	4,248
		<u>308,223</u>	<u>(91,901)</u>	<u>216,322</u>	<u>151,841</u>

Earnings per Stapled Security/ Unit (cents)

Basic	32			<u>9.04</u>	<u>5.95</u>
Diluted				<u>8.99</u>	<u>5.91</u>

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to a stapling deed dated 9 September 2019 (the "Stapling Deed"). The Statements of Total Return comprise results for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF COMPREHENSIVE INCOME OF THE ASCOTT BT GROUP

Period from 9 September 2019 (date of constitution) to 31 December 2019

	Period from 9 September 2019 (date of constitution) to 31 December 2019 \$'000
Loss for the period	(91,901)
Other comprehensive income for the period, net of tax	—
Total comprehensive income for the period	<u>(91,901)</u>

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

DISTRIBUTION STATEMENTS OF THE ASCOTT REIT GROUP

Year ended 31 December 2019

	Note	Ascott Reit Group ⁽¹⁾ 2019 \$'000	Ascott Reit Group 2018 \$'000
Amount available for distribution to Unitholders at beginning of the year		85,893	80,226
Total return attributable to Unitholders and perpetual securities holders		308,163	147,593
Less: Total return attributable to perpetual securities holders		(19,741)	(19,200)
Distribution adjustments	A	(122,865)	26,390
Income available for distribution to Unitholders	B	165,557	154,783
Amount available for distribution to Unitholders		251,450	235,009
Distributions to Unitholders during the year			
– Distribution of 3.73 cents per Unit for the period from 1 July 2017 to 31 December 2017		–	(80,183)
– Distribution of 3.19 cents per Unit for the period from 1 January 2018 to 30 June 2018		–	(68,933)
– Distribution of 3.97 cents per Unit for the period from 1 July 2018 to 31 December 2018		(85,848)	–
– Distribution of 3.43 cents per Unit for the period from 1 January 2019 to 30 June 2019		(74,616)	–
		(160,464)	(149,116)
Amount available for distribution to Unitholders at end of the year		90,986	85,893

(1) The distribution for the period from 1 July 2019 to 31 December 2019 pertained to the permitted distribution prior to the completion of the combination of Ascott Reit and Ascendas Hospitality Trust on 31 December 2019 (the "Combination"). The consideration units issued pursuant to the Combination are not entitled to the permitted distribution. Hence, the distribution statement of the Stapled Group is not presented.

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

DISTRIBUTION STATEMENTS OF THE ASCOTT REIT GROUP

Year ended 31 December 2019

	Ascott Reit Group ⁽¹⁾ 2019 \$'000	Ascott Reit Group 2018 \$'000
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Note A – Distribution adjustments

Distribution adjustment items:

– Net change in fair value of investment properties, investment property under development and assets held for sale	(250,221)	(35,499)
– Net change in fair value of financial derivatives	926	–
– Profit from divestments	(1,019)	(3,211)
– Assets written off	4,040	364
– Depreciation of property, plant and equipment	12,498	12,744
– Ascott Reit Manager's management fees paid/payable in Units	17,060	17,505
– Ascott Reit Trustee's fee	87	111
– Foreign exchange loss – unrealised	4,182	8,988
– Operating lease expense recognised on a straight-line basis	–	3,104
– Interest expense on lease liabilities	11,202	–
– Lease payments for right-of-use assets	(17,795)	–
– Deferred tax expense	8,761	18,375
– Tax expense relating to the divestment of assets held for sale	9,125	–
– Non-controlling interests' share of adjustments	(6,763)	(2,411)
– Partial distribution of divestment gain	17,500	6,500
– Other adjustments	(395)	(180)
– Transaction costs relating to the Combination	7,081	–
– Impairment of goodwill	60,866	–
Net effect of distribution adjustments	(122,865)	26,390

(1) The distribution for the period from 1 July 2019 to 31 December 2019 pertained to the permitted distribution prior to the completion of the combination of Ascott Reit and Ascendas Hospitality Trust on 31 December 2019 (the "Combination"). The consideration units issued pursuant to the Combination are not entitled to the permitted distribution. Hence, the distribution statement of the Stapled Group is not presented.

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

DISTRIBUTION STATEMENTS OF THE ASCOTT REIT GROUP

Year ended 31 December 2019

	Ascott Reit Group ⁽¹⁾ 2019 \$'000	Ascott Reit Group 2018 \$'000
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Note B – Income available for distribution to Unitholders

Comprises:

– from operations ^(a)	63,533	132,252
– from Unitholders' contributions ^(b)	102,024	22,531
Income available for distribution to Unitholders	<u>165,557</u>	<u>154,783</u>

(1) The distribution for the period from 1 July 2019 to 31 December 2019 pertained to the permitted distribution prior to the completion of the combination of Ascott Reit and Ascendas Hospitality Trust on 31 December 2019 (the "Combination"). The consideration units issued pursuant to the Combination are not entitled to the permitted distribution. Hence, the distribution statement of the Stapled Group is not presented.

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

(b) Distributable income from Unitholders' contributions comprise (i) profit from operations arising from overseas properties that cannot be declared as dividend income to the property holding companies; (ii) adjustment for depreciation expense of the overseas properties; and (iii) adjustment for trust expense relating to overseas properties that are paid in Units.

Profits from operations arising from overseas properties may not be declared and paid as dividends to Ascott Reit in the current period because the overseas property companies (i) may need to obtain tax clearance before they can declare and pay dividends; (ii) may not be able to pay all its cash generated from operations as dividends as a result of local accounting rules that require the depreciation of real estate properties, thus reducing accounting profits available for payment of dividends; and (iii) may use the cash generated from its operations to repay third party borrowings.

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Unitholders							Total equity \$'000	
	Units in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000		Non-controlling interests \$'000
Ascott Reit Group									
At 1 January 2018	1,771,310	1,083,116	(170,205)	2,148	(1,240)	2,685,129	397,127	89,427	3,171,683
Total return for the year	-	147,593	-	-	-	147,593	-	4,248	151,841
Total return attributable to perpetual securities holders	-	(19,200)	-	-	-	(19,200)	19,200	-	-
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	-	-	-	-	3,443	3,443	-	-	3,443
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	-	-	-	-	800	800	-	-	800
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	-	(41,930)	-	-	(41,930)	-	(837)	(42,767)
Total other comprehensive income	-	-	(41,930)	-	4,243	(37,687)	-	(837)	(38,524)

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

STATEMENTS OF

MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Unitholders							Total equity \$'000	
	Units in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000		Non-controlling interests \$'000
Ascott Reit Group									
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Units	17,554	-	-	-	-	-	17,554	-	-
Distribution to Unitholders	(44,126)	(104,990)	-	-	-	(149,116)	(149,116)	-	(149,116)
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(19,200)	(19,200)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(3,464)
Total contributions by and distributions to owners	(26,572)	(104,990)	-	-	-	(131,562)	(19,200)	(3,464)	(154,226)
Changes in ownership interests in subsidiaries									
Change in ownership interests in subsidiaries with a change in control	-	-	135	-	-	-	135	-	-
Change in ownership interests in subsidiaries with no change in control	-	(357)	-	-	-	(357)	-	-	357
Total changes in ownership interests in subsidiaries	-	(357)	135	-	-	(222)	-	-	135
Transfer between reserves	-	(1,428)	-	1,428	-	-	-	-	-
At 31 December 2018	1,744,738	1,104,734	(212,000)	3,576	3,003	2,644,051	397,127	89,731	3,130,909

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Stapled Securityholders							Total equity \$'000	
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000		Non-controlling interests \$'000
Ascott Reit Group									
At 1 January 2019	1,744,738	1,104,734	(212,000)	3,576	3,003	2,644,051	397,127	89,731	3,130,909
Adjustment on initial recognition of FRS 116	-	9,802	-	-	-	9,802	-	-	9,802
Total return for the year	-	308,163	-	-	-	308,163	-	60	308,223
Total return attributable to perpetual securities holders	-	(19,741)	-	-	-	(19,741)	19,741	-	-
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	-	-	-	-	(5,653)	(5,653)	-	-	(5,653)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	-	-	-	-	(1,096)	(1,096)	-	-	(1,096)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	-	(26,548)	-	-	(26,548)	-	(329)	(26,877)
Total other comprehensive income	-	-	(26,548)	-	(6,749)	(33,297)	-	(329)	(33,626)

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Stapled Securityholders							Total equity \$'000	
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000		Non-controlling interests \$'000
Ascott Reit Group									
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Ascott Reit Manager's management fee payable in Stapled Securities	17,020	-	-	-	-	17,020	-	-	17,020
Issue of Stapled Securities for the Combination	510,899	-	-	-	-	510,899	-	-	510,899
Acquisition fees payable in Stapled Securities	3,822	-	-	-	-	3,822	-	-	3,822
Issuance of perpetual securities	-	-	-	-	-	-	150,000	-	150,000
Issue expenses relating to issuance of perpetual securities	-	-	-	-	-	-	(1,369)	-	(1,369)
Redemption of perpetual securities	-	-	-	-	-	-	(150,000)	-	(150,000)
Distribution to holders of Stapled Securities	(88,817)	(71,647)	-	-	-	(160,464)	-	-	(160,464)
Distribution to perpetual securities holders	-	-	-	-	-	-	(19,200)	-	(19,200)
Distribution to non-controlling interests	-	-	-	-	-	-	-	(3,085)	(3,085)
Total contributions by and distributions to owners	442,924	(71,647)	-	-	-	371,277	(20,569)	(3,085)	347,623

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

Ascott Reit Group	Attributable to Stapled Securityholders							Total equity \$'000
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total securities \$'000	Non-controlling interests \$'000	
	-	-	3,009	-	-	3,009	-	(244)
	-	(355)	-	-	-	(355)	-	355
	-	(355)	3,009	-	-	2,654	-	(2,898)
Transfer between reserves	-	(439)	-	439	-	-	-	-
At 31 December 2019	2,187,662	1,330,517	(235,539)	4,015	(3,746)	3,282,909	396,299	83,479
								3,762,687

Changes in ownership interests in subsidiaries

Change in ownership interests in subsidiaries with a change in control

Change in ownership interests in subsidiaries with no change in control

Total changes in ownership interests in subsidiaries

Transfer between reserves

At 31 December 2019

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Stapled Securityholders							Total equity \$'000
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Non-controlling interests \$'000	
Ascott BT Group								
At 9 September 2019 (date of constitution)	-	-	-	-	-	-	-	-
Total comprehensive income for the period								
Loss for the period	-	(91,901)	-	-	-	(91,901)	-	(91,901)
Total comprehensive income	-	(91,901)	-	-	-	(91,901)	-	(91,901)
Transactions with owners, recognised directly in equity Contributions by and distributions to owners								
Trustee-Manager's management fee payable in Stapled Securities	4	-	-	-	-	4	-	4
Issue of Stapled Securities for the Combination	664,662	-	-	-	-	664,662	-	664,662
Acquisition fees payable in Stapled Securities	4,879	-	-	-	-	4,879	-	4,879
Total contributions by and distributions to owners	669,545	-	-	-	-	669,545	-	669,545
Changes in ownership interests in subsidiaries								
Acquisition through business combination	-	-	-	-	-	-	4,512	4,512
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	4,512	4,512
At 31 December 2019	669,545	(91,901)	-	-	-	577,644	4,512	582,156

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Stapled Securityholders							Total equity \$'000	
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000		Non-controlling interests \$'000
Stapled Group ⁽¹⁾									
At 1 January 2019	1,744,738	1,104,734	(212,000)	3,576	3,003	2,644,051	397,127	89,731	3,130,909
Adjustment on initial recognition of FRS 116	-	9,802	-	-	-	9,802	-	-	9,802
Total return for the year	-	216,262	-	-	-	216,262	-	60	216,322
Total return attributable to perpetual securities holders	-	(19,741)	-	-	-	(19,741)	19,741	-	-
Other comprehensive income									
Effective portion of change in fair values of cash flow hedges	-	-	-	-	(5,653)	(5,653)	-	-	(5,653)
Net change in fair value of cash flow hedge reclassified to Statement of Total Return	-	-	-	-	(1,096)	(1,096)	-	-	(1,096)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	-	-	(26,548)	-	-	(26,548)	-	(329)	(26,877)
Total other comprehensive income	-	-	(26,548)	-	(6,749)	(33,297)	-	(329)	(33,626)

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. The Statements of Movement in Stapled Securityholders' Funds comprise movements for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Stapled Securityholders							Total equity \$'000
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000	
Stapled Group (1)								
Transactions with owners, recognised directly in equity								
<i>Contributions by and distributions to owners</i>								
Ascott Reit Manager's management fee payable in Stapled Securities	17,020	-	-	-	-	17,020	-	-
Trustee-Manager's management fee payable in Stapled Securities	4	-	-	-	-	4	-	-
Issue of Stapled Securities for the Combination	1,175,561	-	-	-	-	1,175,561	-	-
Acquisition fees payable in Stapled Securities	8,701	-	-	-	-	8,701	-	-
Issuance of perpetual securities	-	-	-	-	-	-	150,000	-
Issue expenses relating to issuance of perpetual securities	-	-	-	-	-	-	(1,369)	-
Redemption of perpetual securities	-	-	-	-	-	-	(150,000)	-
Distribution to holders of Stapled Securities	(88,817)	(71,647)	-	-	-	(160,464)	-	-
Distribution to perpetual securities holders	-	-	-	-	-	-	(19,200)	-
Distribution to non-controlling interests	-	-	-	-	-	-	-	(3,085)
Total contributions by and distributions to owners	1,112,469	(71,647)	-	-	-	1,040,822	(20,569)	(3,085)
								1,017,168

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. The Statements of Movement in Stapled Securityholders' Funds comprise movements for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

Year ended 31 December 2019

	Attributable to Stapled Securityholders							Total equity \$'000	
	Stapled Securities in issue \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Total \$'000	Perpetual securities \$'000		Non- controlling interests \$'000
Stapled Group ⁽¹⁾									
Changes in ownership interests in subsidiaries									
Acquisition through business combination	-	-	-	-	-	-	-	1,978	1,978
Change in ownership interests in subsidiaries with a change in control	-	-	3,009	-	-	3,009	-	(3,253)	(244)
Change in ownership interests in subsidiaries with no change in control	-	(355)	-	-	-	(355)	-	355	-
Total changes in ownership interests in subsidiaries	-	(355)	3,009	-	-	2,654	-	(920)	1,734
Transfer between reserves	-	(439)	-	439	-	-	-	-	-
At 31 December 2019	2,857,207	1,238,616	(235,539)	4,015	(3,746)	3,860,553	396,299	85,457	4,342,309

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. The Statements of Movement in Stapled Securityholders' Funds comprise movements for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

By Geography

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease 2019	2018	At Valuation			Percentage of Securityholders' funds		
						Stapled Group 2019 \$'000	Ascott Reit Group 2019 \$'000	Ascott Reit Group 2018 \$'000	Stapled Group 2019 %	Ascott Reit Group 2019 %	Ascott Reit Group 2018 %
Investment Properties and Investment Property under Development											
Australia											
Citadines on Bourke Melbourne	131-135 Bourke Street, Melbourne, Victoria 3000	Freehold	Not applicable	Not applicable	Not applicable	157,300	157,300	158,017	4.1	4.8	6.0
Citadines Connect Sydney Airport ⁽¹⁾	113-121 Baxter Road, Mascot, New South Wales, NSW 2020	Freehold	Not applicable	Not applicable	Not applicable	61,123	61,123	-	1.6	1.9	-
Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth WA 6000	Freehold	Not applicable	Not applicable	Not applicable	18,111	18,111	18,919	0.5	0.6	0.7
Quest Campbelltown	1 Rennie Road, Woodbine, NSW 2560	Freehold	Not applicable	Not applicable	Not applicable	20,943	20,943	21,808	0.5	0.6	0.8
Quest Mascot	108-114 Robey Road, Mascot, NSW 2020	Freehold	Not applicable	Not applicable	Not applicable	24,526	24,526	24,455	0.6	0.7	0.9
Quest Sydney Olympic Park	6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127	Leasehold	99 years	92 years	93 years	44,499	44,499	44,575	1.2	1.4	1.7
Balance carried forward						326,502	326,502	267,774	8.5	10.0	10.1

Investment Properties and Investment Property under Development

Australia

Citadines on Bourke Melbourne, 131-135 Bourke Street, Melbourne, Victoria 3000. Freehold. Not applicable. Not applicable. Not applicable.

Citadines Connect Sydney Airport⁽¹⁾, 113-121 Baxter Road, Mascot, New South Wales, NSW 2020. Freehold. Not applicable. Not applicable. Not applicable.

Citadines St Georges Terrace Perth, 185 St Georges Terrace, Perth WA 6000. Freehold. Not applicable. Not applicable. Not applicable.

Quest Campbelltown, 1 Rennie Road, Woodbine, NSW 2560. Freehold. Not applicable. Not applicable. Not applicable.

Quest Mascot, 108-114 Robey Road, Mascot, NSW 2020. Freehold. Not applicable. Not applicable. Not applicable.

Quest Sydney Olympic Park, 6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127. Leasehold. 99 years. 92 years. 93 years.

Balance carried forward

326,502 326,502 267,774 8.5 10.0 10.1

(1) On 1 May 2019, the Ascott Reit Group acquired Felix Hotel from Baxter International Hotel Pty Ltd as trustee for the Baxter International Hotel Unit Trust, an unrelated third party, and rebranded the property as Citadines Connect Sydney Airport. The valuation was based on the discounted cash flow approach.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds			
					Stapled Group 2019 \$'000	Ascott Reit Group 2019 \$'000	Ascott Reit Group 2018 \$'000	Stapled Group 2019 %	Ascott Reit Group 2019 %	Ascott Reit Group 2018 %	Ascott Reit Group 2019 %	
												2019
Balance brought forward					326,502	326,502	267,774	8.5	10.0	10.1		
Belgium												
Citadines Sainte-Catherine Brussels	51 quai au Bois à Brûler, 1000 Brussels	Freehold	Not applicable	Not applicable	35,754	35,754	32,670	0.9	1.1	1.2		
Citadines Toison d'Or Brussels	61-63 Avenue de la Toison d'Or, 1060 Brussels	Freehold	Not applicable	Not applicable	30,601	30,601	30,306	0.8	0.9	1.1		
China												
Ascott Guangzhou	73 Tianhedong Road, Tianhe District, Guangzhou 510630	Leasehold	70 years	55 years	98,415	98,415	99,895	2.5	3.0	3.8		
Citadines Xinghai Suzhou ⁽²⁾	Block 27, Jiacheng Gardens, 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021	Leasehold	70 years	47 years	-	-	29,707	-	-	1.1		
Citadines Zhuankou Wuhan ⁽²⁾	159 Dongfeng Avenue (Xianglong Business Centre Zone C), Wuhan Economic and Technological Development Zone, Wuhan 430056	Leasehold	40 years	24 years	-	-	43,981	-	-	1.7		
Somerset Grand Central Dalian	No. 128-2 Jinma Road, Dalian Development Area, Dalian 116600	Leasehold	50 years	37 years	89,136	89,136	103,305	2.3	2.7	3.9		
Balance carried forward					580,408	580,408	607,638	15.0	17.7	22.9		

(2) On 18 December 2019, the Ascott Reit Group entered into sale and purchase agreements with Chengdu Suxiang Hotel Management Co., Ltd and Chengdu Baixi Hotel Management Co., Ltd, unrelated third parties, to divest its interests in Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan respectively through the divestment of interests in its property holding companies. The sale price was agreed on a willing buyer willing seller basis taking into account the agreed aggregate value of the properties of RMB500 million, being 33% above the valuation of the properties as at 30 June 2019 which was appraised based on the discounted cash flow approach. The properties have been reclassified to assets held for sale (Note 16).

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

PORTFOLIO STATEMENTS

As at 31 December 2019

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds			
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group
					\$'000	\$'000	\$'000	%	%	%	%	
Balance brought forward					580,408	580,408	607,638	15.0	17.7	22.9		
China (continued)												
Somerset Heping Shenyang	80 Taiyuan North Street, Heping District, Shenyang 110000	Leasehold	40 years	27 years	69,628	69,628	79,851	1.8	2.1	3.0		
Somerset Olympic Tower Property Tianjin	126 Chengdu Road, Heping District, Tianjin 300051	Leasehold	70 years	43 years	63,375	63,375	64,621	1.6	1.9	2.4		
Somerset Xu Hui Shanghai	888 Shaanxi Nan Road, Xu Hui District, Shanghai 200031	Leasehold	70 years	46 years	76,770	76,770	75,134	2.0	2.3	2.8		
Balance carried forward					790,181	790,181	827,244	20.4	24.0	31.1		

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

ASCOTT RESIDENCE TRUST

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds			
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Ascott Reit Group	Ascott Reit Group
Balance brought forward					790,181	790,181	827,244	20.4	24.0	24.0	31.1	
France												
Citadines Antigone Montpellier ⁽³⁾	588 boulevard d'Antigone, 34000 Montpellier	Freehold	Not applicable	Not applicable	Not applicable	16,088	16,237	0.4	0.5	0.5	0.6	
Citadines Austerlitz Paris ^{(3),(4)}	27 rue Esquirol, 75013 Paris	Freehold	Not applicable	Not applicable	1 year	10,976	11,085	0.3	0.3	0.3	0.4	
Citadines Castellane Marseille ^{(3),(4)}	60 rue du Rouet, 13006 Marseille	Freehold	Not applicable	Not applicable	1 year	12,479	12,959	0.3	0.4	0.4	0.5	
Citadines City Centre Grenoble ⁽³⁾	9-11 rue de Strasbourg, 38000 Grenoble	Freehold	Not applicable	Not applicable	Not applicable	9,021	8,899	0.2	0.3	0.3	0.3	
Citadines City Centre Lille ⁽³⁾	Avenue Willy Brandt – Eurailille, 59777 Lille	Freehold	Not applicable	Not applicable	Not applicable	15,035	14,832	0.4	0.5	0.5	0.6	
Citadines Croisette Cannes ⁽³⁾	1 rue le Poussin, 06400 Cannes	Freehold	Not applicable	Not applicable	Not applicable	7,818	7,494	0.2	0.2	0.2	0.3	
Balance carried forward					861,598	861,598	898,750	22.2	26.2	26.2	33.8	

(3) As at 31 December 2019, these 22 (2018: 23) investment properties are leased to related corporations under master lease arrangements.

(4) As at 31 December 2019, the finance lease arrangements for these four freehold investment properties in France have expired and the Ascott Reit Group had acquired legal title to these properties.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
					Stapled Group 2019 \$'000	Ascott Reit Group 2019 \$'000	Ascott Reit Group 2018 \$'000	Stapled Group 2019 %	Ascott Reit Group 2019 %	Ascott Reit Group 2018 %
Balance brought forward					861,598	861,598	898,750	22.2	26.2	33.8
France (continued)										
Citadines Didot Montparnasse Paris ⁽³⁾	94 rue Didot, 75014 Paris	Freehold	Not applicable	Not applicable	21,049	21,049	21,858	0.5	0.6	0.8
Citadines Les Halles Paris ⁽³⁾	4 rue des Innocents, 75001 Paris	Freehold	Not applicable	Not applicable	84,648	84,648	90,086	2.2	2.6	3.4
Citadines Maine Montparnasse Paris ⁽³⁾⁽⁴⁾	67 avenue du Maine, 75014 Paris	Freehold	Not applicable	1 year	24,808	24,808	23,732	0.6	0.8	0.9
Citadines Montmartre Paris ⁽³⁾	16 avenue Rachel, 75018 Paris	Freehold	Not applicable	Not applicable	36,536	36,536	37,002	0.9	1.1	1.4
Citadines Place d'Italie Paris ⁽³⁾	18 place d'Italie, 75013 Paris	Freehold	Not applicable	Not applicable	52,022	52,022	50,586	1.3	1.6	1.9
Citadines Prado Chanot Marseille ⁽³⁾	9-11 boulevard de Louvain, 13008 Marseille	Freehold	Not applicable	Not applicable	9,472	9,472	9,836	0.2	0.3	0.4
Balance carried forward					1,090,133	1,090,133	1,131,850	27.9	33.2	42.6

(3) As at 31 December 2019, these 22 (2018: 23) investment properties are leased to related corporations under master lease arrangements.

(4) As at 31 December 2019, the finance lease arrangements for these four freehold investment properties in France have expired and the Ascott Reit Group had acquired legal title to these properties.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds				
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	
					2019 \$'000	2019 \$'000	2018 \$'000	2019 %	2019 \$'000	2018 \$'000	2019 %	2018 %	2019 %
Balance brought forward					1,090,133	1,090,133	1,131,850	27.9	33.2	42.6			
France (continued)													
Citadines Presqu'île Lyon ⁽³⁾	2 rue Thomassin, 69002 Lyon	Freehold	Not applicable	Not applicable	Not applicable	22,102	22,102	22,326	0.6	0.7	0.8		
Citadines République Paris ^{(3),(4)}	75 bis, avenue Parmentier, 75011 Paris	Freehold	Not applicable	Not applicable	1 year	22,703	22,703	22,639	0.6	0.7	0.9		
Citadines Tour Eiffel Paris ⁽³⁾	132 Boulevard de Grenelle, 75015 Paris	Freehold	Not applicable	Not applicable	Not applicable	69,598	69,598	74,817	1.8	2.1	2.8		
Citadines Trocadéro Paris ⁽³⁾	29 Bis, rue Saint-Didier, 75116 Paris	Freehold	Not applicable	Not applicable	Not applicable	42,505	42,505	42,974	1.1	1.3	1.6		
La Clef Louvre Paris ⁽³⁾	8 rue de Richelieu, 75001 Paris	Freehold	Not applicable	Not applicable	Not applicable	48,428	48,428	46,760	1.3	1.5	1.8		
Balance carried forward					1,295,469	1,295,469	1,341,366	33.3	39.5	50.5			

(3) As at 31 December 2019, these 22 (2018: 23) investment properties are leased to related corporations under master lease arrangements.

(4) As at 31 December 2019, the finance lease arrangements for these four freehold investment properties in France have expired and the Ascott Reit Group had acquired legal title to these properties.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds			
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group
					2019	2018	2019	2018	2019	2018	2019	2018
Balance brought forward					\$'000	\$'000	\$'000	\$'000	%	%	%	%
					1,295,469	1,295,469	1,341,366	1,341,366	33.3	39.5	39.5	50.5
Germany												
Citadines Arnulfpark Munich ⁽³⁾	Arnulfstrasse 51, 80636 München	Freehold	Not applicable	Not applicable	37,453	37,453	36,963	36,963	1.0	1.1	1.1	1.4
Citadines City Centre Frankfurt ⁽³⁾	Europa-Allee 23, 60327 Frankfurt am Main	Freehold	Not applicable	Not applicable	62,396	62,396	64,013	64,013	1.6	1.9	1.9	2.4
Citadines Kurfürstendamm Berlin ⁽³⁾	Olivaer Platz 1, 10707 Berlin-Wilmersdorf	Freehold	Not applicable	Not applicable	22,493	22,493	22,404	22,404	0.6	0.7	0.7	0.9
Citadines Michel Hamburg ⁽³⁾	Ludwig-Erhard-Straße 7, 20459 Hamburg	Leasehold	99 years	91 years	48,113	48,113	49,961	49,961	1.2	1.5	1.5	1.9
The Madison Hamburg	Schaarsteinweg 4, 20459 Hamburg	Freehold	Not applicable	Not applicable	78,167	78,167	76,034	76,034	2.0	2.4	2.4	2.9
Balance carried forward					1,544,091	1,544,091	1,590,741	1,590,741	39.7	47.1	47.1	60.0

(3) As at 31 December 2019, these 22 (2018: 23) investment properties are leased to related corporations under master lease arrangements.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds				
					Stapled Group 2019 \$'000	Ascott Reit Group 2019 \$'000	Stapled Group 2018 \$'000	Ascott Reit Group 2018 \$'000	Stapled Group 2019 %	Ascott Reit Group 2019 %	Stapled Group 2018 %	Ascott Reit Group 2018 %	
													2019
Balance brought forward					1,544,091	1,544,091	1,590,741	1,590,741	39.7	47.1	47.1	60.0	
Indonesia													
Ascott Jakarta	Jalan Kebon Kacang Raya No. 2, Jakarta 10230	Leasehold	26 years	4 years	5 years	62,112	62,112	62,184	62,184	1.6	1.9	1.9	2.4
Somerset Grand Citra Jakarta	Jalan Prof Dr Satrio Kav. 1, Jakarta 12940	Leasehold	30 years	5 years	6 years	37,553	37,553	38,562	38,562	1.0	1.1	1.1	1.5
Japan													
Citadines Central Shinjuku	1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo 1600021	Freehold	Not applicable	Not applicable	Not applicable	142,545	142,545	130,194	130,194	3.7	4.3	4.3	4.9
Citadines Karasuma-Gojo Kyoto	432 Matsuya-cho, Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105	Freehold	Not applicable	Not applicable	Not applicable	58,262	58,262	58,004	58,004	1.5	1.8	1.8	2.2
Citadines Shinjuku Tokyo	1-28-13 Shinjuku, Shinjuku-ku, Tokyo 1600022	Freehold	Not applicable	Not applicable	Not applicable	115,020	115,020	110,182	110,182	3.0	3.5	3.5	4.2
Balance carried forward					1,959,583	1,959,583	1,989,867	1,989,867	50.5	59.7	59.7	75.2	

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

PORTFOLIO STATEMENTS

As at 31 December 2019

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Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds			
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group
Balance brought forward					1,959,583	1,959,583	1,989,867	50.5	59.7	75.2		
Japan (continued)												
Somerset Azabu East Tokyo	1-9-11 Higashi Azabu, Minato-ku, Tokyo 106-0044	Freehold	Not applicable	Not applicable	45,140	45,140	43,133	1.2	1.4	1.6		
Actus Hakata V-Tower	3-15-10 Hakata Ekimae, Hakata-ku, Fukuoka	Freehold	Not applicable	Not applicable	46,907	46,907	43,852	1.2	1.4	1.7		
Big Palace Kita 14jo	4-1-6 Kita14jo Nishi, Kita-ku, Sapporo	Freehold	Not applicable	Not applicable	18,965	18,965	18,325	0.5	0.6	0.7		
Gravis Court Kakomachi	13-10, Kakomachi, Naka-ku, Hiroshima	Freehold	Not applicable	Not applicable	7,493	7,493	7,248	0.2	0.2	0.3		
Gravis Court Kokutaiji	2-1-9, Kokutaijimachi, Naka-ku, Hiroshima	Freehold	Not applicable	Not applicable	5,755	5,755	5,424	0.1	0.2	0.2		
Gravis Court Nishiharaekimae	8-38-10, Nishihara, Asaminami-ku, Hiroshima	Freehold	Not applicable	Not applicable	4,766	4,766	4,494	0.1	0.1	0.2		
Infini Garden	3-2-2,3,4,5 KashiiTeriha, Higashi-ku, Fukuoka	Freehold	Not applicable	Not applicable	85,664	85,664	80,567	2.2	2.6	3.0		
Balance carried forward					2,174,273	2,174,273	2,192,910	56.0	66.2	82.9		

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds				
					Stapled Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	
					2019 \$'000	2019 \$'000	2018 \$'000	2018 \$'000	2019 %	2018 %	2019 %	2018 %	
Balance brought forward					2,174,273	2,174,273	2,192,910	2,192,910	56.0	66.2	56.0	82.9	
Japan (continued)													
Roppongi Residences Tokyo	3-4-31 Roppongi, Minato-ku, Tokyo 106-0032	Freehold	Not applicable	Not applicable	Not applicable	39,575	39,575	37,351	37,351	1.0	1.2	1.0	1.4
S-Residence Fukushima Luxe	7-22-9, Fukushima, Fukushima-ku, Osaka	Freehold	Not applicable	Not applicable	Not applicable	38,495	38,495	37,557	37,557	1.0	1.2	1.0	1.4
S-Residence Homomachi Marks	2-3-6, Tokuicho, Chuo-ku, Osaka	Freehold	Not applicable	Not applicable	Not applicable	20,078	20,078	18,760	18,760	0.5	0.6	0.5	0.7
S-Residence Midoribashi Serio	3-17-6, Nakamoto, Higashinari-ku, Osaka	Freehold	Not applicable	Not applicable	Not applicable	17,777	17,777	17,250	17,250	0.5	0.5	0.5	0.7
S-Residence Tanimachi 9 chome	4-29, Ikutamamaemachi, Tennoji-ku, Osaka	Freehold	Not applicable	Not applicable	Not applicable	21,580	21,580	20,669	20,669	0.6	0.7	0.6	0.8
Balance carried forward					2,311,778	2,311,778	2,324,497	2,324,497	59.6	70.4	59.6	87.9	

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds				
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	
					2019 \$'000	2019 \$'000	2018 \$'000	2019 %	2019 %	2018 %	2019 %	2019 %	
Balance brought forward					2,311,778	2,311,778	2,324,497	59.6	70.4	87.9			
Japan (continued)													
Hotel WBF Honmachi ⁽⁵⁾	4-4-10, Kitakyuhojimachi, Chuo-ku, Osaka 541-0057	Freehold	Not applicable	Not applicable	44,786	44,786	-	1.2	1.4	-			
Hotel WBF Kitasemba East ⁽⁵⁾	2-6-8, Awajicho, Chuo-ku, Osaka 541-0047	Freehold	Not applicable	Not applicable	44,410	44,410	-	1.2	1.4	-			
Hotel WBF Kitasemba West ⁽⁵⁾	3-2-7, Awajicho, Chuo-ku, Osaka 541-0047	Freehold	Not applicable	Not applicable	44,661	44,661	-	1.2	1.4	-			
Sotetsu Grand Fresa Tokyo-Bay Ariake (formerly known as Hotel Sunroute Ariake) ⁽⁵⁾	3-6-6 Ariake Koto-ku, Tokyo 135-0063	Freehold	Not applicable	Not applicable	335,268	335,268	-	8.7	10.1	-			
Balance carried forward					2,780,903	2,780,903	2,324,497	71.9	84.7	87.9			

(5) On 31 December 2019, the Combination with Ascendas Hospitality Trust was completed adding 14 properties to the portfolio, of which five properties are held under the Ascott Reit Group and the other nine properties are held under the Ascott BT Group.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group
					2019 \$'000	2018 \$'000	2019 \$'000	2019 %	2018 %	2019 %
Balance brought forward					2,780,903	2,780,903	2,324,497	71.9	84.7	87.9
Malaysia										
Somerset Kuala Lumpur	187, Jalan Ampang, 50450, Kuala Lumpur	Freehold	Not applicable	Not applicable	47,913	47,913	51,455	1.2	1.5	1.9
Philippines										
Ascott Makati	Glorietta 4, Ayala Center, Makati City 1224	Leasehold	48 years	25 years	114,934	114,934	117,441	3.0	3.5	4.4
Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229	Freehold	Not applicable	Not applicable	15,373	15,373	14,812	0.4	0.5	0.6
Singapore										
Ascott Orchard Singapore ⁽³⁾	11 Cairnhill Road, Singapore 229724	Leasehold	99 years	93 years	406,172	406,172	398,505	10.6	12.3	15.1
Somerset Liang Court Property Singapore ⁽⁶⁾	177B River Valley Road, Singapore 179032	Leasehold	97 years	57 years	140,300	140,300	209,550	3.6	4.3	7.9
Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	Leasehold	96 years	85 years	131,235	131,235	131,138	3.4	4.0	5.0
Balance carried forward					3,636,830	3,636,830	3,247,398	94.1	110.8	122.8

(3) As at 31 December 2019, these 22 (2018: 23) investment properties are leased to related corporations under master lease arrangements.

(6) On 21 November 2019, the Ascott Reit Group entered into a put and call option agreement relating to the sale of partial gross floor area of Somerset Liang Court Property Singapore. The retained gross floor area will be redeveloped into a new serviced residence property. The gross floor area which will be divested has been reclassified to assets held for sale (Note 16).

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

PORTFOLIO STATEMENTS

As at 31 December 2019

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Description of Property Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
				Stapled Group 2019 \$'000	Ascott Reit Group 2019 \$'000	Ascott Reit Group 2018 \$'000	Stapled Group 2019 %	Ascott Reit Group 2019 %	Ascott Reit Group 2018 %
Balance brought forward				3,636,830	3,636,830	3,247,398	94.1	110.8	122.8
Singapore (continued)									
lyf one-north	Leasehold	60 years	59 years	74,860	74,860	–	1.9	2.3	–
Singapore (under development) ⁽⁷⁾			Not applicable						
Park Hotel Clarke Quay ⁽⁵⁾	Leasehold	99 years	86 years	325,000	325,000	–	8.4	9.8	–
Spain									
Citadines Ramblas Barcelona	Freehold	Not applicable	Not applicable	67,776	67,776	71,653	1.8	2.1	2.7
The United Kingdom									
Citadines Barbican London	Freehold	Not applicable	Not applicable	77,512	77,512	75,732	2.0	2.4	2.9
Citadines Trafalgar Square London	Freehold	Not applicable	Not applicable	174,367	174,367	175,191	4.5	5.3	6.6
Balance carried forward				4,356,345	4,356,345	3,569,974	112.7	132.7	135.0

(5) On 31 December 2019, the Combination with Ascendas Hospitality Trust was completed adding 14 properties to the portfolio, of which five properties are held under the Ascott Reit Group and the other nine properties are held under the Ascott BT Group.

(7) An agreement for lease was entered by the Ascott Reit Group with Jurong Town Corporation ("JTC") relating to the grant by JTC of a lease of this property for a term of 60 years expiring on 2 January 2079. The lease and lease term will be confirmed by JTC in writing after Ascott Reit has (i) completely finished the building works at or on the property to JTC's satisfaction; and (ii) the temporary occupation permit(s) for the entire building works has been obtained from the relevant authorities.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property	Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation				Percentage of Securityholders' funds				
					Stapled Group	Ascott Reit Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group	Ascott Reit Group	
					2019 \$'000	2019 \$'000	2018 \$'000	2019 %	2019 %	2018 %	2019 %	2018 %	
Balance brought forward					4,356,345	4,356,345	3,569,974	112.7	132.7	135.0			
The United Kingdom (continued)													
Citadines South Kensington	35A Gloucester Road, London SW7 4PL	Freehold	Not applicable	Not applicable	76,732	76,732	72,292	2.0	2.3	2.7			
Citadines Holborn-Covent Garden	94-99 High Holborn, London WC1V 6LF	Freehold	Not applicable	Not applicable	160,389	160,389	157,845	4.2	4.9	6.0			
The United States of America													
DoubleTree by Hilton Hotel New York – Times Square South	341 West 36th Street, New York, New York, 10018	Freehold	Not applicable	Not applicable	149,682	149,682	148,909	3.9	4.6	5.6			
Element New York Times Square West	311 West 39th Street, New York, New York, 10018	Leasehold	99 years	93 years	224,791	224,791	229,208	5.8	6.8	8.7			
Sheraton Tribeca New York Hotel	370 Canal Street, New York, New York, 10013	Leasehold	99 years	93 years	228,759	228,759	224,132	5.9	7.0	8.5			
Vietnam													
Somerset Chancellor Court Ho Chi Minh City	21-23 Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City	Leasehold	48 years	22 years	53,409	53,409	54,786	1.4	1.6	2.1			
Somerset Grand Hanoi	49 Hai Ba Trung Street, Hanoi	Leasehold	45 years	18 years	107,787	107,787	119,871	2.8	3.3	4.5			
Balance carried forward					5,357,894	5,357,894	4,577,017	138.7	163.2	173.1			

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

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As at 31 December 2019

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Description of Property Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
				Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group
				2019 \$'000	2019 \$'000	2018 \$'000	2019 %	2019 %	2018 %
Balance brought forward				5,357,894	5,357,894	4,577,017	138.7	163.2	173.1
Vietnam (continued)									
Somerset Ho Chi Minh City	Leasehold	45 years	20 years	44,854	44,854	46,633	1.2	1.4	1.8
Somerset Hoa Binh Hanoi	Leasehold	36 years	22 years	39,673	39,673	42,277	1.0	1.2	1.6
Somerset West Lake Hanoi ⁽⁸⁾	Leasehold	49 years	22 years	-	-	13,368	-	-	0.5
Portfolio of investment properties and investment property under development									
Right-of-use assets				5,442,421	5,442,421	4,679,295	140.9	165.8	177.0
				292,026	292,026	-	7.6	8.9	-
Investment properties and investment property under development in the Statement of Financial Position of the Ascott Reit Group									
Balance carried forward				5,734,447	5,734,447	4,679,295	148.5	174.7	177.0
				5,734,447	5,734,447	4,679,295	148.5	174.7	177.0

(8) Somerset West Lake Hanoi was divested on 31 October 2019 to Platocean Pte. Ltd., an unrelated third party, through the divestment of the Ascott Reit Group's interest in The Ascott (Vietnam) Investments Pte Ltd. The sale price was agreed on a willing buyer willing seller basis taking into account the agreed property value of the property of USD13.5 million, being 39% above the valuation of the property as at 30 June 2019 which was appraised based on the discounted cash flow approach.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
				Stapled Group 2019 \$'000	Ascott Reit Group 2019 \$'000	Ascott Reit Group 2018 \$'000	Stapled Group 2019 %	Ascott Reit Group 2019 %	Ascott Reit Group 2018 %
Balance brought forward				5,734,447	5,734,447	4,679,295	148.5	174.7	177.0
Investment properties of the Ascott BT Group									
Japan									
Sotetsu Grand Fresa Osaka-Namba (formerly known as Hotel Sunroute Osaka Namba) ⁽⁵⁾	Freehold	Not applicable	Not applicable	246,447	-	-	6.4	-	-
South Korea									
Sotetsu Hotels The Splaisir Seoul Dongdaemun ⁽⁵⁾	Freehold	Not applicable	Not applicable	94,410	-	-	2.4	-	-
Ibis Ambassador Seoul Insadong ⁽⁵⁾	Freehold	Not applicable	Not applicable	95,694	-	-	2.5	-	-
Investment properties and investment property under development in the Statement of Financial Position of the Stapled Group									
Balance carried forward				6,170,998	5,734,447	4,679,295	159.8	174.7	177.0

(5) On 31 December 2019, the Combination with Ascendas Hospitality Trust was completed adding 14 properties to the portfolio, of which five properties are held under the Ascott Reit Group and the other nine properties are held under the Ascott BT Group.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

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Description of Property Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
				Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group
				2019 \$'000	2019 \$'000	2018 \$'000	2019 %	2019 %	2018 %
Balance brought forward				6,170,998	5,734,447	4,679,295	159.8	174.7	177.0
Freehold land and buildings of the Ascott BT Group									
Australia									
Courtyard by Marriott Sydney-North Ryde ⁽⁵⁾	Freehold	Not applicable	Not applicable	46,875	-	-	1.2	-	-
Novotel Sydney Central ⁽⁵⁾	Freehold	Not applicable	Not applicable	145,100	-	-	3.7	-	-
Novotel Sydney Parramatta ⁽⁵⁾	Freehold	Not applicable	Not applicable	31,354	-	-	0.8	-	-
Pullman and Mercure Brisbane King George Square ⁽⁵⁾	Freehold	Not applicable	Not applicable	69,084	-	-	1.8	-	-
Freehold land and buildings of the Ascott BT Group balance carried forward				292,413	-	-	7.5	-	-

(5) On 31 December 2019, the Combination with Ascendas Hospitality Trust was completed adding 14 properties to the portfolio, of which five properties are held under the Ascott Reit Group and the other nine properties are held under the Ascott BT Group.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Description of Property Location	Tenure of Land	Term of Lease	Remaining Term of Lease	At Valuation			Percentage of Securityholders' funds		
				Stapled Group	Ascott Reit Group	Ascott Reit Group	Stapled Group	Ascott Reit Group	Ascott Reit Group
				2019 \$'000	2019 \$'000	2018 \$'000	2019 %	2019 %	2018 %
Freehold land and buildings of the Ascott BT Group balance brought forward									
Australia (continued)									
Pullman and Mercure Melbourne Albert Park ⁽⁵⁾	Freehold	Not applicable	Not applicable	91,008	-	-	-	2.4	-
Pullman Sydney Hyde Park ⁽⁵⁾	Freehold	Not applicable	Not applicable	141,479	-	-	-	3.7	-
Portfolio of freehold land and buildings of the Ascott BT Group									
Total investment properties, investment property under development and freehold land and buildings									
Other assets and liabilities (net)									
Net assets									
Perpetual securities holders									
Non-controlling interests									
Stapled Securityholders' funds									
				524,900	-	-	-	13.6	-
				6,695,898	5,734,447	4,679,295	173.4	174.7	177.0
				(2,353,589)	(1,971,760)	(1,548,386)	(60.9)	(60.1)	(58.6)
				4,342,309	3,762,687	3,130,909	112.5	114.6	118.4
				(396,299)	(396,299)	(397,127)	(10.3)	(12.1)	(15.0)
				(85,457)	(83,479)	(89,731)	(2.2)	(2.5)	(3.4)
				3,860,553	3,282,909	2,644,051	100.0	100.0	100.0

(5) On 31 December 2019, the Combination with Ascendas Hospitality Trust was completed adding 14 properties to the portfolio, of which five properties are held under the Ascott Reit Group and the other nine properties are held under the Ascott BT Group.

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

PORTFOLIO STATEMENTS

As at 31 December 2019

On 31 December 2019, Somerset Grand Central Dalian, Somerset Heping Shenyang, Somerset Olympic Tower Property Tianjin, Citadines Central Shinjuku, Citadines Karasuma-Gojo Kyoto, Citadines Shinjuku Tokyo, Somerset Azabu East Tokyo, Actus Hakata V-Tower, Big Palace Kita 14jo, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Infini Garden, Roppongi Residences Tokyo, S-Residence Fukushima Luxe, S-Residence Hommachi Marks, S-Residence Midoribashi Serio, S-Residence Tanimachi 9 chome, Citadines Mount Sophia Property Singapore, DoubleTree by Hilton Hotel New York – Times Square South, Element New York Times Square West, Sheraton Tribeca New York Hotel, Somerset Chancellor Court Ho Chi Minh City, Somerset Grand Hanoi and Somerset Ho Chi Minh City were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 18).

On 31 December 2018, Citadines Zhuankou Wuhan, Somerset Grand Central Dalian, Somerset Heping Shenyang, Somerset Olympic Tower Property Tianjin, Somerset Xu Hui Shanghai, Citadines Central Shinjuku, Citadines Karasuma-Gojo Kyoto, Citadines Shinjuku Tokyo, Somerset Azabu East Tokyo, Actus Hakata V-Tower, Big Palace Kita 14jo, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Infini Garden, Roppongi Residences Tokyo, S-Residence Fukushima Luxe, S-Residence Hommachi Marks, S-Residence Midoribashi Serio, S-Residence Tanimachi 9 chome, Citadines Mount Sophia Property Singapore, DoubleTree by Hilton Hotel New York – Times Square South, Element New York Times Square West, Sheraton Tribeca New York Hotel, Somerset Chancellor Court Ho Chi Minh City, Somerset Grand Hanoi and Somerset Ho Chi Minh City were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 18).

As at 31 December 2019, the carrying amounts of all the investment properties and investment property under development were based on independent valuations carried out by HVS (except for 14 properties acquired from Ascendas Hospitality Trust in relation with the Combination). The valuation as at 31 December 2019 for properties acquired in relation to the Combination in Australia, Japan, South Korea and Singapore were conducted by Cushman & Wakefield (Valuations) Pty Ltd, JLL Morii Valuation & Advisory K.K., CBRE Korea Co., Ltd. and Cushman & Wakefield VHS Pte Ltd respectively.

In 2018, the carrying amounts of all the investment properties were based on independent valuations carried out by Colliers International as at 31 December 2018.

The Managers believe that the external property valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The Stapled Group's valuations include plant and equipment located in the investment properties. The valuations adopted in the portfolio table above were adjusted for values ascribed to plant and equipment.

The fair values were derived based on the discounted cash flow, capitalisation and residual methods. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate, capitalisation rate and gross development costs.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2019

	Ascott Reit Group	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019	Stapled Group ⁽¹⁾	Ascott Reit Group
	2019 \$'000	2019 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities				
Total return/(loss) for the year/period before income tax	352,915	(91,901)	261,014	195,382
Adjustments for:				
Depreciation of property, plant and equipment	12,498	–	12,498	12,744
Operating lease expense recognised on a straight-line basis	–	–	–	3,104
Finance costs	51,817	–	51,817	47,116
Finance income	(2,080)	–	(2,080)	(1,194)
Foreign exchange loss – unrealised	4,182	–	4,182	8,988
Loss on disposal of property, plant and equipment	18	–	18	134
Managers' management fees paid/payable in Units/Stapled Securities	17,060	4	17,064	17,505
Net change in fair value of investment properties, investment property under development and assets held for sale	(250,221)	–	(250,221)	(35,499)
Net change in fair value of financial derivatives	926	–	926	–
Profit from divestments	(1,019)	–	(1,019)	(3,211)
Assets written off	4,040	–	4,040	364
Transaction costs relating to the Combination	7,081	12,620	19,701	–
Impairment of goodwill	60,866	79,233	140,099	–
Impairment loss/write-off of trade and other receivables	159	–	159	43
Share of results of associate (net of tax)	7	–	7	21
Operating income before working capital changes	258,249	(44)	258,205	245,497
Changes in working capital:				
– Inventories	(44)	–	(44)	(118)
– Trade and other receivables	(34,273)	–	26,614	(2,231)
– Trade and other payables	(6,683)	35,001	(32,569)	3,272
Cash generated from operations	217,249	34,957	252,206	246,420
Income tax paid	(23,211)	–	(23,211)	(19,753)
Net cash generated from operating activities	194,038	34,957	228,995	226,667
Balance carried forward	194,038	34,957	228,995	226,667

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. The Statements of Cash Flows comprise movements for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2019

		Ascott Reit Group	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019	Stapled Group ⁽¹⁾	Ascott Reit Group
	Note	2019 \$'000	2019 \$'000	2019 \$'000	2018 \$'000
Balance brought forward		194,038	34,957	228,995	226,667
Cash flows from investing activities					
Acquisition of investment properties	4	(58,106)	–	(58,106)	–
Acquisition of investment property under development		–	–	–	(65,045)
Acquisition of subsidiaries, net of cash acquired	40	(6,668)	(8,839)	(15,507)	–
Capital expenditure on investment properties and assets held for sale		(13,585)	–	(13,585)	(13,334)
Capital expenditure on investment property under development		(8,286)	–	(8,286)	–
Deposits received from divestment of subsidiaries/investment property	19	3,878	–	3,878	5,000
Disposal of subsidiaries, net of cash disposed of	34	13,649	–	13,649	–
Proceeds from disposal of assets held for sale	16,34	348,333	–	348,333	90,175
Payment of transaction costs for disposal of assets held for sale		(2,756)	–	(2,756)	(4,670)
Payment of transaction costs relating to the Combination		(1,292)	–	(1,292)	–
Interest received		2,080	–	2,080	1,194
Proceeds from sale of property, plant and equipment		41	–	41	255
Purchase of property, plant and equipment		(9,786)	–	(9,786)	(14,247)
Net cash from/(used in) used in investing activities		267,502	(8,839)	258,663	(672)
Balance carried forward		461,540	26,118	487,658	225,995

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. The Statements of Cash Flows comprise movements for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2019

	Ascott Reit Group	Ascott BT Group Period from 9 September 2019 (date of constitution) to 31 December 2019	Stapled Group ⁽¹⁾	Ascott Reit Group
	2019 \$'000	2019 \$'000	2019 \$'000	2018 \$'000
Balance brought forward	461,540	26,118	487,658	225,995
Cash flows from financing activities				
Distributions to Stapled Securityholders	(160,464)	–	(160,464)	(149,116)
Distributions to perpetual securities holders	(19,200)	–	(19,200)	(19,200)
Dividends paid to non-controlling interests	(3,085)	–	(3,085)	(3,464)
Interest paid	(48,928)	–	(48,928)	(43,413)
Proceeds from borrowings and issue of medium term notes	547,444	–	547,444	472,719
Repayment of borrowings and medium term notes	(745,138)	–	(745,138)	(507,721)
Payment of transaction costs on borrowings	(2,056)	–	(2,056)	(500)
Proceeds from issuance of perpetual securities	150,000	–	150,000	–
Payment of lease liabilities	(7,518)	–	(7,518)	(2,931)
Redemption of perpetual securities	(150,000)	–	(150,000)	–
Payment of transaction costs on issuance of perpetual securities	(1,169)	–	(1,169)	–
Change in restricted cash deposits for bank facilities	337	–	337	(239)
Net cash used in financing activities	(439,777)	–	(439,777)	(253,865)
Net increase/(decrease) in cash and cash equivalents	21,763	26,118	47,881	(27,870)
Cash and cash equivalents at 1 January/9 September 2019 (date of constitution)	225,516	–	225,516	255,253
Effect of exchange rate changes on balances held in foreign currency	(716)	–	(716)	(1,867)
Cash and cash equivalents reclassified to assets held for sale	(2,673)	–	(2,673)	–
Cash and cash equivalents at 31 December	243,890	26,118	270,008	225,516

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. The Statements of Cash Flows comprise movements for the Ascott Reit Group from 1 January 2019 to 31 December 2019 and the Ascott BT Group from 9 September 2019 (date of constitution) to 31 December 2019.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2019

Significant non-cash transactions

Ascott Reit Group and the Stapled Group

During the year, the Ascott Reit Group and the Stapled Group have the following significant non-cash transactions:

- A total of 13,133,752 (2018: 15,352,904) Stapled Securities were issued or will be issued as payment of the Ascott Reit Manager's management fees amounting to \$17,060,000 (2018: \$17,505,000) in respect of the year ended 31 December 2019.
- The Ascott Reit Group and the Stapled Group incurred capital expenditure on investment property under development of \$9,293,000 of which \$1,497,000 (2018: \$490,000) was included in trade and other payables.
- The Ascott Reit Group and the Stapled Group acquired property, plant and equipment with an aggregate cost of \$9,510,000 (2018: \$14,276,000), of which \$47,000 (2018: \$323,000) was included in trade and other payables.

Ascott BT Group

A total of 3,156 (2018: Nil) Stapled Securities will be issued as payment of the Ascott BT Trustee-Manager's management fees amounting to \$4,000 (2018: Nil) in respect of the period from 9 September 2019 to 31 December 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Ascott Reit Manager, the Ascott BT Trustee-Manager and the Ascott Reit Trustee on 3 March 2020.

1. GENERAL

Ascott Residence Trust is a stapled group comprising Ascott Real Estate Investment Trust ("Ascott Reit") and its subsidiaries (the "Ascott Reit Group") and Ascott Business Trust ("Ascott BT") and its subsidiaries (the "Ascott BT Group") (collectively, the "Stapled Group").

Ascott Reit is a Singapore-domiciled unit trust constituted pursuant to the Ascott Reit trust deed dated 19 January 2006 (as amended) (the "Ascott Reit Trust Deed") between Ascott Residence Trust Management Limited (the "Ascott Reit Manager") and DBS Trustee Limited (the "Ascott Reit Trustee"). The Ascott Reit Trust Deed is governed by the laws of the Republic of Singapore. The Ascott Reit Trustee is under a duty to take into custody and hold the assets of Ascott Reit held by it or through its subsidiaries in trust for the holders of units in Ascott Reit.

Ascott BT is a business trust constituted by a trust deed dated 9 September 2019 (as amended) (the "Ascott BT Trust Deed") and is managed by Ascott Business Trust Management Pte. Ltd. (the "Ascott BT Trustee-Manager").

A stapling deed dated 9 September 2019 was entered into between the Ascott Reit Manager, the Ascott Reit Trustee and the Ascott BT Trustee-Manager (the "Stapling Deed").

On 21 October 2019, the unitholders of Ascott Reit approved the trust scheme of arrangement in relation to the stapling of Ascott Reit to Ascott BT (the "Ascott Reit Scheme"). The Stapling Deed took effect on and from 31 December 2019, the date on which the Ascott Reit Scheme is implemented. On 31 December 2019, the units in each of Ascott Reit and Ascott BT are stapled together and cannot be traded separately. Each stapled security in Ascott Residence Trust (the "Stapled Security") comprises a unit in Ascott Reit (the "Ascott Reit Unit") and a unit in Ascott BT (the "Ascott BT Unit").

The Stapled Group's financial statements comprised financial position of the Stapled Group as at 31 December 2019 and financial performance of Ascott Reit Group for the period from 1 January 2019 to 31 December 2019 and the Ascott BT Group for the period from 9 September 2019 (date of constitution) to 31 December 2019.

The principal activities of the significant subsidiaries of the Stapled Group are those relating to investment in real estate and real estate related assets which are income-producing, and which are used or predominantly used, as serviced residences, hotels, rental housing properties and other hospitality assets in any country in the world.

For financial reporting purposes, with effect from 28 June 2019, the intermediate and ultimate holding companies of the Stapled Group are CapitaLand Limited and Temasek Holdings (Private) Limited. The intermediate and ultimate holding companies are incorporated in the Republic of Singapore. Prior to 28 June 2019, the ultimate holding company of the Ascott Reit Group was CapitaLand Limited.

The consolidated financial statements of the Ascott Reit Group relate to Ascott Reit, its subsidiaries and its interest in its associates. The consolidated financial statements of the Ascott BT Group relate to Ascott BT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the Ascott Reit Group and the Ascott BT Group.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.1 The Combination of Ascott Reit and Ascendas Hospitality Trust

On 3 July 2019, the Ascott Reit Manager, Ascendas Hospitality Fund Management Pte. Ltd., as manager of Ascendas Hospitality Real Estate Investment Trust ("A-HREIT"), and Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust ("A-HBT"), jointly announced the proposed combination of Ascott Reit and Ascendas Hospitality Trust ("A-HTRUST") by way of a trust scheme of arrangement (the "Combination"). A-HTRUST comprised A-HREIT and A-HBT.

On 31 December 2019, the Combination was effected through the acquisition of all the issued and paid-up stapled units in A-HTRUST (the "A-HTRUST Stapled Securities") by way of a trust scheme of arrangement for a consideration of \$1.0868 for each A-HTRUST Stapled Security (the "A-HTRUST Scheme Consideration").

The A-HTRUST Scheme Consideration of \$1.0868 for each A-HTRUST Stapled Security comprises \$0.0543 in cash and 0.7942 units in a stapled Ascott Reit and Ascott BT issued at a price of \$1.30 each.

Following the completion of the Combination:

- the Ascott Reit previously known as Ascott Residence Trust is renamed as Ascott Real Estate Investment Trust.
- Ascott Reit acquired A-HREIT and Ascott BT acquired A-HBT so as to retain business trust structure following the combination.
- A-HTRUST was delisted from the official List of SGX-ST on 3 January 2020.
- A-HREIT ceased to exist as a real estate investment trust under the Securities and Futures Act and an authorised collective investment scheme.
- A-HBT ceased to be a registered business trust under the Business Trusts Act.

Ascott BT's first set of financial statements cover the period from 9 September 2019 (date of constitution) to 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements

Several service agreements are in place in relation to the management of Ascott Reit and Ascott BT and their property operations. The fee structures of these services are as follows:

(i) Ascott Reit Trustee's fees

Pursuant to Clause 16.2 of the Ascott Reit Trust Deed, the Ascott Reit Trustee's fee shall not exceed 0.1% per annum of the value of the assets of the Ascott Reit Group (the "Ascott Reit Deposited Property"), subject to a minimum of \$10,000 per month, excluding out-of-pocket expenses and goods and services tax which is borne by Ascott Reit. The Ascott Reit Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Ascott Reit Trust Deed. The Ascott Reit Trustee's fees are payable monthly in arrears.

(ii) Ascott Reit Manager's fees

Management fees

The Ascott Reit Manager is entitled under Clauses 15.1.1 and 15.1.2 of the Ascott Reit Trust Deed to the following management fees:

- (a) a base fee of 0.3% per annum of the property values; and
- (b) an annual performance fee of:
 - base performance fee of 4.0% per annum of the Ascott Reit Group's share of gross profit for each financial year; and
 - in the event that the Ascott Reit Group's share of gross profit increases by more than 6.0% annually, an outperformance fee of 1.0% of the difference between the Ascott Reit Group's share of that financial year's gross profit and 106% of the Ascott Reit Group's share of the preceding year's gross profit.

The base management fees payable in cash and in the form of Stapled Securities shall be payable quarterly in arrears. Performance fees shall be payable once a year, after the end of the financial year.

When management fees are payable in Stapled Securities, the Ascott Reit Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the management fees at the market price (as defined in the Ascott Reit Trust Deed).

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements (continued)

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

Acquisition fee

Pursuant to Clause 15.2.1 of the Ascott Reit Trust Deed, the Ascott Reit Manager is entitled to receive the following acquisition fees:

- (a) an acquisition fee of 1.0% of the enterprise value ("Enterprise Value") of any real estate or real estate related asset acquired directly or indirectly by Ascott Reit, prorated if applicable to the proportion of Ascott Reit's interest; and
- (b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Ascott Reit Deposited Property, provided that the Ascott Reit Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

Where assets acquired by Ascott Reit are shares in a company whose primary purpose is to hold/ own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by Ascott Reit and where the asset acquired by the Ascott Reit is a property, Enterprise Value shall mean the value of the property.

The Ascott Reit Manager may opt to receive such acquisition fee in the form of cash or Stapled Securities or a combination of cash and Stapled Securities as it may determine.

In the event that the Ascott Reit Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities to be issued by Ascott Reit at the market price.

Divestment fee

The Ascott Reit Manager is entitled under Clause 15.2.1 of the Ascott Reit Trust Deed to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by Ascott Reit, prorated if applicable to the proportion of Ascott Reit's interest.

The divestment fee is payable to the Ascott Reit Manager in the form of cash. In the event that the Ascott Reit Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Stapled Securities to be issued by Ascott Reit at the market price.

(iii) Ascott BT Trustee-Manager's fees

Trustee fee

Pursuant to Clause 14.4.2 of the Ascott BT Trust Deed, the Ascott BT Trustee-Manager's fee shall not exceed 0.015% per annum of the value of the assets of the Ascott BT Group (the "Ascott BT Deposited Property"), subject to a minimum of \$13,500 per month, excluding out-of-pocket expenses and goods and services tax which is borne by Ascott BT. The Ascott BT Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the Ascott BT Trust Deed. The Ascott BT Trustee-Manager's fees are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (continued)

1.2 Service agreements (continued)

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

Management fees

The Ascott BT Trustee-Manager is entitled under Clauses 14.1.1 and 14.1.2 of the Ascott BT Trust Deed to the following management fees:

- (a) a base fee of 0.3% per annum of the property values; and
- (b) an annual performance fee of:
 - base performance fee of 4.0% per annum of the Ascott BT Group's share of gross profit for each financial year; and
 - in the event that the Ascott BT Group's share of gross profit increases by more than 6.0% annually, an outperformance fee of 1.0% of the difference between the Ascott BT Group's share of that financial year's gross profit and 106% of the Ascott BT Group's share of the preceding year's gross profit.

The base management fees and performance fees payable in cash and in the form of Stapled Securities shall be payable quarterly in arrears.

When management fees are payable in Stapled Securities, the Ascott BT Trustee-Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the management fees at the market price (as defined in the Ascott BT Trust Deed).

Acquisition fee

Pursuant to Clause 14.2.1 of the Ascott BT Trust Deed, the Ascott BT Trustee-Manager is entitled to receive the following acquisition fees:

- (c) an acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by Ascott BT, prorated if applicable to the proportion of Ascott BT's interest; and
- (d) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Ascott BT Deposited Property, provided that the Ascott BT Trustee-Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

Where assets acquired by Ascott BT are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by Ascott BT and where the asset acquired by Ascott BT is a property, Enterprise Value shall mean the value of the property.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (continued)

1.2 Service agreements (continued)

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

Acquisition fee (continued)

The Ascott BT Trustee-Manager may opt to receive such acquisition fee in the form of cash or Stapled Securities or a combination of cash and Stapled Securities as it may determine.

In the event that the Ascott BT Trustee-Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities to be issued by Ascott BT at the market price.

Divestment fee

The Ascott BT Trustee-Manager is entitled under Clause 14.2.1 of the Ascott BT Trust Deed to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by Ascott BT, prorated if applicable to the proportion of the Ascott BT's interest.

The divestment fee is payable to the Ascott BT Trustee-Manager in the form of cash. In the event that the Ascott BT Trustee-Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Stapled Securities to be issued by Ascott BT at the market price.

(iv) Fees under serviced residence management agreements

The serviced residence management fee for each property is agreed between the Stapled Group and the relevant serviced residence management company as follows:

- (a) each property (with the exception of properties located in Belgium, Spain and United Kingdom) is charged:
 - basic management fees of between 2.0% and 3.0% per annum of the total revenue of each property; and
 - incentive management fees of up to 11.0% per annum of gross operating profit of each property; and
- (b) each property located in Belgium, Spain and United Kingdom is charged:
 - basic management fees of 3.0% per annum of the total revenue and up to 13.0% per annum of net operating profit ("NOP") of each property; and
 - incentive management fees of 50% of any excess NOP achieved above the NOP hurdle of certain properties.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Ascott Reit Group and the Stapled Group have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Ascott Reit Trust Deed and the Stapling Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRSs").

The financial statements of the Ascott BT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), the applicable requirements of the Business Trusts Act, Chapter 31A of Singapore and the provisions of the Ascott BT Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore Dollars, which is the functional currency of Ascott Reit and Ascott BT. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3.3 and 4 – classification of investment properties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4, 6 and 8 – determination of fair value of investment properties, freehold land and buildings, and investment property under development
- Note 3.1, 7 and 40 – acquisition of subsidiaries and non-controlling interests (determination of fair value of assets acquired and liabilities assumed and impairment of goodwill in business combinations)

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

A number of the Stapled Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have an established control framework with respect to the measurement of fair values. Significant fair value measurements, including Level 3 fair values, will be reported directly to the Chief Executive Officer ("CEO") of the Managers.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as valuation of investment property by external property valuers, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRSs/SFRS(I)s, including the level in the fair value hierarchy in which such valuations should be classified.

The valuation of significant assets and their financial impact are discussed by the Audit Committee and Board of Directors of the Managers.

When measuring the fair value of an asset or a liability, the Ascott Reit Group, the Ascott BT Group and the Stapled Group use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Ascott Reit Group, the Ascott BT Group and the Stapled Group recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have applied the following FRSs or SFRS(I)s, amendments to and interpretations of FRSs/SFRS(I)s for the first time for the annual period beginning on 1 January 2019:

Applicable to 2019 financial statements

- FRS 116/SFRS(I) 16 *Leases*
- INT FRS 123/SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28/SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109/SFRS(I) 9)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12/SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23/SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19/SFRS(I) 1-19)
- Amendments to FRS 109/SFRS(I) 9, FRS 39/SFRS(I) 1-39 and FRS 107/SFRS(I) 7 *Interest Rate Benchmark Reform*

Other than FRS 116/SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

FRS 116/SFRS(I) 16

The Ascott Reit Group, the Ascott BT Group and the Stapled Group applied FRS 116/SFRS (I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17/SFRS(I) 1-17 and related interpretations with no restatement of comparative information. Additionally, the disclosure requirements in FRS 116/SFRS(I) 16 have not generally been applied to comparative information.

On transition to FRS 116/SFRS(I) 16, the Ascott Reit Group, the Ascott BT Group and the Stapled Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under FRS 17/SFRS(I) 1-17 and INT FRS 104/SFRS(I) INT 4 were not reassessed for whether there is a lease under FRS 116/SFRS(I) 16. Therefore, the definition of a lease under FRS 116/SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Stapled Group does not expect the adoption of FRS 116/SFRS(I) 16 to impact their ability to comply with the aggregate leverage limit described in Note 22.

i. As a lessee

The Ascott Reit Group, the Ascott BT Group and the Stapled Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Ascott Reit Group, the Ascott BT Group and the Stapled Group. Under FRS 116/SFRS(I) 16, the Ascott Reit Group, the Ascott BT Group and the Stapled Group recognise right-of-use (“ROU”) assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies (continued)

FRS 116/SFRS(I) 16 (continued)

i. As a lessee (continued)

At commencement or on modification of a contract that contains a lease component, the Ascott Reit Group, the Ascott BT Group and the Stapled Group allocate the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, the Ascott Reit Group, the Ascott BT Group and the Stapled Group have elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under FRS 17/SFRS(I) 1-17

Previously, the Ascott Reit Group, the Ascott BT Group and the Stapled Group classified property leases as operating leases under FRS 17/SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use ("ROU") assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Ascott Reit Group, the Ascott BT Group and the Stapled Group applied this approach to all leases.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have tested its ROU assets for impairment on the date of transition and have concluded that there is no indication that the ROU assets are impaired.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group used a number of practical expedients when applying FRS 116/SFRS(I) 16 to leases previously classified as operating leases under FRS 17/SFRS(I) 1-17. In particular, the Ascott Reit Group, the Ascott BT Group and the Stapled Group:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise ROU assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the ROU asset at the date of initial application; and
- used hindsight when determining the lease term.

ii. As a lessor

The Ascott Reit Group, the Ascott BT Group and the Stapled Group lease out its investment properties, including own property and ROU assets. The Ascott Reit Group, the Ascott BT Group and the Stapled Group have classified these leases as operating leases.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group are not required to make any adjustments on transition to FRS 116/SFRS(I) 16 for leases in which it acts as a lessor.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies (continued)

FRS 116/SFRS(I) 16 (continued)

ii. As a lessor (continued)

The impact on the Ascott Reit Group's financial statements arising from the adoption of FRS 116/SFRS(I) 16 is as follows:

	Ascott Reit Group \$'000
Statement of Financial Position as at 1 January 2019	
Increase in investment properties – ROU assets	301,083
Increase in lease liabilities	(301,083)
Decrease in trade and other payables	9,802
Increase in net assets	<u>9,802</u>
 Increase in Stapled Securityholders' Funds	 <u>9,802</u>

When measuring lease liabilities for leases that were classified as operating leases, the Ascott Reit Group discounted lease payments using the applicable incremental borrowing rates as at 1 January 2019. An explanation of the differences between the operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	Ascott Reit Group \$'000
Operating lease commitments disclosed as at 31 December 2018	550,087
Discounted using the incremental borrowing rate at 1 January 2019	(142,440)
Adjustments relating to different treatment of incremental rent rate	(106,564)
Lease liabilities recognised as at 1 January 2019	<u>301,083</u>

Early adoption of Amendments to FRS109/SFRS(I) 9, FRS39/SFRS(I) 1-39 and FRS107/ SFRS(I) 7 Interest Rate Benchmark Reform

The Stapled Group has early adopted amendments to FRS109/SFRS(I) 9, FRS39/SFRS(I) 1-39 and FRS107/SFRS(I) on 1 January 2019. The Stapled Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in other comprehensive income or stapled securityholders' funds (as the case may be) that existed on 1 January 2019. The adoption of amendments to FRS109/SFRS(I) 9, FRS39/SFRS(I) 1-39 and FRS107/SFRS(I) 7 did not have a material impact on the financial statements.

The details of the accounting policies are disclosed in Note 3.6 for related disclosures about the risks and hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Ascott Reit Group, the Ascott BT Group and the Stapled Group consistently to all periods presented in these financial statements, except as explained in note 2.5 which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(ii) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Stapled Group.

The Stapled Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in Statement of Total Return. NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS/SFRS(I). If the business combination is achieved in stages, the Stapled Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Stapled Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(iii) Property acquisition and business combination

Where a property is acquired, via corporate acquisitions or otherwise, the Managers consider whether the acquisition represents an acquisition of a business or an acquisition of an asset. The Stapled Group accounts for an acquisition as business combination when an integrated set of activities is acquired, in addition to the property.

In determining whether an integrated set of activities is acquired, the Managers consider whether significant processes are acquired (e.g. strategic management and serviced residence operations, etc.). Where significant processes are acquired, the acquisition is considered an acquisition of business.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(iv) Subsidiaries

Subsidiaries are entities controlled by the Ascott Reit Group or the Ascott BT Group. The Ascott Reit Group and the Ascott BT Group control an entity when they are exposed to, or have rights to, variable returns from their involvement with the entity and have the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Ascott Reit Group, the Ascott BT Group and the Stapled Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the interests of the Ascott Reit Group or the Ascott BT Group in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the Statement of Total Return. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control of a subsidiary, the Ascott Reit Group and the Ascott BT Group derecognise the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the Statement of Total Return. If the Ascott Reit Group and the Ascott BT Group retain any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Associates

Associates are those entities in which the Ascott Reit Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Ascott Reit Group holds 20% or more of the voting power of another entity.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(v) Associates (continued)

Associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Ascott Reit Group's share of the income, expenses and equity movements of the associates, after adjustments to align the accounting policies of the associates with those of the Ascott Reit Group, from the date that significant influence commences until the date that significant influence ceases.

When the Ascott Reit Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Ascott Reit Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7. An impairment loss is recognised in the Statement of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the Ascott Reit Group, the Ascott BT Group and the Stapled Group. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Ascott Reit Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Ascott Reit Group, the Ascott BT Group, and the Stapled Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognised in the Statement of Total Return, except for differences arising from the translation of monetary items that in substance form part of the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's net investment in a foreign operation, financial liabilities designated as hedges of net investment in a foreign operation (see Note 3.6 (vi)) or qualifying cash flow hedges, to the extent such hedges are effective, which are recognised in Stapled Securityholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments, arising on acquisitions are translated to Singapore Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income ("OCI") or Stapled Securityholders' funds, and presented in the foreign currency translation reserve. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to total return as part of the profit or loss on disposal. When the disposal is only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Ascott Reit Group, the Ascott BT Group and the Stapled Group dispose of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to total return.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in Stapled Securityholders' funds and are presented in the foreign currency translation reserve.

3.3 Investment properties and investment properties under development

Investment properties comprise serviced residences, hotels, rental housing properties and other hospitality assets which are held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Stapled Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the total return. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Fair value is determined in accordance with the Ascott Reit Trust Deed and the Ascott BT Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- at least once in each period of 12 months following the acquisition of each parcel of real estate property; and
- for acquisition and disposal of real estate property as required by the CIS Code issued by MAS.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investment properties and investment properties under development (continued)

Any increase or decrease on revaluation is credited or charged to the Statement of Total Return as a net change in fair value of the investment properties.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between the net disposal proceed and the carrying amount of the property.

Properties are classified either as investment properties or property, plant and equipment in the Statement of Financial Position. In assessing whether a property is classified as an investment property or property, plant and equipment, the Stapled Group takes into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

3.4 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the Stapled Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Subsequent to recognition, freehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on the revaluation is recognised in other comprehensive income ("OCI") or stapled securityholders' funds (as the case may be), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Total Return, in which case the credit to that extent is recognised in the Statement of Total Return. Any deficit on revaluation is recognised in the Statement of Total Return except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI or stapled securityholders' funds (as the case may be).

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Property, plant and equipment (continued)

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Stapled Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in the Statement of Total Return on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Buildings	- 26 to 31 years
Plant and machinery	- 2 to 15 years
Renovation	- 8 to 12 years
Motor vehicles	- 5 to 8 years
Office equipment, computers and furniture	- 2 to 10 years

Freehold land and assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready to use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

3.5 Intangible assets

Goodwill

For business combinations, the Stapled Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the total return. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment as described in Note 3.7

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments

(i) Non-derivative financial assets

Classification and measurement

The Stapled Group classify their financial assets as financial assets at amortised cost and fair value through profit or loss ("FVTPL").

The classification depends on the Stapled Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Stapled Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

A financial asset is recognised if the Stapled Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Stapled Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Total Return.

At subsequent measurement

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets at FVTPL

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost are classified as FVTPL. Movement in fair values and interest income is recognised in the Statement of Total Return in the period in which it arises and presented in "other income".

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the Statement of Cash Flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Stapled Group's cash management are included as a component of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(iii) Non-derivative financial liabilities

The Stapled Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date, which is the date that the Stapled Group becomes a party to the contractual provisions of the instrument.

The Stapled Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprised loans and borrowings, and trade and other payables (excluding advance rental and liability for employee benefits).

(iv) Derecognition

Financial assets are derecognised if the Stapled Group's contractual rights to the cash flows from the financial assets expire or if the Stapled Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Stapled Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Stapled Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Derivative financial instruments and hedge accounting

The Stapled Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through total return. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Stapled Group designates each hedge as either: (a) cash flow hedge; or (b) net investment hedge.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

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

On initial designation of the derivative as the hedging instrument, the Stapled Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Stapled Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

The Stapled Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Stapled Securityholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised in the hedging reserve is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Stapled Securityholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Statement of Total Return in the same period or periods as the hedged expected future cash flows affect total return.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

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

Net investment hedge

The Stapled Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in the foreign currency translation reserve in Stapled Securityholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the Statement of Total Return. The amount recognised in the foreign currency translation reserve is reclassified to the Statement of Total Return on disposal of the foreign operation.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the Statement of Total Return.

Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offer rates (IBOR) reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group early adopted the principles of the amendments to FRS 109/SFRS(I) 9, FRS 39/SFRS(I) 1-39 and FRS107/SFRS(I) 7 issued in December 2019 in relation to the project on interest rate benchmark reform ("the amendments").

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Ascott Reit Group, the Ascott BT Group and the Stapled Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Ascott Reit Group, the Ascott BT Group and the Stapled Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

(vii) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Stapled Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the Statement of Total Return.

(viii) Stapled Securityholders' funds

Stapled Securityholders' funds represent the Stapled Securityholders' residual interest in the net assets of the Ascott Reit Group, the Ascott BT Group and the Stapled Group upon termination and is classified as equity. Incremental costs directly attributable to the issue of Stapled Securities are recognised as a deduction from Stapled Securityholders' funds.

(ix) Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of Ascott Reit. As Ascott Reit does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as Stapled Securityholders' funds.

Any distributions made are directly debited from Stapled Securityholders' funds. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.7 Impairment

(i) Financial assets

The Stapled Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost and financial guarantee contracts. For trade receivables, the Stapled Group applies the simplified approach permitted by FRS 109/ SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Stapled Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Stapled Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

(i) Financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Stapled Group on terms that the Stapled Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

(ii) Non-financial assets

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, investment properties under development, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the Statement of Total Return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of the assets in the CGU on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Inventories

Inventories comprise principally food and beverage and other serviced residence, hotels and rental property related consumable stocks. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

3.9 Assets and liabilities held for sale

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with applicable FRSs/SFRS(I)s. Thereafter, except for investment properties and freehold land and buildings, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

3.10 Employee benefits

(i) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the Statement of Total Return in the period during which the related services are rendered by employees.

(ii) Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans if the Stapled Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Stapled Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases

Policy applicable from 1 January 2019

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Stapled Group recognises a right-of-use assets and a lease liability at the lease commitment date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Stapled Group by the end of the lease term or the cost of the right-of-use assets reflects that the Stapled Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Short-term leases and leases of low-value assets

The Stapled Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

To classify each lease, the Stapled Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Stapled Group leases out its investment property, including own property and right-of-use assets. The Stapled Group has classified these leases as operating leases.

The Stapled Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of 'gross revenue'.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

Policy applicable before 1 January 2019

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of an operating lease

Where the Ascott Reit Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease payments made. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

When entities within the Ascott Reit Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties (Note 3.3).

3.13 Revenue

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Hospitality income

Hospitality income from serviced residence operations is recognised on an accrual basis, upon rendering of the relevant services. Hospitality income includes fees from usage of the business centres and laundry facilities, recoveries from guests for utilities and telephone charges, income earned from the sales of food and beverages, recoveries of shortfall of net operating profit or earnings before net interest expenses, tax, depreciation and amortisation, service and maintenance fees, recoveries of property taxes and maintenance costs from tenants and fees for managing public areas as well as other miscellaneous income.

(iii) Car park income

For car parks which are leased to an external operator, car park income is recognised on a straight-line basis over the term of the lease. For other car parks, car park income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Expenses

(i) Direct expenses

Direct expenses consist of serviced residence management fees, property taxes, staff costs and other property outgoings where such expenses are the responsibility of the Stapled Group.

(ii) Trustee's fees

The Ascott Reit Trustee's fee and Ascott BT Trustee-Manager's trustee fee are recognised on an accrual basis using the applicable formula as stipulated in Note 1.2(i) and Note 1.2(iii) respectively.

(iii) Ascott Reit Manager's management fees

Ascott Reit Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2(ii).

(iv) Ascott BT Trustee-Manager's management fees

Ascott BT Trustee-Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2(iii).

(v) Serviced residence management fees

The serviced residence management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2(iv).

3.15 Finance income and finance costs

Finance income comprises interest income and is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, and amortisation of loans and borrowings related costs. Finance costs are recognised in the Statement of Total Return using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Total Return except to the extent that it relates to a business combination, or items recognised directly in Stapled Securityholders' funds.

The Stapled Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37/SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Stapled Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Income tax (continued)

In determining the amount of current and deferred tax, the Stapled Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of Ascott Reit. Subject to compliance with the terms and conditions of the tax ruling, Ascott Reit is not subject to tax on the taxable income of Ascott Reit. Instead, the distributions made by Ascott Reit out of such taxable income are distributed free of tax deducted at source to individual Stapled Securityholders and qualifying Stapled Securityholders. Qualifying Stapled Securityholders are companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from Ascott Reit, and bodies of persons registered or constituted in Singapore. This treatment is known as the tax transparency treatment.

The Ascott Reit Trustee will deduct tax at the reduced rate of 10% from distributions made out of Ascott Reit's taxable income that is not taxed at Ascott Reit's level to beneficial Stapled Securityholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and does not have a permanent establishment in Singapore. Where the non-individual investor carries on any operation in Singapore through a permanent establishment in Singapore, the funds used by that person to acquire the Units cannot be obtained from that operation to qualify for the reduced tax rate.

For other types of Stapled Securityholders, the Ascott Reit Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by Ascott Reit. Such Stapled Securityholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Ascott Reit Trustee.

Ascott Reit will distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains, and net overseas income.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation, derived by Ascott Reit from its properties located outside Singapore.

Distributions for the Stapled Group are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the Ascott Reit Trust Deed and the Ascott BT Trust Deed, the Ascott Reit Manager and the Ascott BT Trustee-Manager are required to pay distributions declared within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Earnings per Stapled Security/Unit

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted average number of Stapled Securities outstanding, adjusted for the effects of all dilutive potential Stapled Securities.

3.18 Segment reporting

An operating segment is a component of the Ascott Reit Group, the Ascott BT Group and the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Stapled Group's other components. All operating segments' operating results are reviewed regularly by the Ascott Reit Manager's and the Ascott BT Trustee-Manager's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance costs, trust expenses and income tax expense.

Segment capital expenditure is the total costs incurred on investment properties, investment properties under development and property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
At 1 January	4,679,295	–	4,679,295	4,908,400
Recognition of right-of-use asset on adoption of FRS 116	301,083	–	301,083	–
Adjusted balance at 1 January	4,980,378	–	4,980,378	4,908,400
Acquisition of investment properties	58,106	–	58,106	–
Acquisition through business combination (Note 40)	794,125	552,265	1,230,676	–
Capital expenditure	13,526	–	13,526	13,334
Disposal of subsidiaries (Note 34)	(13,618)	–	(13,618)	–
Net change in fair value of investment properties	52,584	–	52,584	35,499
Disposal of assets	–	–	–	(1,912)
Assets written off	(4,040)	–	(4,040)	(364)
Transfer to assets and liabilities held for sale (Note 16)	(185,245)	–	(185,245)	(213,334)
Transfer (to)/from property, plant and equipment (Note 6)	(768)	–	(768)	197
Translation difference	(35,461)	–	(35,461)	(62,525)
At 31 December	5,659,587	552,265	6,096,138	4,679,295

Certain investment properties of the Stapled Group with an aggregate carrying value of \$1,830,678,000 (2018: \$1,954,579,000) are pledged as securities to banks for banking facilities granted to certain subsidiaries (see Note 18).

The Stapled Group assessed the classification of its investment properties as investment properties or property, plant and equipment based on its business model, taking into consideration the quantum of other income derived from ancillary services rendered relative to total revenue and employment of external property managers to operate the investment properties, amongst other factors.

As at 31 December 2018, the Ascott Reit Group held interest in four investment properties in France under finance lease arrangements. Under each of these finance lease arrangements, the Ascott Reit Group may acquire legal title to the relevant property by exercising its option to purchase the property (a) prior to the expiry of the finance lease by, among others, providing six months' notice to the finance company and making prepayment for the outstanding rentals due to the finance company, or (b) at the expiry of the finance lease by making a nominal payment of \$1 to the finance company. Upon the exercise of the option by serving the six months' notice, the legal title will, in accordance with the finance lease arrangements, be delivered to the Ascott Reit Group. At 31 December 2018, the carrying value of these investment properties was \$70,415,000. During the year, the finance leases had expired and the Ascott Reit Group had acquired legal title to these properties.

During the year, the Ascott Reit Group carried out asset enhancement initiatives on certain investment properties. As a result of such asset enhancement initiatives, assets no longer in use amounting to \$4,040,000 (2018: \$364,000) were written off.

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (continued)

The investment properties of the Ascott BT Group included a right-of-use asset relating to the operating lease for Sotetsu Grand Fresa Tokyo-Bay Ariake ("Ariake Hotel") on adoption of FRS 116/SFRS(I) 16. Ascendas Ariake Godo Kaisha ("AAGK"), a subsidiary of Ascott BT, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kaisha, a subsidiary of Ascott Reit. FRS 116/SFRS(I) 16 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Stapled Group as the intra-group transaction will be eliminated upon consolidation.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties is determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair value measurement for the investment properties have been categorised as level 3 fair values based on inputs to the valuation techniques used. The following table reconciles the net carrying value of the investment properties to the market value.

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000
Market value of investment properties	5,367,561	436,551	5,804,112
Add: Carrying amount of lease liabilities	292,026	115,714	292,026
Carrying value of investment properties	5,659,587	552,265	6,096,138

Level 3 fair values

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

Valuation technique

The Stapled Group's investment property portfolio is valued by external property valuers every six months. External valuations are also carried out on occurrence of acquisitions. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have considered the discounted cash flow and capitalisation methods (2018: discounted cash flow method) in arriving at the open market value as at the reporting date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated discount rate, terminal capitalisation rate and capitalisation rate.

The valuation of the Stapled Group's investment property portfolio is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (continued)

Significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Discounted cash flow:</i> The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.</p>	<p>Stapled Group</p> <ul style="list-style-type: none"> Discount rate: <ul style="list-style-type: none"> South East Asia and Australia: 4.18% - 10.73% (2018: 5.00% - 11.60%) North Asia: 3.80% - 8.33% (2018: 3.80% - 7.10%) Europe and United States of America: 5.59% - 8.48% (2018: 5.00% - 8.75%) Terminal capitalisation rate: <ul style="list-style-type: none"> South East Asia and Australia: 3.50% - 7.75% (2018: 3.90% - 8.80%) North Asia: 4.00% - 6.00% (2018: 4.30% - 6.10%) Europe and United States of America: 4.75% - 7.50% (2018: 4.00% - 8.50%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the discount rate were lower (higher); or the terminal capitalisation rate were lower (higher).
<p><i>Capitalisation method:</i> The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate.</p>	<p>Stapled Group</p> <ul style="list-style-type: none"> Capitalisation rate: <ul style="list-style-type: none"> Singapore: 4.10% (2018: not applicable) North Asia: 4.00% - 4.50% (2018: not applicable) 	<p>The estimated fair value would increase (decrease) if the capitalisation rate were lower (higher).</p>

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (continued)

Sensitivity analysis for key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the Stapled Group's investment properties are discount rate, terminal capitalisation rate and capitalisation rate. Significant decreases in the discount rate, terminal capitalisation rate and capitalisation rate in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

5 OTHER NON-CURRENT ASSETS

As at 31 December 2018, other non-current assets comprise cost of acquisition of 60-year leasehold land for the development of lyf one-north Singapore, capitalised costs relating to the site and interest incurred on the acquisition of leasehold land.

The site was handed over to the Ascott Reit Group in January 2019. Accordingly, the costs have been reclassified from "other non-current assets" to "investment property under development" in 2019.

6 PROPERTY, PLANT AND EQUIPMENT

Ascott Reit Group	Renovation \$'000	Motor vehicles \$'000	Office equipment, computers and furniture \$'000	Assets under construction \$'000	Total \$'000
Cost					
At 1 January 2018	10,813	317	100,445	600	112,175
Additions	1,973	159	11,716	428	14,276
Disposals/written off	(3)	(12)	(2,320)	(191)	(2,526)
Transfer to investment properties (Note 4)	–	–	(31)	(166)	(197)
Transfer to assets held for sale (Note 16)	–	–	(5,919)	–	(5,919)
Translation difference	(158)	19	(2,608)	(235)	(2,982)
At 31 December 2018	<u>12,625</u>	<u>483</u>	<u>101,283</u>	<u>436</u>	<u>114,827</u>
At 1 January 2019	12,625	483	101,283	436	114,827
Additions	789	–	8,478	243	9,510
Disposals/written off	–	(2)	(1,746)	–	(1,748)
Disposal of subsidiaries (Note 34)	(130)	(59)	(683)	–	(872)
Transfer from investment properties (Note 4)	–	–	768	–	768
Transfer to assets held for sale (Note 16)	–	(31)	(13,643)	–	(13,674)
Translation difference	182	(3)	189	(7)	361
At 31 December 2019	<u>13,466</u>	<u>388</u>	<u>94,646</u>	<u>672</u>	<u>109,172</u>

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Ascott Reit Group	Renovation \$'000	Motor vehicles \$'000	Office equipment, computers and furniture \$'000	Assets under construction \$'000	Total \$'000
Accumulated depreciation					
At 1 January 2018	7,443	287	54,677	–	62,407
Charge for the year	731	82	11,931	–	12,744
Disposals/written off	(3)	(12)	(2,122)	–	(2,137)
Transfer to assets held for sale (Note 16)	–	–	(4,253)	–	(4,253)
Translation difference	(84)	19	(2,433)	–	(2,498)
At 31 December 2018	<u>8,087</u>	<u>376</u>	<u>57,800</u>	<u>–</u>	<u>66,263</u>
At 1 January 2019	8,087	376	57,800	–	66,263
Charge for the year	797	78	11,623	–	12,498
Disposals/written off	–	(71)	(1,618)	–	(1,689)
Disposal of subsidiaries (Note 34)	(110)	(59)	(532)	–	(701)
Transfer to assets held for sale (Note 16)	–	(31)	(11,771)	–	(11,802)
Translation difference	148	(2)	199	–	345
At 31 December 2019	<u>8,922</u>	<u>291</u>	<u>55,701</u>	<u>–</u>	<u>64,914</u>
Carrying amounts					
At 1 January 2018	<u>3,370</u>	<u>30</u>	<u>45,768</u>	<u>600</u>	<u>49,768</u>
At 31 December 2018	<u>4,538</u>	<u>107</u>	<u>43,483</u>	<u>436</u>	<u>48,564</u>
At 31 December 2019	<u>4,544</u>	<u>97</u>	<u>38,945</u>	<u>672</u>	<u>44,258</u>

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	At Valuation		At Cost			Total \$'000
	Freehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Office equipment, computers and furniture \$'000	Assets under construction \$'000	
Ascott BT Group						
At valuation/cost						
At 9 September 2019 (date of constitution)	–	–	–	–	–	–
Acquisition through business combination (Note 40)	189,553	335,347	34,859	15,006	9,818	584,583
At 31 December 2019	<u>189,553</u>	<u>335,347</u>	<u>34,859</u>	<u>15,006</u>	<u>9,818</u>	<u>584,583</u>
Accumulated depreciation						
At 9 September 2019 (date of constitution)/ 31 December 2019	–	–	–	–	–	–
Carrying amounts						
At 9 September 2019 (date of constitution)	–	–	–	–	–	–
At 31 December 2019	<u>189,553</u>	<u>335,347</u>	<u>34,859</u>	<u>15,006</u>	<u>9,818</u>	<u>584,583</u>

NOTES TO THE FINANCIAL STATEMENTS

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6 PROPERTY, PLANT AND EQUIPMENT (continued)

	At Valuation			At Cost				Total \$'000
	Freshhold land \$'000	Buildings \$'000	Plant and machinery \$'000	Renovation \$'000	Motor vehicles \$'000	Office equipment, computers and furniture \$'000	Assets under construction \$'000	
Stapled Group ⁽¹⁾								
At valuation/cost								
At 1 January 2019	-	-	-	12,625	483	101,283	436	114,827
Acquisition through business combination (Note 40)	189,553	335,347	34,859	-	-	15,006	9,818	584,583
Additions	-	-	-	789	-	8,478	243	9,510
Disposals/written off	-	-	-	-	(2)	(1,746)	-	(1,748)
Disposal of subsidiaries (Note 34)	-	-	-	(130)	(59)	(683)	-	(872)
Transfer from investment properties (Note 4)	-	-	-	-	-	768	-	768
Transfer to assets held for sale (Note 16)	-	-	-	-	(31)	(13,643)	-	(13,674)
Translation difference	-	-	-	182	(3)	189	(7)	361
At 31 December 2019	189,553	335,347	34,859	13,466	388	109,652	10,490	693,755
Accumulated depreciation								
At 1 January 2019	-	-	-	8,087	376	57,800	-	66,263
Charge for the year	-	-	-	797	78	11,623	-	12,498
Disposals/written off	-	-	-	-	(71)	(1,618)	-	(1,689)
Disposal of subsidiaries (Note 34)	-	-	-	(110)	(59)	(532)	-	(701)
Transfer to assets held for sale (Note 16)	-	-	-	-	(31)	(11,771)	-	(11,802)
Translation difference	-	-	-	148	(2)	199	-	345
At 31 December 2019	-	-	-	8,922	291	55,701	-	64,914
Carrying amounts								
At 1 January 2019	-	-	-	4,538	107	43,483	436	48,564
At 31 December 2019	189,553	335,347	34,859	4,544	97	53,951	10,490	628,841

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. Opening balances as at 1 January 2019 consist opening balance of the Ascott Reit Group as at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (continued)

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	Ascott BT Group and Stapled Group 2019 \$'000
Freehold land	
Cost and carrying amount	<u>107,989</u>
Buildings	
Cost and carrying amount	<u>273,287</u>

As at 31 December 2019, certain property, plant and equipment are revalued to their fair values. The fair value of the freehold land and buildings is determined by external property valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Fair value hierarchy

The fair value measurement for the freehold land and buildings have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Valuation technique and significant unobservable inputs

Freehold land and buildings are stated at fair value based on valuation performed by external property valuers. The fair values were derived based on the discounted cash flow and capitalisation methods. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate.

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (continued)

The following table shows the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flow</i>	<p>Stapled Group</p> <ul style="list-style-type: none"> Discount rate: <ul style="list-style-type: none"> Australia: 7.75% - 8.50 Terminal capitalisation rate: <ul style="list-style-type: none"> Australia: 6.00% - 6.75% 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the discount rate were lower (higher); or the terminal capitalisation rate were lower (higher).
<i>Capitalisation method</i>	<p>Stapled Group</p> <ul style="list-style-type: none"> Capitalisation rate: <ul style="list-style-type: none"> Australia: 6.00% - 6.75% 	<p>The estimated fair value would increase (decrease) if the capitalisation rate were lower (higher).</p>

NOTES TO THE FINANCIAL STATEMENTS

7 GOODWILL

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Goodwill arising from business combination (Note 40)	60,866	79,233	140,099	–
Less: Impairment loss	(60,866)	(79,233)	(140,099)	–
	–	–	–	–

Following the completion of the Combination, the Ascott Reit Group, the Ascott BT Group and the Stapled Group recognised goodwill of \$60,866,000, \$79,233,000 and \$140,099,000 respectively. For the purposes of impairment testing, goodwill has been allocated to the CGUs as follows:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
A-HREIT Group	60,866	–	60,866	–
A-HBT Group	–	79,233	79,233	–
	60,866	79,233	140,099	–

On 31 December 2019, the Ascott Reit Group, the Ascott BT Group and the Stapled Group assessed the carrying amount of the CGUs (inclusive of goodwill allocated) for indicators of impairment. The recoverable amount of each CGU is determined based on their respective fair value less costs to sell, which is estimated to approximate the fair value of net assets of A-HREIT and its subsidiaries (the "A-HREIT Group") and A-HBT and its subsidiaries (the "A-HBT Group") acquired on 31 December 2019 (Note 40). Based on the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's assessment, the carrying amounts of the CGUs (inclusive of goodwill allocated) were determined to be higher than its recoverable amount, and impairment loss of \$60,866,000, \$79,233,000 and \$140,099,000 were recognised respectively.

Fair value hierarchy

The fair value measurement for the CGUs have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Measurement of fair values

The valuation techniques used for measuring the fair value less costs to sell of the CGUs are disclosed in Note 40 which include the valuation techniques of the material assets acquired and liabilities assumed for the acquisition of the A-HREIT Group and the A-HBT Group as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

8 INVESTMENT PROPERTY UNDER DEVELOPMENT

	Ascott Reit Group and Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
At 1 January	–	–
Land and land related costs ⁽¹⁾	64,913	–
Development costs and interest capitalised	9,915	–
Net change in fair value of investment property under development	32	–
At 31 December	74,860	–

(1) The land and land related costs were reclassified from “other non-current assets” as at 31 December 2018 to “investment property under development” upon the handover of the site for the development of lyf one-north Singapore in January 2019.

Other non-current assets of \$65,535,000 as at 31 December 2018 comprise cost of acquisition of 60-year leasehold land for the development of lyf one-north Singapore, capitalised costs relating to the site and interest incurred on the acquisition of leasehold land.

Fair value hierarchy

The fair value of investment property under development is determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property under development have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Level 3 fair values

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

NOTES TO THE FINANCIAL STATEMENTS

8 INVESTMENT PROPERTY UNDER DEVELOPMENT (continued)

Valuation technique and significant unobservable inputs

Investment property under development is stated at fair value based on valuation performed by external property valuers. In determining the fair value, the valuers have adopted the residual land value method.

The following table shows the significant unobservable inputs used in the valuation models:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Under the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of the valuation.	<ul style="list-style-type: none"> Terminal capitalisation rates: 4.75% (2018: not applicable) Gross development costs: \$48,893,000 (2018: not applicable) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the capitalisation rates were lower (higher); or the gross development costs decrease (increase).

9 INVESTMENT SECURITIES

Through the combination, the Ascott Reit Group acquired 1% interest in Ascendas Hospitality Australia Investment Fund No. 1 ("AHAIF1"). The Ascott Reit Group's ownership in AHAIF1 enables AHAIF1 to meet the Australian corporate law requirement for a Managed Investment Scheme and certain requirements to qualify as a Managed Investment Trust under the Australian tax law. AHAIF1 owns 100% equity interest in Ascendas Australia Hotel Trust, which owns the hotel properties in Australia. Investments in unquoted investment securities are measured at fair value with change in fair value recognised in the Statement of Total Return.

As at 31 December 2019, the fair value of the Ascott Reit Group's 1% interest in AHAIF1 is \$2,534,000. The effective interest held by the Stapled Group is 100%. Upon consolidation, the investment securities will be adjusted against the non-controlling interests at the Ascott BT Group.

NOTES TO THE FINANCIAL STATEMENTS

10 SUBSIDIARIES

The Ascott Reit Group and the Ascott BT Group have equity investments in subsidiaries.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity interest held by the Stapled Group	
		2019	2018
		%	%
Held by Ascott Reit			
Ascott REIT MTN Pte. Ltd.	Singapore	100	100
Ascott REIT MTN (Euro) Pte. Ltd.	Singapore	100	100
Ascendas Hospitality Real Estate Investment Trust ^{(c) (e) (h)}	Singapore	100	–
Held through Ascott Reit subsidiaries			
Ascendas Hospitality MTN Pte. Ltd. ^{(c) (e) (h)}	Singapore	100	–
Ascott REIT Seven Campbelltown Trust ^(a)	Australia	100	100
Ascott REIT Eight Mascot Trust ^(a)	Australia	100	100
Ascott REIT Nine SOP Trust ^(a)	Australia	100	100
Citadines Melbourne on Bourke Unit Trust ^(a)	Australia	100	100
Citadines St Georges Terrace (Perth) Unit Trust ^(a)	Australia	100	100
Citadines Connect Sydney Airport Unit Trust ^{(a) (f)}	Australia	100	–
Guangzhou Hai Yi Property Development Company ^(a)	China	100	100
Shanghai Xin Wei Property Development Co., Ltd. ^(a)	China	100	100
Somerset Heping (Shenyang) Property Co., Ltd. ^(a)	China	100	100
Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd. ^(a)	China	100	100
Tianjin Consco Property Development Co., Ltd. ^(a)	China	100	100
Wangze (Dalian) Enterprise Co., Limited ^(a)	China	100	100
Wuhan Citadines Property Development Co., Ltd. ^(a)	China	100	100
Orville SAS ^(a)	France	100	100
Citadines Munich Arnulfpark GmbH & Co. KG ^(a)	Germany	100	100
Citadines Europaviertel (Frankfurt) GmbH & Co., KG ^(a)	Germany	93	93

NOTES TO THE FINANCIAL STATEMENTS

10 SUBSIDIARIES (continued)

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity interest held by the Stapled Group	
		2019	2018
		%	%
Held through Ascott Reit subsidiaries (cont'd)			
Citadines Hamburg Michel GmbH & Co., KG ^(a)	Germany	93	93
PT Bumi Perkasa Andhika ^(a)	Indonesia	100	100
PT Ciputra Liang Court ^(a)	Indonesia	57	57
ARC-CapitaLand Three TMK ^(a)	Japan	100	100
ARC-CapitaLand Four TMK ^(a)	Japan	100	100
Ascendas Hospitality Honmachi Tokutei Mokuteki Kaisha ^{(d) (e) (h)}	Japan	100	–
Ascendas Hospitality Tokutei Mokuteki Kaisha ^{(d) (e) (h)}	Japan	100	–
Ascott REIT Six TMK ^(a)	Japan	100	100
Citadines Kyoto Gojo TMK ^(a)	Japan	100	100
Citadines Shinjuku TMK ^(a)	Japan	100	100
Infini Garden TMK ^(a)	Japan	100	100
Somerset Azabu East TMK ^(a)	Japan	100	100
Somerset Roppongi TMK ^(a)	Japan	100	100
Zenith Residences Tokyo Tokutei Mokuteki Kaisha ^(a)	Japan	100	100
Ascott REIT (Jersey) Limited ^(b)	United Kingdom/ Jersey	100	100
Somerset Ampang (Malaysia) Sdn. Bhd. ^(a)	Malaysia	100	100
Ascott Baumwall (Hamburg) BV ^(a)	Netherlands	100	100
Ascott Hospitality Holdings Philippines, Inc ^(a)	Philippines	100	100
Ascott Makati, Inc ^(a)	Philippines	100	100
SQ Resources, Inc ^(a)	Philippines	63	63
SN Resources, Inc ^(a)	Philippines	97	97
Barrydale SM LLC ^(a)	United States of America	100	100
SM Ascott LLC ^(a)	United States of America	100	100
Tribeca Ascott LLC ^(a)	United States of America	100	100
Hanoi Tower Center Company Limited ^(a)	Vietnam	76	76
Mekong-Hacota Joint Venture Company Limited ^(a)	Vietnam	62	63
Saigon Office and Serviced Apartment Company Limited ^(a)	Vietnam	67	67
Somerset Hoa Binh Joint Venture Company Limited ^(a)	Vietnam	90	90
West Lake Development Company Limited ^(g)	Vietnam	–	70

NOTES TO THE FINANCIAL STATEMENTS

10 SUBSIDIARIES (continued)

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity interest held by the Stapled Group	
		2019	2018
		%	%
Held through Ascott BT			
Ascendas Hospitality Business Trust ^{(c) (e) (h)}	Singapore	100	–
Held through Ascott BT subsidiaries			
Ascendas Australia Hotel Trust ^{(d) (e) (h)}	Australia	100	–
Ascendas Hospitality Australia Investment Fund No.1 ^{(d) (e) (h)}	Australia	100	–
Ascendas Hospitality Australia Investment Fund No.2 ^{(d) (e) (h)}	Australia	100	–
Ascendas Hospitality Operations Pty Ltd ^{(d) (e) (h)}	Australia	100	–
Ascendas Hotel Investment Company Pty Limited ^{(d) (e) (h)}	Australia	100	–
Ascendas Ariake Godo Kaisha ^{(d) (e) (h)}	Japan	100	–
Ascendas Japan Namba Tokutei Mokuteki Kaisha ^{(d) (e) (h)}	Japan	100	–
Ascendas Namba Godo Kaisha ^{(d) (e) (h)}	Japan	100	–
Ascendas Korea Hospitality No 1 Professional Investors Private Real Estate Investment, LLC ^{(d) (e) (h)}	South Korea	99	–
Ascendas Korea Hospitality Qualified Investors Private Real Estate Investment Trust No.2 ^{(d) (e) (h)}	South Korea	99	–

All significant subsidiaries are audited by KPMG LLP Singapore except for the following:

- (a) Audited by other member firms of KPMG International.
- (b) Not required to be audited by laws of country of incorporation.
- (c) Audited by Ernst & Young LLP Singapore.
- (d) Audited by other member firms of Ernst & Young Global.
- (e) The subsidiaries were acquired through business combination on 31 December 2019. Details on acquisition of the subsidiaries are disclosed in Note 40.
- (f) This subsidiary was incorporated during the year.
- (g) This subsidiary was divested during the year. See Note 34.
- (h) Ascendas Hospitality Real Estate Investment Trust, Ascendas Hospitality Business Trust and their subsidiaries were considered significant to the Stapled Group. The Stapled Group is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST as suitable auditing firms have been appointed to meet the Stapled Group's audit obligations. In accordance to Rule 716(1) of the Listing Manual of the SGX-ST, the Audit Committee and Board of Directors of the Managers confirm that they are satisfied that the appointment of a different auditor for its significant subsidiaries would not compromise the standard and effectiveness of the audit of the Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

11 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI") and operate investment properties.

Name	Principal place of business/ Country of incorporation	Ownership interests held by NCI	
		2019 %	2018 %
Held by Ascott Reit			
PT Ciputra Liang Court	Indonesia	42.6	42.6
Hanoi Tower Center Company Limited	Vietnam	24.0	24.0
Mekong-Hacota Joint Venture Company Limited	Vietnam	37.9	37.0
Saigon Office and Serviced Apartment Company Limited	Vietnam	33.0	33.0
Somerset Hoa Binh Joint Venture Company Limited	Vietnam	10.0	10.0
West Lake Development Company Limited	Vietnam	–	30.0

The Ascott Reit Group's interests in its subsidiaries in Vietnam are held under the terms of joint venture arrangements with unrelated third parties. Under the terms of these joint venture arrangements, the net profits of each of the subsidiaries in Vietnam, after the fulfillment of certain statutory financial obligations and the payment of other amounts due, are to be distributed to the shareholders of these subsidiaries in certain proportions during different periods in accordance with the terms of the relevant joint venture arrangements and/or the applicable investment license under which these subsidiaries operate.

Under the investment license of Hanoi Tower Center Company Limited, Burton Engineering Pte Ltd is entitled to 76%, 70% and 50% of the distributed profits for each year during the first 25 years, the following ten years and the subsequent ten years, respectively, from the commencement of operations of Hanoi Tower Center Company Limited. From 9 February 2018, profits attributable to NCI of Hanoi Tower Center Company Limited increased from 24% to 30%.

On 31 October 2019, Ascott Reit divested its entire shareholding interest in The Ascott (Vietnam) Investments Pte Ltd, which holds 70% of the issued share capital of West Lake Development Company Limited (see Note 34).

NOTES TO THE FINANCIAL STATEMENTS

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11 NON-CONTROLLING INTERESTS (continued)

The following summarises the financial information of each of the Ascott Reit Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRSs/SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

Ascott Reit Group	PT Ciputra Liang Court \$'000	Hanoi Tower Center Company Limited \$'000	Mekong Hacota Joint Venture Company Limited \$'000	Saigon Office and Serviced Apartment Company Limited \$'000	Somerset Hoa Binh Joint Venture Company Limited \$'000	West Lake Development Company Limited ⁽¹⁾ \$'000	Other individually immaterial subsidiaries \$'000	Total \$'000
2019								
Revenue	6,828	15,977	8,378	8,798	6,749	2,030		
(Loss)/Profit	(2,865)	(2,675)	1,650	2,695	(194)	281		
Attributable to NCI:								
– (Loss)/Profit	(1,220)	(803)	611	889	(19)	84	518	60
Non-current assets	44,085	112,100	45,266	57,163	39,649	–	–	–
Current assets	1,990	3,783	1,739	10,091	1,488	–	–	–
Non-current liabilities	(986)	(14,655)	(4,542)	(8,779)	(9,071)	–	–	–
Current liabilities	(5,392)	(2,888)	(1,167)	(2,296)	(907)	–	–	–
Net assets	39,697	98,340	41,296	56,179	31,159	–	–	–
Net assets attributable to NCI	16,898	24,039	15,643	18,539	3,116	–	5,244	83,479
Cash flows from operating activities	3,988	8,511	3,704	4,467	2,809	–	–	–
Cash flows (used in)/from investing activities	(4,636)	(634)	(248)	156	(235)	–	–	–
Cash flows used in financing activities	–	(6,706)	(3,983)	(3,911)	(2,401)	–	–	–
Net (decrease)/increase in cash and cash equivalents	(648)	1,171	(527)	712	173	–	–	–
Dividends paid to NCI	–	(1,310)	(703)	(790)	(64)	–	–	(54)

(1) West Lake Development Company Limited was divested on 31 October 2019.

NOTES TO THE FINANCIAL STATEMENTS

11 NON-CONTROLLING INTERESTS (continued)

Ascott Reit Group	PT Ciputra Liang Court \$'000	Hanoi Tower Center Company Limited \$'000	Mekong Hacota Joint Venture Company Limited \$'000	Saigon Office and Serviced Apartment Company Limited \$'000	Somerset Hoa Binh Joint Venture Company Limited \$'000	West Lake Development Company Limited \$'000	Other individually immaterial subsidiaries \$'000	Total \$'000
2018								
Revenue	6,694	14,924	8,430	8,851	5,768	2,586		
(Loss)/Profit	(2,522)	14,618	(1,925)	3,101	106	499		
Attributable to NCI:								
– (Loss)/Profit	(1,074)	4,340	(696)	1,023	11	150	494	4,248
Non-current assets	44,377	124,408	47,008	58,440	42,158	14,743		
Current assets	3,117	2,638	2,224	9,403	1,260	183		
Non-current liabilities	(994)	(16,831)	(6,418)	(9,709)	–	–		
Current liabilities	(3,675)	(4,521)	(1,250)	(2,255)	(11,342)	(4,176)		
Net assets	42,825	105,694	41,564	55,879	32,076	10,750		
Net assets attributable to NCI	18,231	26,199	15,387	18,440	3,208	3,225	5,041	89,731
Cash flows from operating activities	924	8,474	3,641	3,892	1,899	805		
Cash flows used in investing activities	(3,117)	(2,778)	(242)	(504)	(136)	(119)		
Cash flows used in financing activities	–	(6,249)	(3,684)	(4,434)	(3,086)	(1,142)		
Net decrease in cash and cash equivalents	(2,193)	(553)	(285)	(1,046)	(1,323)	(456)		
Dividends paid to NCI	–	(1,253)	(709)	(1,097)	(127)	(101)		

NOTES TO THE FINANCIAL STATEMENTS

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11 NON-CONTROLLING INTERESTS (continued)

The following summarises the financial information of each of the Stapled Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRSS/SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

Stapled Group	PT Ciputra Liang Court \$'000	Hanoi Tower Center Company Limited \$'000	Mekong Hacota Joint Venture Company Limited \$'000	Saigon Office and Serviced Apartment Company Limited \$'000	Somerset Hoa Binh Joint Venture Company Limited \$'000	West Lake Development Company Limited ⁽¹⁾ \$'000	Other individually immaterial subsidiaries \$'000	Total \$'000
2019								
Revenue	6,828	15,977	8,378	8,798	6,749	2,030		
(Loss)/Profit	(2,865)	(2,675)	1,650	2,695	(194)	281		
Attributable to NCI:								
– (Loss)/Profit	(1,220)	(803)	611	889	(19)	84	518	60
Non-current assets	44,085	112,100	45,266	57,163	39,649	–	–	
Current assets	1,990	3,783	1,739	10,091	1,488	–	–	
Non-current liabilities	(986)	(14,655)	(4,542)	(8,779)	(9,071)	–	–	
Current liabilities	(5,392)	(2,888)	(1,167)	(2,296)	(907)	–	–	
Net assets	39,697	98,340	41,296	56,179	31,159	–	–	
Net assets attributable to NCI	16,898	24,039	15,643	18,539	3,116	–	7,222	85,457
Cash flows from operating activities	3,988	8,511	3,704	4,467	2,809	–	–	
Cash flows (used in)/from investing activities	(4,636)	(634)	(248)	156	(235)	–	–	
Cash flows used in financing activities	–	(6,706)	(3,983)	(3,911)	(2,401)	–	–	
Net (decrease)/increase in cash and cash equivalents	(648)	1,171	(527)	712	173	–	–	
Dividends paid to NCI	–	(1,310)	(703)	(790)	(64)	–	(54)	

(1) West Lake Development Company Limited was divested on 31 October 2019.

NOTES TO THE FINANCIAL STATEMENTS

12 ASSOCIATE

	Ascott Reit Group and Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Unquoted equity shares, at cost	–*	–*
Less: Share of associate post acquisition revenue reserve	(551)	(544)
	<u>(551)</u>	<u>(544)</u>
Loan receivable	3,810	3,837
Less: Allowance for impairment loss	(253)	(253)
	<u>3,006</u>	<u>3,040</u>

* Less than \$1,000

The loan to associate is unsecured, interest-free and repayable on demand with a notice period of twelve months. The loan to associate is not expected to be recalled in the next twelve months.

Movement in allowance for impairment loss is as follows:

	Ascott Reit Group and Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
At 1 January and 31 December	<u>253</u>	<u>253</u>

During the year, there was no additional allowance for impairment loss arising from the loan receivable as the ECL is not material. The recoverable amount for the loan to associate was estimated based on the higher of the value in use calculation using cash flow projection or the fair value of the net assets of associate at the reporting date. The fair value measurement was estimated based on net assets of the associate with maturity of less than one year.

Details of the associate are as follows:

Company name	East Australia Trading Company Limited
Nature of relationship with the Ascott Reit Group	Investment holding company held by the Ascott Reit Group
Country of incorporation	Hong Kong
Ownership interest/Voting rights held	40% (2018: 40%)

The associate is immaterial to the Ascott Reit Group and the Stapled Group. A member firm of KPMG International is the auditor of the associate. In 2019 and 2018, the Ascott Reit Group did not receive any dividends from the associate.

NOTES TO THE FINANCIAL STATEMENTS

12 ASSOCIATE (continued)

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

	2019 \$'000	2018 \$'000
Loss after taxation	(7)	(21)

13 FINANCIAL DERIVATIVES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
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Financial derivative assets

Non-current

Interest rate swaps	753	–	753	6,486
Cross currency interest rate swaps	10,257	6,524	16,781	1,808
	<u>11,010</u>	<u>6,524</u>	<u>17,534</u>	<u>8,294</u>

Current

Cross currency interest rate swaps	1,253	1,378	2,631	–
Currency forwards	125	181	306	–
	<u>1,378</u>	<u>1,559</u>	<u>2,937</u>	<u>–</u>

Financial derivative liabilities

Non-current

Interest rate swaps	(3,398)	–	(3,398)	(1,636)
Cross currency interest rate swaps	(783)	(1,833)	(2,616)	(5,214)
	<u>(4,181)</u>	<u>(1,833)</u>	<u>(6,014)</u>	<u>(6,850)</u>

Current

Interest rate swaps	(69)	(288)	(357)	(280)
Cross currency interest rate swaps	(1,686)	(121)	(1,807)	–
Currency forwards	(10)	(7)	(17)	–
	<u>(1,765)</u>	<u>(416)</u>	<u>(2,181)</u>	<u>(280)</u>

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

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Interest rate swaps	629,563	64,954	694,517	640,741
Cross currency interest rate swaps	538,723	143,480	682,203	489,724
Currency forwards	5,212	8,246	13,458	–
	<u>1,173,498</u>	<u>216,680</u>	<u>1,390,178</u>	<u>1,130,465</u>

NOTES TO THE FINANCIAL STATEMENTS

14 DEFERRED TAX

Movements in deferred tax assets and liabilities (prior to offsetting of balances) are as follows:

	At 1 January 2018 \$'000	Credited/ (Charged) to Statement of Total Return (Note 31) \$'000	Disposal of subsidiaries \$'000	Translation differences \$'000	At 31 December 2018 \$'000	Acquisition through business combination (Note 40) \$'000	Credited/ (Charged) to Statement of Total Return (Note 31) \$'000	Translation differences \$'000	At 31 December 2019 \$'000
Ascott Reit Group									
Deferred tax assets									
Unutilised capital allowances	59	(45)	-	1	15	-	29	-	44
Unutilised tax losses	5,278	(3,331)	-	(102)	1,845	-	(274)	2	1,573
Provisions and accruals	201	11	-	(4)	208	-	(8)	5	205
Unrealised foreign exchange loss – trade	232	2,022	-	(13)	2,241	-	(891)	40	1,390
	<u>5,770</u>	<u>(1,343)</u>	<u>-</u>	<u>(118)</u>	<u>4,309</u>	<u>-</u>	<u>(1,144)</u>	<u>47</u>	<u>3,212</u>
Deferred tax liabilities									
Investment properties	(107,030)	(21,260)	13,669	2,406	(112,215)	(31,867)	(7,978)	1,948	(150,112)
Provisions	(114)	114	-	-	-	-	-	-	-
Property, plant and equipment	(12,067)	6,204	-	213	(5,650)	-	4,055	77	(1,518)
Revaluation gain from business combinations	-	-	-	-	-	(1,288)	-	-	(1,288)
Unremitted earnings	-	-	-	-	-	(236)	-	-	(236)
	<u>(119,211)</u>	<u>(14,942)</u>	<u>13,669</u>	<u>2,619</u>	<u>(117,865)</u>	<u>(33,391)</u>	<u>(3,923)</u>	<u>2,025</u>	<u>(153,154)</u>
Net deferred tax (liabilities)/assets	<u>(113,441)</u>	<u>(16,285)</u>	<u>13,669</u>	<u>2,501</u>	<u>(113,556)</u>	<u>(33,391)</u>	<u>(5,067)</u>	<u>2,072</u>	<u>(149,942)</u>

NOTES TO THE FINANCIAL STATEMENTS

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14 DEFERRED TAX (continued)

	Ascott BT Group			Stapled Group ⁽¹⁾			
	At 9 September 2019 (date of constitution) \$'000	Acquisition through business combination (Note 40) \$'000	At 31 December 2019 \$'000	At 1 January 2019 \$'000	Acquisition through business combination (Note 40) \$'000	Credited/ (Charged) to Statement of Total Return (Note 31) \$'000	At 31 December 2019 \$'000
Deferred tax assets							
Deferred income	–	1,152	1,152	–	1,152	–	1,152
Unutilised capital allowances	–	–	–	15	–	29	44
Unutilised tax losses	–	–	–	1,845	–	(274)	1,573
Provisions and accruals	–	3,183	3,183	208	3,183	(8)	3,388
Unrealised foreign exchange loss – trade	–	–	–	2,241	–	(891)	1,390
	–	4,335	4,335	4,309	4,335	(1,144)	7,547
Deferred tax liabilities							
Investment properties	–	(42,532)	(42,532)	(112,215)	(74,399)	(7,978)	(192,644)
Property, plant and equipment	–	–	–	(5,650)	–	4,055	(1,518)
Revaluation gain from business combinations	–	(4,063)	(4,063)	–	(5,351)	–	(5,351)
Unremitted earnings	–	(403)	(403)	–	(639)	–	(639)
	–	(46,998)	(46,998)	(117,865)	(80,389)	(3,923)	(200,152)
Net deferred tax (liabilities)/ assets	–	(42,663)	(42,663)	(113,556)	(76,054)	(5,067)	(192,605)

(1) The Stapled Group comprises units in Ascott Reit stapled to units in Ascott BT pursuant to the Stapling Deed. Opening balances as at 1 January 2019 relates to opening balance of the Ascott Reit Group as at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

14 DEFERRED TAX (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the Statements of Financial Position as follows:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Deferred tax assets	3,212	4,335	7,547	4,309
Deferred tax liabilities	(153,154)	(46,998)	(200,152)	(117,865)

As at 31 December 2019, deferred tax liabilities amounting to \$1,220,000 (2018: \$3,825,000) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Ascott Reit Group, the Ascott BT Group and the Stapled Group can utilise the benefits therefrom:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Tax losses	56,050	–	56,050	55,356
Deductible temporary differences	3,590	–	3,590	4,391
	59,640	–	59,640	59,747

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The deductible temporary differences do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

14 DEFERRED TAX (continued)

Unrecognised tax losses brought forward of the Ascott Reit Group amounting to \$6,604,000 (2018: \$4,455,000) expired during the year. In addition, \$5,251,000 (2018: \$4,173,000) of the losses brought forward were utilised to set off against current year's taxable profit. The remaining balance of \$43,501,000 (2018: \$43,566,000) and unrecognised tax losses arising during the year of \$12,549,000 (2018: \$11,790,000) have been carried forward. Tax losses that have been carried forward and are subject to expiration as follows:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Expiry dates				
– Within 1 to 5 years	34,997	–	34,997	39,129
– After 5 years	21,053	–	21,053	16,227
	56,050	–	56,050	55,356

15 TRADE AND OTHER RECEIVABLES

	Note	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Trade receivables		20,893	6,152	27,045	17,663
Impairment loss	35	(89)	(3)	(92)	(282)
		20,804	6,149	26,953	17,381
Amounts due from related parties:					
– trade		5,007	–	5,007	14,955
– non-trade		2,102	3,558	341	144
Loan due from Ascott BT		34,957	–	–	–
Deposits		1,143	6	1,149	1,934
Other receivables		15,740	1,510	17,250	11,972
Impairment loss	35	(5)	–	(5)	(4)
		15,735	1,510	17,245	11,968
		79,748	11,223	50,695	46,382
Prepayments		10,483	1,281	11,764	10,537
		90,231	12,504	62,459	56,919

The non-trade amounts due from related parties mainly pertain to payments made on behalf of these entities. Non-trade amounts and loan due from related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

16 ASSETS AND LIABILITIES HELD FOR SALE

	Note	Ascott Reit Group and Stapled Group	
		2019 \$'000	2018 \$'000
Somerset Liang Court Property Singapore	(a)		
– Investment property		153,681	–
– Property, plant and equipment		1,253	–
		<u>154,934</u>	<u>–</u>
Ascott Raffles Place Singapore	(b)		
– Investment property		–	213,334
– Property, plant and equipment		–	1,666
		<u>–</u>	<u>215,000</u>
Citadines Xinghai Suzhou, China	(c)		
– Investment property		46,796	–
– Property, plant and equipment		399	–
– Trade and other receivables		613	–
– Cash and cash equivalents		1,023	–
		<u>48,831</u>	<u>–</u>
Citadines Zhuankou Wuhan, China	(c)		
– Investment property		46,937	–
– Property, plant and equipment		220	–
– Trade and other receivables		720	–
– Cash and cash equivalents		1,650	–
		<u>49,527</u>	<u>–</u>
Assets held for sale		<u>253,292</u>	<u>215,000</u>
Citadines Xinghai Suzhou, China	(c)		
– Trade and other payables		1,036	–
– Current tax liabilities		119	–
		<u>1,155</u>	<u>–</u>
Citadines Zhuankou Wuhan, China	(c)		
– Trade and other payables		1,904	–
– Financial liabilities		10,386	–
		<u>12,290</u>	<u>–</u>
Liabilities held for sale		<u>13,445</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

16 ASSETS AND LIABILITIES HELD FOR SALE (continued)

- (a) On 21 November 2019, the Ascott Reit Group entered into a put and call option agreement with DBS Trustee Limited (as trustee of Gemini One Trust), an unrelated third party, for the sale of the Ascott Reit Group's partial gross floor area ("GFA") of Somerset Liang Court Property Singapore. The retained GFA will be redeveloped into a new serviced residence property.

The GFA which will be divested was reclassified to assets held for sale as at 31 December 2019. The purchase consideration for the sale is approximately \$163.3 million (before deducting estimated costs to sell of \$8.4 million) and negotiated on a willing buyer willing seller basis, taking into account the independent valuation undertaken by Knight Frank Pte Ltd which was determined based on the residual land method.

- (b) An independent property consultant was engaged to conduct a marketing exercise for the divestment of Ascott Raffles Place Singapore ("ARPS") in 2018. Pursuant to the planned divestment of ARPS, the investment property and property, plant and equipment relating to ARPS was reclassified to assets held for sale as at 31 December 2018. The Ascott Reit Group received an initial deposit of \$5.0 million from the buyer in 2018. As at 31 December 2018, Ascott Raffles Place Singapore, with its carrying value of \$215.0 million, was pledged as security for banking facility granted to the Ascott Reit Group. On 9 January 2019, the sale and purchase agreement with Cheong Sim Lam Pte. Ltd., an unrelated third party, for the divestment of ARPS at a consideration of \$353.3 million was signed. The sale price was agreed on a willing buyer willing seller basis, being 64% above the valuation of the property as at 31 December 2018, which was appraised based on the discounted cash flow approach. On 9 May 2019, the divestment was completed and cash consideration of \$348.3 million was received during the year.
- (c) On 18 December 2019, the Ascott Reit Group entered into two sale and purchase agreements to divest its wholly-owned subsidiaries, Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd and Wuhan Citadines Property Development Co., Ltd. The divestments were anticipated to be completed within 12 months and accordingly, all the assets and liabilities held by Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd and Wuhan Citadines Property Development Co., Ltd were reclassified to assets held for sale and liabilities held for sale respectively. As at 31 December 2019, Citadines Zhuankou Wuhan was pledged as security for banking facilities granted to Wuhan Citadines Property Development Co., Ltd.

Fair value hierarchy

On 31 December 2019, the Stapled Group's assets and liabilities held for sale are valued as such:

- Investment properties: The valuation of Somerset Liang Court Property Singapore was based on the independent valuation conducted by Knight Frank Pte Ltd using the residual land method. Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan were valued at their respective contracted sales price less estimated costs to sell.
- Non-derivative financial liabilities: present value of future principal and interest cash flows.
- Other assets and liabilities: held at carrying amount as they are assumed to approximate their fair value less estimated costs to sell because of their short period to maturity.

The fair value measurement for assets held for sale for the Stapled Group have been categorised as level 3 fair values.

NOTES TO THE FINANCIAL STATEMENTS

16 ASSETS AND LIABILITIES HELD FOR SALE (continued)

Reconciliation of Level 3 fair value

The following table presents the reconciliation of the assets held for sale from the beginning balances to the ending balances for Level 3 fair values.

	Ascott Reit Group and Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Balance at 1 January	215,000	191,020
Capital expenditure	59	–
Transfer from property, plant and equipment	1,872	1,666
Disposal of assets held for sale	(350,066)	(191,020)
Transfer from investment properties	185,245	213,334
Reclassifications to assets held for sale	4,006	–
Net change in fair value recognised in Statement of Total Return	197,605	–
Translation difference	(429)	–
Balance at 31 December	<u>253,292</u>	<u>215,000</u>

17 CASH AND CASH EQUIVALENTS

Note	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Cash at bank and in hand	196,450	19,598	216,048	160,335
Fixed deposits with financial institutions	49,434	10,021	59,455	67,512
Cash and cash equivalents	245,884	29,619	275,503	227,847
Restricted cash deposits (a)	(1,994)	(3,501)	(5,495)	(2,331)
Cash and cash equivalents in the Statements of Cash Flows	<u>243,890</u>	<u>26,118</u>	<u>270,008</u>	<u>225,516</u>

As at 31 December 2019, the interest rates per annum for cash and cash equivalents of the Ascott Reit Group, the Ascott BT Group and the Stapled Group ranged from 0% to 7.2% (2018: 0% to 5.3%), 0% to 1.9% and 0% to 7.2% respectively.

- (a) These comprise bank balances of certain subsidiaries pledged as collateral for certain borrowings and a fixed deposit of \$3,501,000 (2018: Nil) which arise from the acquisition of A-HBT. This relates to security deposit from a tenant which can only be drawn down as rental payment upon tenant's default or refunded to tenant upon lease expiry.

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL LIABILITIES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Non-current liabilities				
Secured bank loans	557,738	–	557,738	842,472
Unsecured bank loans	431,840	259,150	690,990	216,005
Medium term notes	693,475	69,656	763,131	776,839
	1,683,053	328,806	2,011,859	1,835,316
Current liabilities				
Secured bank loans	174,122	–	174,122	69,116
Unsecured bank loans	469 ⁽¹⁾	–	469 ⁽¹⁾	494 ⁽¹⁾
Medium term notes	137,065	25,498	162,563	–
Finance lease liabilities	–	–	–	527
	311,656	25,498	337,154	70,137
	1,994,709	354,304	2,349,013	1,905,453

(1) Relate to scheduled repayments.

The weighted average effective interest rates per annum relating to bank loans and medium term notes at the reporting date for the Ascott Reit Group, the Ascott BT Group and the Stapled Group are 2.41% (2018: 2.75%), 2.90% and 2.49% respectively.

Included in the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's bank loans and medium term notes is an amount of \$8,736,000 (2018: \$9,512,000), \$1,082,000 and \$9,818,000 respectively, relating to unamortised transaction costs.

Finance lease liabilities

As at 31 December 2018, the Ascott Reit Group had obligations under finance leases that are payable as follows:

	31 December 2018		
	Principal \$'000	Interest \$'000	Payments \$'000
Repayable:			
Within 1 year	527	–	527

During the year, the finance leases had expired.

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL LIABILITIES (continued)

Secured bank loans

The Ascott Reit Group's secured bank loans are secured on certain investment properties (Note 4), pledge of shares of certain subsidiaries, pledge over certain bank deposits (Note 17), assignment of rental proceeds from the properties, assignment of insurance policies on the properties and corporate guarantee from Ascott Reit.

Medium term notes

On 9 September 2009, a subsidiary of the Ascott Reit Group, Ascott REIT MTN Pte. Ltd., launched a \$1.0 billion Multi-currency Medium Term Note Programme ("MTN Programme"). Under this MTN Programme, Ascott REIT MTN Pte. Ltd. may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed or floating interest rate notes with aggregate principal amounts of \$1.0 billion.

On 30 November 2011, a subsidiary of the Ascott Reit Group, Ascott REIT MTN (Euro) Pte. Ltd., established a US\$2.0 billion Euro-Medium Term Note Programme ("EMTN Programme"). Under this EMTN Programme, Ascott REIT MTN (Euro) Pte. Ltd. may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series or tranches in Euro, Sterling Pound, US Dollar, Singapore Dollar, Chinese Renminbi or any other currency agreed between Ascott REIT MTN (Euro) Pte. Ltd. and the relevant dealer of the programme.

On 15 October 2014, Ascendas Hospitality MTN Pte. Ltd., and A-HBT (jointly known as "Issuers"), established a \$1.0 billion Multi-currency Stapled Medium Term Note Programme ("Stapled MTN Programme"). Under this Stapled MTN Programme, the Issuers may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series or tranches in Euro, Sterling Pound, US Dollar, Singapore Dollar, Chinese Renminbi or any other currency agreed between the Issuers and the relevant dealer of the programme.

As at 31 December 2019, notes issued by the Stapled Group comprises:

- under the MTN Programme:
 - (i) \$420.0 million (2018: \$420.0 million) of fixed rate notes maturing between 2022 and 2024; and
 - (ii) JPY19.3 billion (2018: JPY19.3 billion) of fixed rate notes maturing between 2020 and 2025.
- under the EMTN Programme:
 - (i) EUR80.0 million (2018: EUR80.0 million) of fixed rate notes maturing in 2024.
- under the Stapled MTN Programme:
 - (i) \$75.0 million (\$49.5 million under A-HREIT and \$25.5 million under A-HBT) of fixed rate notes maturing in 2020.
 - (ii) \$70.0 million (\$0.28 million under A-HREIT and \$69.72 million under A-HBT) of fixed rate notes maturing in 2022.

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Ascott Reit Group					
2019					
Medium term notes	EUR	2.75	2024	120,281	119,946
Medium term notes	SGD	3.30 – 4.21	2020 – 2024	469,780	469,168
Medium term notes	JPY	0.97 – 1.65	2020 – 2025	241,443	241,426
Secured fixed rate loan	JPY	0.25 – 0.69	2024 – 2026	79,438	78,387
Secured floating rate loans	JPY	0.17 – 0.71	2020 – 2026	175,847	174,965
Secured floating rate loans	RMB	4.85	2020	16,114	16,114
Secured floating rate loans	USD	3.00 – 5.56	2020 – 2023	465,236	462,394
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	175,140	174,400
Unsecured floating rate loans	EUR	0.88 – 1.30	2022 – 2024	101,393	100,365
Unsecured floating rate loans	GBP	1.68 – 1.69	2022	37,908	37,524
Unsecured floating rate loans	JPY	0.58 – 1.30	2022 – 2024	115,069	114,264
Unsecured floating rate loan	RMB	5.70	2023	1,796	1,796 ⁽¹⁾
Unsecured floating rate loans	SGD	2.44 – 2.49	2022	4,000	3,960
				<u>2,003,445</u>	<u>1,994,709</u>

(1) Include scheduled repayment of \$469,000 in 2020.

2018

Medium term notes	EUR	2.75	2024	124,902	124,499
Medium term notes	SGD	3.52 – 4.21	2022 – 2024	420,000	419,216
Medium term notes	JPY	0.97 – 1.65	2020 – 2025	233,144	233,124
Secured fixed rate loan	JPY	0.44	2024	37,447	36,963
Secured floating rate loans	EUR	0.98	2021	87,646	87,222
Secured floating rate loans	GBP	2.19	2021	9,988	9,939
Secured floating rate loans	JPY	0.24 – 1.30	2019 – 2024	252,472	251,240
Secured floating rate loans	RMB	4.66 – 4.90	2020 – 2026	30,008	30,008
Secured floating rate loans	SGD	3.02	2021	13,308	13,244
Secured floating rate loans	USD	3.54 – 5.75	2019 – 2023	487,867	482,972
Unsecured floating rate loans	GBP	1.67 – 2.69	2020 – 2023	163,972	163,183
Unsecured floating rate loan	RMB	5.70	2023	6,861	6,861 ⁽¹⁾
Unsecured floating rate loans	SGD	3.43	2021	46,823	46,455
Finance leases	EUR	1.25	2019	527	527
				<u>1,914,965</u>	<u>1,905,453</u>

(1) Include scheduled repayment of \$494,000 in 2019.

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL LIABILITIES (continued)

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Ascott BT Group					
2019					
Medium term notes	SGD	3.30 – 3.35	2020 – 2022	95,220	95,154
Unsecured fixed rate loans	KRW	3.55	2024	37,344	37,175
Unsecured floating rate loans	AUD	2.49	2023	172,591	171,866
Unsecured floating rate loans	JPY	1.50	2023	1,251	1,251
Unsecured floating rate loans	USD	3.11	2022	48,980	48,858
				<u>355,386</u>	<u>354,304</u>
Stapled Group					
2019					
Medium term notes	EUR	2.75	2024	120,281	119,946
Medium term notes	JPY	0.97 – 1.65	2020 – 2025	241,443	241,426
Medium term notes	SGD	3.30 – 4.21	2020 – 2024	565,000	564,322
Secured fixed rate loan	JPY	0.25 – 0.69	2024 – 2026	79,438	78,387
Secured floating rate loans	JPY	0.17 – 0.71	2020 – 2026	175,847	174,965
Secured floating rate loans	RMB	4.85	2020	16,114	16,114
Secured floating rate loans	USD	3.00 – 5.56	2020 – 2023	465,236	462,394
Unsecured fixed rate loans	JPY	0.63 – 0.75	2022 – 2023	175,140	174,400
Unsecured fixed rate loans	KRW	3.55	2024	37,344	37,175
Unsecured floating rate loans	AUD	2.49	2023	172,591	171,866
Unsecured floating rate loans	EUR	0.88 – 1.30	2022 – 2024	101,393	100,365
Unsecured floating rate loans	GBP	1.68 – 1.69	2022	37,908	37,524
Unsecured floating rate loans	JPY	0.58 – 1.50	2022 – 2024	116,320	115,515
Unsecured floating rate loans	RMB	5.70	2023	1,796	1,796 ⁽¹⁾
Unsecured floating rate loans	SGD	2.44 – 2.49	2022	4,000	3,960
Unsecured floating rate loans	USD	3.11	2022	48,980	48,858
				<u>2,358,831</u>	<u>2,349,013</u>

(1) Include scheduled repayment of \$469,000 in 2020.

Guarantees

The Ascott Reit Group has provided corporate guarantees amounting to \$205,293,000 (2018: \$39,116,000) to Ascott Reit's subsidiaries which expire in 2020, 2021, 2022 and 2023. The earliest period that the guarantees could be called is within one year (2018: one year) from the reporting date.

The Ascott BT Group has provided corporate guarantees to banks amounting to \$209,487,000 for unsecured bank loans undertaken by its subsidiaries in Australia and South Korea.

At the reporting date, the Ascott Reit Group and the Ascott BT Group do not consider it probable that a claim will be made under these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

ANNUAL REPORT 2019

18 FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Bank loans and medium term notes \$'000	Interest payable* (Note 19) \$'000	Finance lease \$'000	Lease liabilities (Note 21) \$'000	Total \$'000
Ascott Reit Group						
Balance as at 1 January 2018		1,941,892	6,081	3,481	–	1,951,454
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		472,719	–	–	–	472,719
Repayment of borrowings and medium term notes		(507,721)	–	–	–	(507,721)
Payment of transaction costs on bank borrowings		(500)	–	–	–	(500)
Payment of lease liabilities		–	–	(2,931)	–	(2,931)
Interest paid		–	(43,413)	–	–	(43,413)
Total changes from financing cash flows		(35,502)	(43,413)	(2,931)	–	(81,846)
Other changes						
Finance costs		3,838	43,259	19	–	47,116
Effect of changes in foreign exchange rates		(5,302)	47	(42)	–	(5,297)
Balance as at 31 December 2018		1,904,926	5,974	527	–	1,911,427

* net of interest receivables from cross currency interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Note	Bank loans and medium term notes \$'000	Interest payable* (Note 19) \$'000	Finance lease \$'000	Lease liabilities (Note 21) \$'000	Total \$'000
Ascott Reit Group						
Balance as at 1 January 2019		1,904,926	5,974	527	–	1,911,427
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		547,444	–	–	–	547,444
Repayment of borrowings and medium term notes		(745,138)	–	–	–	(745,138)
Payment of transaction costs on bank borrowings		(2,056)	–	–	–	(2,056)
Payment of lease liabilities		–	–	(517)	(7,001)	(7,518)
Interest paid		–	(37,726)	–	(11,202)	(48,928)
Total changes from financing cash flows		(199,750)	(37,726)	(517)	(18,203)	(256,196)
Other changes						
Finance costs		3,891	36,724	–	11,202	51,817
Effect of changes in foreign exchange rates		8,337	131	(10)	(1,586)	6,872
Adoption of FRS16/SFRS(I) 16		–	–	–	301,083	301,083
Transfer to liabilities held for sale	16	(10,386)	–	–	–	(10,386)
Disposal of subsidiaries	34	–	–	–	(470)	(470)
Acquisition through business combination	40	287,691	536	–	–	288,227
Balance as at 31 December 2019		1,994,709	5,639	–	292,026	2,292,374

* net of interest receivables from cross currency interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

ANNUAL REPORT 2019

18 FINANCIAL LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Note	Bank loans and medium term notes \$'000	Interest payable* (Note 19) \$'000	Finance lease \$'000	Lease liabilities (Note 21) \$'000	Total \$'000
Ascott BT Group						
Balance as at 9 September 2019 (date of constitution)		–	–	–	–	–
Other changes						
Acquisition through business combination	40	354,304	1,331	–	115,714	471,349
Balance as at 31 December 2019		354,304	1,331	–	115,714	471,349
Stapled Group						
Balance as at 1 January 2019		1,904,926	5,974	527	–	1,911,427
Changes from financing cash flows						
Proceeds from borrowings and issue of medium term notes		547,444	–	–	–	547,444
Repayment of borrowings and medium term notes		(745,138)	–	–	–	(745,138)
Payment of transaction costs on bank borrowings		(2,056)	–	–	–	(2,056)
Payment of lease liabilities		–	–	(517)	(7,001)	(7,518)
Interest paid		–	(37,726)	–	(11,202)	(48,928)
Total changes from financing cash flows		(199,750)	(37,726)	(517)	(18,203)	(256,196)
Other changes						
Finance costs		3,891	36,724	–	11,202	51,817
Effect of changes in foreign exchange rates		8,337	131	(10)	(1,586)	6,872
Adoption of FRS 116/SFRS(I) 16		–	–	–	301,083	301,083
Transfer to liabilities held for sale	16	(10,386)	–	–	–	(10,386)
Disposal of subsidiaries	34	–	–	–	(470)	(470)
Acquisition through business combination	40	641,995	1,867	–	–	643,862
Balance as at 31 December 2019		2,349,013	6,970	–	292,026	2,648,009

* net of interest receivables from cross currency interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

19 TRADE AND OTHER PAYABLES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Trade payables and accrued operating expenses	65,757	29,748	95,505	66,303
Amounts due to:				
– associate (non-trade)	1,860	–	1,860	1,883
– related parties				
– trade	12,932	–	12,932	17,231
– non-trade	3,923	2,123	727	313
– loan (interest-bearing)	4,037	–	4,037	4,086
– the Ascott Reit Manager	3,426	–	3,426	3,470
– the Ascott BT Trustee-Manager	–	4	4	–
– the Ascott Reit Trustee	193	–	193	147
– non-controlling interests (non-trade)	–	–	–	825
Loan due to Ascott Reit	–	34,957	–	–
Interest payable	8,798	1,331	10,129	9,199
Deposits received from divestment of investment properties/subsidiaries	3,878	–	3,878	5,000
Rental deposits and advance rental	34,720	5,796	40,516	32,795
Trade and other payables (current)	139,524	73,959	173,207	141,252
Other payables	–	397	397	–
Amounts due to non-controlling interests (non-trade)	657	–	657	–
Rental deposits	8,163	9,338	17,501	–
Trade and other payables (non-current)	8,820	9,735	18,555	–

The non-trade amounts due to an associate and related parties mainly pertain to payments made on behalf of the Stapled Group and are unsecured, interest-free and repayable on demand. The effective interest rate for the interest-bearing loan to related parties is 3.51% (2018: 3.46%) per annum.

The non-trade amounts due to non-controlling interests mainly pertain to interest-bearing loans extended to the Stapled Group with an effective interest rate of 4.18% (2018: 4.00%) per annum.

The non-current rental deposits are refundable to tenant upon the lease expiry ranging from June 2023 to April 2038.

NOTES TO THE FINANCIAL STATEMENTS

20 DEFERRED INCOME

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Current	159	1,697	1,856	–
Non-current	605	3,781	4,386	–
Total	764	5,478	6,242	–

Deferred income relates to the following:

- (i) Cash reimbursement received from Accor for its 50% share of the \$30.0 million capital expenditure incurred by the Accor Australia hotels for refurbishment works which was completed in 2013. The reimbursement by Accor is conditional upon the non-termination of the hotel management agreement signed between Ascendas Hotel Investment Company Pty Limited and Accor prior to 30 June 2017 and on a pro-rata basis if the termination occurs after 30 June 2017 but before 30 June 2022.
- (ii) Difference between the considerations received for rental deposits and its fair value at initial recognition and is credited to the Statement of Total Return.

21 LEASE LIABILITIES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Current	17,928	4,912	17,928	–
Non-current	274,098	110,802	274,098	–
Total	292,026	115,714	292,026	–

The investment properties of the Ascott BT Group included a right-of-use asset relating to the operating lease for Ariake Hotel on adoption of FRS 116/SFRS(I) 16. AAGK, a subsidiary of Ascott BT, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kaisha, a subsidiary of Ascott Reit. FRS 116/SFRS(I) 16 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Stapled Group as the intra-group transaction will be eliminated upon consolidation.

Leases as lessee (FRS 116/SFRS(I) 16)

The Ascott Reit Group leases the land on which four of the investment properties were constructed. The leases have initial tenures ranging from 23 to 48 years. During the year, one of the investment properties has been divested by Ascott Reit Group.

The Ascott Reit Group also leases the commercial podium under a 33-year master lease in Somerset Olympic Tower Property Tianjin. The operating lease payables are based on the fixed component of the rent payable under the lease agreement, adjusted for incremental rent which have been provided for in the agreement.

NOTES TO THE FINANCIAL STATEMENTS

21 LEASE LIABILITIES (continued)

Information about leases for which the Ascott Reit Group is a lessee is presented below.

Amounts recognised in the Statement of Total Return

	Ascott Reit Group and Stapled Group 2019 \$'000
2019 – Lease under FRS 116/SFRS(I) 16	
Interest expense on lease liabilities	11,202
Change in fair value of right-of-use assets	7,004
<i>Variable lease payments not capitalised in lease liabilities</i>	
Variable lease payments which do not depend on an index or rate ⁽¹⁾	<u>623</u>
2018 – Operating lease under FRS 17/SFRS(I) 1-17	
Lease expense	<u>20,233</u>

(1) The Ascott Reit Group manages certain units at one of the investment properties on behalf of third-party unit owners. The variable lease payments paid to these unit owners are based on a percentage of the net operational profit derived from the investment property. Such variable lease payments are recognised in the Statement of Total Return when incurred and amounted to \$623,000 for the year ended 31 December 2019.

Amounts recognised in Statement of Cash Flows

	Ascott Reit Group and Stapled Group 2019 \$'000
Total cash outflow for leases	<u>17,795</u>

NOTES TO THE FINANCIAL STATEMENTS

22 STAPLED SECURITYHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Stapled Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Stapled Group's net investments in foreign entities.

Capital reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to a general reserve until the reserve balance reaches 50% of the subsidiary's registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

The capital reserve of the subsidiary can be used to make good previous years' losses, if any, and may be converted to paid-in capital of the subsidiary in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

Capital management

The Managers review the Stapled Group's capital structure regularly, which the Stapled Group defines as total Stapled Securityholders' funds (excluding non-controlling interests) and the level of distribution to Stapled Securityholders. The Stapled Group uses a combination of debt and equity to fund acquisition and asset enhancement projects.

The objectives of the Managers are to:

- a) maintain a strong balance sheet by adopting and maintaining a target gearing range;
- b) secure diversified funding sources from financial institutions and/or capital markets;
- c) adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and
- d) manage the foreign currency exposure of income and capital values of overseas assets through hedging, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

22 STAPLED SECURITYHOLDERS' FUNDS (continued)

Capital management (continued)

The Managers seek to maintain a combination of debt and equity in order to balance the cost of capital and the returns to Stapled Securityholders. The Managers also monitor the externally imposed capital requirements closely and ensures that the capital structure adopted complies with the requirements.

Ascott Reit is subject to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's Deposited Property.

As at the reporting date, Ascott Reit has a credit rating of BBB from Fitch Ratings (2018: BBB from Fitch Ratings). The Aggregate Leverage of the Ascott Reit Group as at 31 December 2019 was 33.5% (2018: 36.7%) of the Ascott Reit Group's Deposited Property. This complied with the Aggregate Leverage limit.

The aggregate leverage of the Stapled Group as at 31 December 2019 was 33.6%.

There were no changes in the Stapled Group's approach to capital management during the year.

23 STAPLED SECURITIES/UNITS IN ISSUE AND PERPETUAL SECURITIES

(a) Units in issue

	Ascott Reit Units		Ascott BT Units		Stapled Securities	
	2019	2018	2019	2018	2019	2018
	Number of Units '000	Number of Units '000	Number of Units '000	Number of Units '000	Number of Units '000	Number of Units '000
At 1 January/date of constitution	2,164,592	2,149,688	– ⁽¹⁾	–	–	–
Issue of new Stapled Securities/Units:						
– Distribution <i>in specie</i>	–	–	2,178,811 ⁽²⁾	–	2,178,811	–
– Partial consideration for the Combination	904,278 ⁽³⁾	–	904,278	–	904,278	–
– Ascott Reit Manager's management fees paid in Units	14,219	14,904	–	–	–	–
At 31 December	3,083,089	2,164,592	3,083,089	–	3,083,089	–

NOTES TO THE FINANCIAL STATEMENTS

23 STAPLED SECURITIES/UNITS IN ISSUE AND PERPETUAL SECURITIES (continued)

(a) Units in issue (continued)

- (1) Less than 1,000 Units. Ascott Reit established a wholly-owned business trust, Ascott BT, on 9 September 2019 in connection with the Combination. As at the date of constitution, there was one issued and outstanding Ascott BT unit which was held by the Ascott Reit Trustee.
- (2) On 31 December 2019, pursuant to and on the terms of the Ascott Reit Scheme, each Unitholder of Ascott Reit as at the Ascott Reit Scheme Entitlement Date of 30 December 2019, 5.00 pm, was distributed *in specie* one Ascott BT Unit for each Ascott Reit Unit held by it.
- (3) On 31 December 2019, 904,277,884 Units at \$1.30 per Unit, amounting to \$1,175,561,000, were issued to the A-HTRUST Stapled Securityholders as partial consideration for the Combination. The balance consideration at \$0.0543 per Unit, amounting to \$61,827,000, was settled in cash to the A-HTRUST Stapled Securityholders.

During the financial year ended 31 December 2019, the Ascott Reit Group issued 14,219,878 Units at issue prices ranging from \$1.1814 to \$1.3095 per Unit, amounting to \$17,313,000, as payment of the Ascott Reit Manager's base management fees for the period from 1 October 2018 to 30 September 2019 and the Ascott Reit Manager's base performance fees for the period from 1 January 2018 to 31 December 2018.

During the financial year ended 31 December 2018, the Ascott Reit Group issued 14,903,726 Units at issue prices ranging from \$1.0573 to \$1.1928 per Unit, amounting to \$17,021,000, as payment of the Ascott Reit Manager's base management fees for the period from 1 October 2017 to 30 September 2018 and the Ascott Reit Manager's base performance fees for the period from 1 January 2017 to 31 December 2017.

Each Ascott BT Unit was stapled to one Ascott Reit Unit to form one Stapled Security in accordance with the Stapling Deed entered into between the Ascott Reit Manager, the Ascott Reit Trustee and the Ascott BT Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in the Stapled Group.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

The holders of the Stapled Securities are entitled to receive distributions as and when declared by the Stapled Group.

A Stapled Securityholder's liability is limited to the amount paid or payable for any Stapled Securities in the Stapled Group.

Each Ascott Reit Unit and Ascott BT Unit carry the same voting rights. Each unit carries one vote.

NOTES TO THE FINANCIAL STATEMENTS

23 STAPLED SECURITIES/UNITS IN ISSUE AND PERPETUAL SECURITIES (continued)

(b) Perpetual securities

On 4 September 2019, Ascott Reit issued \$150.0 million of fixed rate perpetual securities with an initial distribution rate of 3.88% per annum with the first distribution rate reset falling on 4 September 2024 and subsequent resets occurring every five years thereafter.

On 30 June 2015, Ascott Reit issued \$250.0 million of fixed rate perpetual securities with an initial distribution rate of 4.68% per annum with the first distribution rate reset falling on 30 June 2020 and subsequent resets occurring every five years thereafter.

On 27 October 2014, Ascott Reit issued \$150.0 million of fixed rate perpetual securities with an initial distribution rate of 5.0% per annum with the first distribution rate reset falling on 27 October 2019 and subsequent resets occurring every five years thereafter. The redemption notice relating to the redemption of the \$150.0 million perpetual securities on its first call date on 27 October 2019 was made on 30 August 2019. The payment was effected on 29 October 2019, and accordingly the perpetual securities have been cancelled and redeemed in full.

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

In terms of distribution payments or in the event of winding-up of Ascott Reit:

- These perpetual securities rank *pari passu* with the holders of preferred Units (if any) and rank ahead of the Stapled Securityholders of ART, but junior to the claims of all other present and future creditors of Ascott Reit.
- Ascott Reit shall not declare or pay any distributions to the Stapled Securityholders, or make redemptions, unless Ascott Reit declares or pays any distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded within the Statements of Movements in Stapled Securityholders' Funds. The \$396,299,000 (2018: \$397,127,000) presented on the Statements of Financial Position represents the \$400,000,000 (2018: \$400,000,000) perpetual securities net of issue costs and include total return attributable to perpetual securities holders from issue date.

NOTES TO THE FINANCIAL STATEMENTS

24 GROSS REVENUE

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Gross rental income	495,188	–	495,188	494,295
Hospitality income	17,699	–	17,699	18,287
Car park income	2,069	–	2,069	1,691
	514,956	–	514,956	514,273

25 DIRECT EXPENSES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Operations and maintenance expenses	48,938	–	48,938	47,721
Staff costs	59,735	–	59,735	58,849
Serviced residence management fees	26,336	–	26,336	24,651
Property tax	28,966	–	28,966	28,650
Depreciation of property, plant and equipment	12,498	–	12,498	12,744
Marketing and selling expenses	30,082	–	30,082	30,580
Administrative and general expenses	35,920	–	35,920	33,749
Operating lease expense ⁽¹⁾	–	–	–	20,233
Other direct expenses	19,870	–	19,870	17,736
	262,345	–	262,345	274,913
Contributions to defined contribution plans included in staff costs	4,764	–	4,764	5,365

(1) Nil in 2019 due to adoption of FRS116/SFRS(I) 16. The adoption of this standard replaced the straight-line operating lease expense to change in fair value of right-of-use assets and interest expense on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

26 FINANCE INCOME AND COSTS

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Finance income				
Bank deposits	2,080	–	2,080	1,194
Finance costs				
Amortisation of transaction costs	(3,891)	–	(3,891)	(3,838)
Interest on bank loans	(47,886)	–	(47,886)	(50,477)
Cash flow hedges, reclassified from hedging reserve	1,096	–	1,096	(800)
Cross currency interest rate swaps ⁽¹⁾	11,206	–	11,206	9,042
Interest expense on lease liabilities	(11,202)	–	(11,202)	–
Others	(1,140)	–	(1,140)	(1,043)
	(51,817)	–	(51,817)	(47,116)

(1) Interest income arising from cross currency interest rate swaps are classified within finance costs as these financial derivatives were entered into by the Ascott Reit Group as cash flow hedging instruments for certain bank loans.

27 MANAGERS' MANAGEMENT FEES

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Ascott Reit Manager's fees				
– Base fee	14,469	–	14,469	14,589
– Base performance fee	8,947	–	8,947	9,311
Ascott BT Trustee-Manager's fees				
– Base fee	–	8	8	–
	23,416	8	23,424	23,900

A total of 13,133,752 (2018: 15,352,904) Stapled Securities and 3,156 (2018: Nil) Stapled Securities were issued or will be issued as payment of the Ascott Reit Manager's management fees and the Ascott BT Trustee-Manager's management fees amounting to \$17,060,000 (2018: \$17,505,000) and \$4,000 (2018: Nil) respectively in respect of the year ended 31 December 2019.

28 PROFESSIONAL FEES

Professional fees of the Ascott Reit Group and the Stapled Group include valuation fees of \$710,000 (2018: \$467,000).

NOTES TO THE FINANCIAL STATEMENTS

29 NET INCOME

The following items have been included in arriving at net income for the year:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Non-audit fees ⁽¹⁾ paid to:				
– auditors of the Stapled Group	246	–	246	–
– other auditors	87	–	87	60
Loss on disposal of property, plant and equipment	18	–	18	134
Impairment loss on trade and other receivables recognised/(reversed)	30	–	30	(11)
Write-off of trade and other receivables	129	–	129	54

(1) Total non-audit fees amounted to \$333,000 (2018: \$60,000). Transaction costs relating to the Combination included an amount of \$290,000 paid to auditors of the Stapled Group for audit-related services.

30 PROFIT FROM DIVESTMENTS

On 31 October 2019, the Ascott Reit Group completed the divestment of a wholly-owned subsidiary, The Ascott (Vietnam) Investments Pte Ltd, for total consideration of \$13.9 million. The disposed subsidiary contributed profit after tax of \$346,000 from 1 January 2019 to the date of disposal.

On 5 January 2018, the Ascott Reit Group completed the divestment of its wholly-owned subsidiaries, Citadines (Xi'an) Property Co., Ltd. and Gain Mark Properties (Shanghai) Ltd. for total consideration of \$204.0 million. The disposed subsidiaries contributed a net operating gain of \$54,000 from 1 January 2018 to the date of disposal.

	Ascott Reit Group and Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Gain on divestment of subsidiaries	508	3,211
Gain on divestment of assets held for sale	511	–
Profit from divestments	1,019	3,211

NOTES TO THE FINANCIAL STATEMENTS

31 INCOME TAX EXPENSE

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Current tax expense				
Current year	36,513 ⁽¹⁾	–	36,513 ⁽¹⁾	24,822 ⁽¹⁾
Over provided in prior years	(2,169)	–	(2,169)	(708)
Withholding tax	5,281	–	5,281	3,142
	39,625	–	39,625	27,256
Deferred tax expense				
Origination and reversal of temporary differences	5,110 ⁽¹⁾	–	5,110 ⁽¹⁾	16,228 ⁽¹⁾
(Over)/Under provided in prior years	(43)	–	(43)	57
	5,067	–	5,067	16,285
Income tax expense	44,692	–	44,692	43,541

(1) Includes reversal of pre-acquisition deferred tax liabilities of \$3,694,000 (2018: \$2,090,000) to current tax expense, which was added back for computation of distribution to Unitholders.

Reconciliation of effective tax rate

Total return/(loss) before income tax	352,915	(91,901)	261,014	195,382
Income tax using the Singapore tax rate of 17% (2018: 17%)	59,995	(15,623)	44,372	33,215
Effect of different tax rates in foreign jurisdictions	21,957	–	21,957	18,289
Tax rebate/relief/exemption	(118)	–	(118)	(44)
Income not subject to tax	(77,846)	–	(77,846)	(45,803)
Tax benefits not recognised	3,781	–	3,781	3,906
Expenses not deductible for tax purposes	38,478	15,623	54,101	35,748
Utilisation of previously unrecognised tax losses	(1,273)	–	(1,273)	(909)
Tax transparency	(3,351)	–	(3,351)	(3,352)
Over provision in prior years	(2,212)	–	(2,212)	(651)
Withholding tax	5,281	–	5,281	3,142
	44,692	–	44,692	43,541

No income tax effects have been recognised for those items recognised directly in Stapled Securityholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

32 EARNINGS PER STAPLED SECURITY/UNIT

Basic earnings per Stapled Security/Unit

The calculation of basic earnings per Stapled Security/Unit for the Stapled Group was based on the total return for the year attributable to Stapled Securityholders and a weighted average number of Stapled Securities outstanding.

There are no earnings derived from A-HTRUST for the year as the Combination was completed on 31 December 2019. As such, the consideration units issued pursuant to the Combination was not included in the weighted average number of Stapled Securities used for the computation of earnings per Stapled Security.

	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Total return attributable to Stapled Securityholders and perpetual securities holders	216,262	147,593
Less: Total return attributable to perpetual securities holders	(19,741)	(19,200)
Total return attributable to Stapled Securityholders	<u>196,521</u>	<u>128,393</u>

	Stapled Group 2019 Number of Units '000	Ascott Reit Group 2018 Number of Units '000
Issued Stapled Securities/Units at the beginning of the year	–	2,149,688
Effect of issue of new Stapled Securities/Units:		
– Distribution <i>in specie</i>	2,174,217	–
– As Ascott Reit Manager's management fees paid in Stapled Securities/Units	–	9,767
Weighted average number of Stapled Securities/Units outstanding during the year	<u>2,174,217</u>	<u>2,159,455</u>

Diluted earnings per Stapled Security/Unit

The calculation of diluted earnings per Stapled Security/Unit for the Stapled Group was based on the total return for the year attributable to Stapled Securityholders and a weighted average number of Stapled Securities outstanding after adjustment for the effects of all dilutive potential Stapled Securities.

NOTES TO THE FINANCIAL STATEMENTS

32 EARNINGS PER STAPLED SECURITY/UNIT (continued)

Diluted earnings per Stapled Security/Unit (continued)

	Stapled Group 2019 '000	Ascott Reit Group 2018 '000
Weighted average number of Stapled Securities/Units used in calculation of basic earnings per Stapled Security/Unit	2,174,217	2,159,455
Weighted average number of unissued Stapled Securities/Units for base and performance fees	11,501	13,831
Weighted average number of Stapled Securities/Units outstanding (diluted) during the year	<u>2,185,718</u>	<u>2,173,286</u>

33 ISSUE EXPENSES – PERPETUAL SECURITIES

	Ascott Reit Group and Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Underwriting fees and selling commission	892	–
Professional fees	402	–
Other expenses	75	–
	<u>1,369</u>	<u>–</u>

These expenses were deducted directly against perpetual securities. Included in issue expenses are audit fees paid to auditors of the Stapled Group of \$82,000 for services performed in connection with the issuance of perpetual securities.

34 DISPOSAL OF SUBSIDIARIES

The list of subsidiaries disposed during the year ended 31 December 2019 and 31 December 2018 is as follows:

Name of subsidiaries	Date of disposal	Equity interest disposed %
The Ascott (Vietnam) Investments Pte Ltd	31 October 2019	100.0
West Lake Development Company Limited	31 October 2019	70.0
Citadines (Xi'an) Property Co., Ltd.	5 January 2018	100.0
Gain Mark Properties (Shanghai) Ltd.	5 January 2018	100.0

NOTES TO THE FINANCIAL STATEMENTS

34 DISPOSAL OF SUBSIDIARIES (continued)

Effect of disposal

The cash flows relating to assets and liabilities of the subsidiaries disposed during the year ended 31 December 2019 and assets and liabilities classified as held for sale disposed during the year ended 31 December 2018 are provided below:

Recognised values on disposal	Disposal of subsidiaries	Disposal of assets and liabilities held for sale
	2019 \$'000	2018 \$'000
Investment properties	13,618	192,330
Property, plant and equipment	171	–
Trade and other receivables	240	59
Cash and cash equivalents	275	3,767
Trade and other payables	(7,720)	(112)
Lease liabilities	(470)	–
Current tax liabilities	(22)	–
Other liabilities	–	(4,306)
Non-controlling interests	(3,253)	–
Net assets disposed	2,839	191,738
Assignment of shareholder's loan	7,066	–
Transfer from foreign currency translation reserve to Statement of Total Return	3,009	135
Gain on disposal	508	3,211
Accrual of transaction costs	502	–
Deposit received recognised in prior year	–	(104,909)
Cash flow on disposal of subsidiaries/assets and liabilities held for sale	13,924	90,175
Less: Cash disposed	(275)	–
Less: Transaction costs	–	(4,670)
Net cash flow on disposal of subsidiaries/assets and liabilities held for sale	13,649	85,505

35 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Stapled Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

This note presents information about the Stapled Group's exposure to each of the above risks, the Stapled Group's objectives, policies and processes for measuring and managing risk, and the Stapled Group's management of capital. Further quantitative disclosures are included throughout these financial statements. There were no changes in the Stapled Group's approach to financial risk management during the year.

Risk management framework

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Managers continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit Committee oversees how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Stapled Group as and when they fall due.

Exposure to credit risk

Trade receivables

The Managers have established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the serviced residence management companies before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

As at 31 December 2019 and 31 December 2018, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statements of Financial Position.

Concentration of credit risk relating to trade receivables is limited due to the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's varied tenants and a credit policy of collecting rental deposits on certain leases. These tenants are from a wide range of nationalities and are engaged in a wide spectrum of business activities.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Singapore	696	59	755	1,000
Australia	1,814	4,292	6,106	1,384
China	1,793	–	1,793	1,678
Europe (excluding United Kingdom)	2,003	–	2,003	1,725
Indonesia	553	–	553	566
Japan	4,304	367	4,671	3,034
Malaysia	248	–	248	323
Philippines	3,055	–	3,055	2,277
South Korea	–	1,431	1,431	–
United Kingdom	3,041	–	3,041	2,769
United States of America	2,919	–	2,919	1,918
Vietnam	378	–	378	707
	20,804	6,149	26,953	17,381

The movement in impairment losses in respect of trade and other receivables during the year is as follows:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
At 1 January/9 September 2019 (date of constitution)	286	–	286	399
Impairment losses recognised/(reversed)	30	–	30	(11)
Acquisition through business combination	–	3	3	–
Utilised during the year	(224)	–	(224)	(90)
Translation difference	2	–	2	(12)
At 31 December	94	3	97	286

Based on historical default rates, the Stapled Group believes that, except for those recognised, no additional impairment is necessary in respect of trade and other receivables not past due. These receivables relate to customers that have a good credit record with the Stapled Group and/or rental deposits held.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Expected credit loss assessment for customers of the Stapled Group as at 31 December 2019

The credit quality of trade receivables of the Ascott Reit Group, the Ascott BT Group and the Stapled Group is assessed based on credit policies established by the Ascott Reit Group and the Ascott BT Group. Trade and other receivables with high credit risk will be identified and monitored by the respective property. The Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's credit risk exposure in relation to trade receivables as at 31 December 2019 are set out in the provision matrix as follows:

	Current \$'000	Past due			Total \$'000
		Within 30 days \$'000	30 to 60 days \$'000	More than 60 days \$'000	
Ascott Reit Group					
Expected loss rate	0.02%	0.61%	1.65%	1.57%	
Trade receivables	12,870	4,240	2,059	1,724	20,893
Loss allowance	2	26	34	27	89
Ascott BT Group					
Expected loss rate	–	–	–	0.53%	
Trade receivables	2,434	2,213	943	562	6,152
Loss allowance	–	–	–	3	3
Stapled Group					
Expected loss rate	0.01%	0.40%	1.13%	1.31%	
Trade receivables	15,304	6,453	3,002	2,286	27,045
Loss allowance	2	26	34	30	92

No ageing analysis of other receivables is presented as the majority of the outstanding balances as at 31 December 2019 is current.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Expected credit loss assessment for customers of the Ascott Reit Group as at 31 December 2018

The credit quality of trade receivables of the Ascott Reit Group is assessed based on credit policies established by the Ascott Reit Group. Trade and other receivables with high credit risk will be identified and monitored by the respective property. The Ascott Reit Group's credit risk exposure in relation to trade receivables as at 31 December 2018 are set out in the provision matrix as follows:

	Current \$'000	Past due			Total \$'000
		Within 30 days \$'000	30 to 60 days \$'000	More than 60 days \$'000	
Ascott Reit Group					
Expected loss rate	–	–	4.55%	19.60%	
Trade receivables	11,053	4,226	1,231	1,153	17,663
Loss allowance	–	–	56	226	282

No ageing analysis of other receivables is presented as the majority of the outstanding balances as at 31 December 2018 is current.

Non-trade amounts due from related parties

Expected credit losses associated with the non-trade amounts due from related parties are assessed from estimated cash flows recoverable from the related parties based on the review of their financial strength (i.e. fair value of underlying net assets) and cash flow projections of their operations as at the reporting date.

The Stapled Group did not recognise any impairment arising from the amounts due from related parties as the ECL is not material.

Financial derivatives

The financial derivatives are entered into with banks and financial institution counterparties, which are regulated.

Cash and cash equivalents

The Stapled Group held cash and cash equivalents of \$275,503,000 at 31 December 2019 (Ascott Reit Group 2018: \$227,847,000). The cash and cash equivalents are held with banks and financial institution counterparties which are rated AA- to BBB-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 1-day expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Stapled Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Stapled Group's reputation.

The Managers monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Stapled Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Stapled Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2019, the Stapled Group has unutilised credit facilities of approximately \$685.0 million expiring between February 2020 and November 2023, that can be drawn down to meet short-term financing needs.

Notes issued by the Stapled Group as at 31 December 2019 are as follows: (a) \$661.4 million under the \$1.0 billion MTN Programme; (b) \$120.3 million under the US\$2.0 billion EMTN Programme; and (c) \$145.0 million under the \$1.0 billion Stapled MTN Programme.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

Ascott Reit Group	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
2019					
Non-derivative financial liabilities					
Floating rate loans	911,382	(958,955)	(194,304)	(745,760)	(18,891)
Fixed rate loans	252,787	(260,624)	(1,639)	(218,032)	(40,953)
Fixed rate notes	830,540	(913,944)	(160,244)	(690,698)	(63,002)
Lease liabilities	292,026	(422,184)	(18,580)	(77,651)	(325,953)
Trade and other payables ⁽¹⁾	135,049	(135,049)	(135,049)	–	–
	<u>2,421,784</u>	<u>(2,690,756)</u>	<u>(509,816)</u>	<u>(1,732,141)</u>	<u>(448,799)</u>
Derivative financial instruments					
Interest rate swaps					
– assets	(753)	913	718	195	–
– liabilities	3,467	(3,667)	(1,459)	(2,208)	–
Cross currency interest rate swaps					
– assets	(11,510)	41,091	10,303	30,788	–
– liabilities	2,469	2,318	224	2,094	–
Currency forwards					
– assets	(125)	(113)	(113)	–	–
– liabilities	10	9	9	–	–
	<u>(6,442)</u>	<u>40,551</u>	<u>9,682</u>	<u>30,869</u>	<u>–</u>
	<u>2,415,342</u>	<u>(2,650,205)</u>	<u>(500,134)</u>	<u>(1,701,272)</u>	<u>(448,799)</u>
2018					
Non-derivative financial liabilities					
Floating rate loans	1,091,124	(1,179,431)	(98,808)	(1,071,017)	(9,606)
Fixed rate loans	36,963	(38,319)	(166)	(664)	(37,489)
Fixed rate notes	776,839	(883,774)	(23,235)	(549,762)	(310,777)
Finance lease liabilities	527	(527)	(527)	–	–
Trade and other payables ⁽¹⁾	139,782	(139,782)	(139,782)	–	–
	<u>2,045,235</u>	<u>(2,241,833)</u>	<u>(262,518)</u>	<u>(1,621,443)</u>	<u>(357,872)</u>
Derivative financial instruments					
Interest rate swaps					
– assets	(6,486)	7,128	3,315	3,813	–
– liabilities	1,916	(2,357)	(1,157)	(1,200)	–
Cross currency interest rate swaps					
– assets	(1,808)	21,927	4,466	17,461	–
– liabilities	5,214	21,465	6,743	16,336	(1,614)
	<u>(1,164)</u>	<u>48,163</u>	<u>13,367</u>	<u>36,410</u>	<u>(1,614)</u>
	<u>2,044,071</u>	<u>(2,193,670)</u>	<u>(249,151)</u>	<u>(1,585,033)</u>	<u>(359,486)</u>

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Carrying amount \$'000	Cash flows			More than 5 years \$'000
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	
Ascott BT Group					
2019					
Non-derivative financial liabilities					
Floating rate loans	221,975	(243,162)	(5,928)	(237,234)	-
Fixed rate loans	37,175	(43,026)	(1,348)	(41,678)	-
Fixed rate notes	95,154	(101,869)	(28,086)	(73,783)	-
Lease liabilities	115,714	(193,937)	(14,637)	(58,547)	(120,753)
Trade and other payables ⁽¹⁾	64,932	(64,932)	(64,932)	-	-
	534,950	(646,926)	(114,931)	(411,242)	(120,753)
Derivative financial instruments					
Interest rate swaps					
- liabilities	288	(332)	(332)	-	-
Cross currency interest rate swaps					
- assets	(7,902)	11,138	3,063	8,075	-
- liabilities	1,954	(237)	812	(1,049)	-
Currency forwards					
- assets	(181)	(255)	(255)	-	-
- liabilities	7	6	6	-	-
	(5,834)	10,320	3,294	7,026	-
	529,116	(636,606)	(111,637)	(404,216)	(120,753)
Stapled Group					
2019					
Non-derivative financial liabilities					
Floating rate loans	1,133,357	(1,202,117)	(200,232)	(982,994)	(18,891)
Fixed rate loans	289,962	(303,650)	(2,987)	(259,710)	(40,953)
Fixed rate notes	925,694	(1,015,813)	(188,330)	(764,481)	(63,002)
Lease liabilities	292,026	(422,184)	(18,580)	(77,651)	(325,953)
Trade and other payables ⁽¹⁾	159,705	(159,705)	(159,705)	-	-
	2,800,744	(3,103,469)	(569,834)	(2,084,836)	(448,799)
Derivative financial instruments					
Interest rate swaps					
- assets	(753)	913	718	195	-
- liabilities	3,755	(3,999)	(1,791)	(2,208)	-
Cross currency interest rate swaps					
- assets	(19,412)	52,229	13,366	38,863	-
- liabilities	4,423	2,081	1,036	1,045	-
Currency forwards					
- assets	(306)	(368)	(368)	-	-
- liabilities	17	15	15	-	-
	(12,276)	50,871	12,976	37,895	-
	2,788,468	(3,052,598)	(556,858)	(2,046,941)	(448,799)

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income of the Ascott Reit Group, the Ascott BT Group and the Stapled Group and their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Foreign currency risk

The Ascott Reit Group, the Ascott BT Group and the Stapled Group have exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Singapore Dollar, Australian Dollar, Chinese Renminbi, Euro, Sterling Pound, Hong Kong Dollar, Indonesian Rupiah, Korean Won, Japanese Yen, Malaysian Ringgit, Philippine Peso, US Dollar and Vietnam Dong.

In order to manage the foreign currency risk, the Managers adopt foreign currency risk management strategies that include:

- entering into foreign currency forward contracts to hedge the foreign currency income from the overseas assets;
- entering into currency forwards to hedge a portion of the cash flows to enhance the stability of distribution to Stapled Securityholders. The hedging of AUD, JPY and KRW cash flows receivables from the subsidiaries are effected through forward sale of the AUD, JPY and KRW and purchases of SGD;
- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and
- the use of certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

The exposures to foreign currencies risk (excluding cross currency interest rate swaps that are designated as a hedge of net investments in foreign operations) as reported to the management of the Ascott Reit Group, the Ascott BT Group and the Stapled Group were as follows:

	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Sterling Pound \$'000	Hong Kong Dollar \$'000	Indonesian Rupiah \$'000	Japanese Yen \$'000	Malaysian Ringgit \$'000	Philippine Peso \$'000	US Dollar \$'000	Vietnam Dong \$'000	Total foreign currencies \$'000
Ascott Reit Group													
31 December 2019													
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	3,557	–	3,557
Trade and other receivables ⁽¹⁾	4,582	2,119	2,166	8,788	6,249	–	1,690	6,185	342	5,814	3,908	1,179	43,022
Intra-group receivables	47	25,699	1,941	167,935	63,945	–	–	134,655	9,910	404	92,383	–	496,919
Cash and cash equivalents	9,884	21,338	19,411	28,264	22,559	8	5,083	69,556	951	12,393	41,540	14,897	245,884
Trade and other payables ⁽²⁾	(29,087)	(6,466)	(20,369)	(22,582)	(10,160)	(13,484)	(5,959)	(14,229)	(726)	(5,028)	5,241	(6,180)	(129,029)
Intra-group payables	(10,723)	–	(29,367)	–	–	–	–	(7)	–	–	–	–	(40,097)
Financial liabilities	(470,431)	–	(17,909)	(221,339)	(37,908)	–	–	(784,263)	–	–	(462,858)	–	(1,994,708)
Lease liabilities	–	–	(12,531)	–	–	–	–	–	–	(18,047)	(261,448)	–	(292,026)
Gross currency exposure	(495,728)	42,690	(56,658)	(38,934)	44,685	(13,476)	814	(588,103)	10,477	(4,464)	(577,677)	9,896	(1,666,478)
Add/(less): Net exposure denominated in the respective entities' functional currencies	483,426	(9,459)	18,293	(11,679)	(17,337)	–	–	370,359	(591)	4,807	560,644	(9,896)	1,388,567
Add: Loan designated for net investment hedge ⁽³⁾	–	–	–	221,674	37,908	–	–	356,512	–	–	–	–	616,094
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	69,223	–	69,223
Net exposure	(12,302)	33,231	(38,365)	171,061	65,256	(13,476)	814	138,768	9,886	343	52,190	–	407,406

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

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35 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Sterling Pound \$'000	Hong Kong Dollar \$'000	Indonesian Rupiah \$'000	Japanese Yen \$'000	Malaysian Ringgit \$'000	Philippine Peso \$'000	US Dollar \$'000	Vietnam Dong \$'000	Total foreign currencies \$'000
Ascott Reit Group													
31 December 2018													
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	3,584	–	3,584
Trade and other receivables ⁽¹⁾	4,220	1,505	3,146	18,227	3,487	–	1,454	4,088	419	5,508	3,012	1,316	46,382
Intra-group receivables	32	16,815	–	178,806	60,094	–	–	72,686	9,943	591	95,186	–	434,153
Cash and cash equivalents	31,034	12,105	23,099	22,314	21,126	1	4,718	46,240	982	8,431	44,290	13,507	227,847
Trade and other payables ⁽²⁾	(18,705)	(4,562)	(19,988)	(24,272)	(6,466)	(13,594)	(3,767)	(10,818)	(798)	(6,088)	(7,765)	(6,501)	(123,324)
Intra-group payables	(10,444)	–	(29,863)	–	–	–	–	–	–	–	–	–	(40,307)
Financial liabilities	(476,879)	–	(36,869)	(212,672)	(173,960)	–	–	(521,518)	–	–	(483,555)	–	(1,905,453)
Gross currency exposure	(470,742)	25,863	(60,475)	(17,597)	(95,719)	(13,593)	2,405	(409,322)	10,546	8,442	(345,248)	8,322	(1,357,118)
Add/(less): Net exposure denominated in the respective entities' functional currencies	460,302	(9,010)	22,633	(13,293)	(64,265)	10	–	141,386	(631)	(7,876)	312,368	(8,322)	833,302
Add: Loan designated for net investment hedge ⁽³⁾	–	–	–	212,548	173,960	–	–	268,562	–	–	–	–	655,070
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	69,724	–	69,724
Net exposure	(10,440)	16,853	(37,842)	181,658	13,976	(13,583)	2,405	626	9,915	566	36,844	–	200,978

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Ascott BT Group	Singapore Dollar \$'000	Australian Dollar \$'000	Japanese Yen \$'000	Korean Won \$'000	US Dollar \$'000	Total foreign currencies \$'000
31 December 2019						
Trade and other receivables ⁽¹⁾	885	4,516	750	1,323	199	7,673
Intra-group receivables	–	140,924	45,368	645	–	186,937
Cash and cash equivalents	7,298	7,744	6,733	6,953	891	29,619
Trade and other payables ⁽²⁾	(12,986)	(15,334)	(7,824)	(2,898)	(199)	(39,241)
Financial liabilities	(95,032)	(171,866)	(1,251)	(37,175)	(48,980)	(354,304)
Gross currency exposure	(99,835)	(34,016)	43,776	(31,152)	(48,089)	(169,316)
Add/(less): Net exposure denominated in the respective entities' functional currencies	99,835	174,822	1,437	31,542	–	307,636
Add: Loan designated for net investment hedge ⁽³⁾	–	–	–	–	48,980	48,980
Net exposure	–	140,806	45,213	390	891	187,300

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

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35 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Sterling Pound \$'000	Hong Kong Dollar \$'000	Indonesian Rupiah \$'000	Japanese Yen \$'000	Malaysian Ringgit \$'000	Philippine Peso \$'000	Korean Won \$'000	US Dollar \$'000	Vietnam Dong \$'000	Total foreign currencies \$'000
Stapled Group														
31 December 2019														
Loan receivables – associate	–	–	–	–	–	–	–	–	–	–	–	3,557	–	3,557
Trade and other receivables ⁽¹⁾	5,467	6,635	2,166	8,788	6,249	–	1,690	6,935	342	5,814	1,323	4,107	1,179	50,695
Intra-group receivables	47	166,623	1,941	167,935	63,945	–	–	180,023	9,910	404	645	92,383	–	683,856
Cash and cash equivalents	17,182	29,082	19,411	28,264	22,559	8	5,083	76,289	951	12,393	6,953	42,431	14,897	275,503
Trade and other payables ⁽²⁾	(42,073)	(21,800)	(20,369)	(22,582)	(10,160)	(13,484)	(5,959)	(22,053)	(726)	(5,028)	(2,898)	5,042	(6,180)	(168,270)
Intra-group payables	(10,723)	–	(29,367)	–	–	–	–	(7)	–	–	–	–	–	(40,097)
Financial liabilities	(565,463)	(171,866)	(17,909)	(221,339)	(37,908)	–	–	(785,514)	–	–	(37,175)	(511,838)	–	(2,349,012)
Lease liabilities	–	–	(12,531)	–	–	–	–	–	–	(18,047)	–	(261,448)	–	(292,026)
Gross currency exposure	(595,563)	8,674	(56,658)	(38,934)	44,685	(13,476)	814	(544,327)	10,477	(4,464)	(31,152)	(625,766)	9,896	(1,835,794)
Add/(less): Net exposure denominated in the respective entities' functional currencies	583,261	165,363	18,293	(11,679)	(17,337)	–	–	371,796	(591)	4,807	31,542	560,644	(9,896)	1,696,203
Add: Loan designated for net investment hedge ⁽³⁾	–	–	–	221,674	37,908	–	–	356,512	–	–	–	48,980	–	665,074
Add: Cross currency interest rate swap	–	–	–	–	–	–	–	–	–	–	–	69,223	–	69,223
Net exposure	(12,302)	174,037	(38,365)	171,061	65,256	(13,476)	814	183,981	9,886	343	390	53,081	–	594,706

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

(3) Stated at face value (excluding unamortised transaction costs).

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Stapled Group entities' Statements of Financial Position measured in the respective functional currencies, translated into Singapore dollars at the exchange rate at the reporting date for presentation purposes.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Sensitivity analysis

The following table indicates the approximate increase/(decrease) in the Statement of Total Return of the Ascott Reit Group, the Ascott BT Group and the Stapled Group in response to a 10% increase in foreign exchange rates to which the Ascott Reit Group, the Ascott BT Group and the Stapled Group has significant exposure at the reporting date as compared to the functional currencies of the respective entities. The sensitivity analysis includes balances in group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Singapore Dollar ⁽¹⁾	(1,230)	–	(1,230)	(1,044)
Australian Dollar ⁽²⁾	3,323	14,081	17,404	1,685
Chinese Renminbi ⁽²⁾	(3,837)	–	(3,837)	(3,784)
Euro ⁽²⁾	17,106	–	17,106	18,166
Sterling Pound ⁽²⁾	6,526	–	6,526	1,398
Hong Kong Dollar ⁽²⁾	(1,348)	–	(1,348)	(1,358)
Indonesian Rupiah ⁽³⁾	81	–	81	241
Japanese Yen ⁽⁴⁾	13,877	4,521	18,398	63
Malaysian Ringgit ⁽²⁾	989	–	989	992
Philippine Peso ⁽²⁾	34	–	34	57
Korean Won ⁽⁶⁾	–	39	39	–
US Dollar ⁽⁵⁾	5,219	89	5,308	3,684

(1) As compared to functional currencies of Chinese Renminbi and US Dollar.

(2) As compared to functional currency of Singapore Dollar.

(3) As compared to functional currencies of Singapore Dollar and US Dollar.

(4) As compared to functional currencies of Singapore Dollar and Chinese Renminbi.

(5) As compared to functional currencies of Singapore Dollar, Chinese Renminbi, Philippine Peso, Hong Kong Dollar and Vietnam Dong.

(6) As compared to functional currency of Singapore Dollar.

A decrease in foreign exchange rates to which the Ascott Reit Group, the Ascott BT Group and the Stapled Group have significant exposure at the reporting date as compared to the functional currencies of the respective entities would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Stapled Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. The Ascott Reit Group and the Ascott BT Group adopt a policy of ensuring that up to 80% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. The Ascott Reit Group and the Ascott BT Group apply a hedge ratio of 1:1.

The Ascott Reit Group, Ascott BT Group and the Stapled Group classify these interest rate swaps as cash flow hedges which were effective during the year.

The Ascott Reit Group and the Ascott BT Group determine the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Ascott Reit Group and the Ascott BT Group assess whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Ascott Reit Group, the Ascott BT Group and the Stapled Group own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Carrying amount			
	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Fixed rate instruments				
Financial liabilities	(1,083,327)	(132,329)	(1,215,656)	(813,802)
Variable rate instruments				
Financial liabilities	(911,382)	(221,975)	(1,133,357)	(1,091,651)

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

To manage its exposure to interest rate movements on its variable rate financial liabilities, the Ascott Reit Group, the Ascott BT Group and the Stapled Group enter into interest rate swaps and cross currency interest rate swaps. The following cross currency interest rate swaps are used to exchange:

- a) floating rate interest on US Dollar ("USD") loan of USD 50.879 million for fixed rate JPY interest;
- b) floating rate interest on USD loan of USD 6.0 million for fixed rate Korean Won ("KRW") interest; and
- c) floating rate interest on USD loan of USD 30.0 million for fixed rate JPY interest.

The hedge relationships for which hedge accounting have been adopted are effective in the financial year ended 31 December 2019 and 31 December 2018.

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally to replace or reform existing benchmark interbank offered rates ("IBORs") with alternative rates. The Stapled Group hedged items and hedging instruments continue to be indexed to Certificate of Deposit Rate ("CD"), Bank Bill Swap Rate ("BBSW"), Euro Interbank Offered Rate ("EURIBOR"), London Interbank Offered Rate ("LIBOR") and Tokyo Interbank Offered Rate ("TIBOR"). There is uncertainty as to the timing and the methods of transition across the jurisdictions that the Stapled Group operates in.

As a result of these uncertainties, significant judgement is involved in determining certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBORs continue to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. The Stapled Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

At 31 December 2019, the Stapled Group has interest rate swaps classified as cash flow hedges with notional contractual amount of \$694.5 million (2018: \$640.7 million) which pay fixed interest rates averaging 1.09% (2018: 1.13%) per annum and receive variable rates equal to the EURIBOR, GBP LIBOR and TIBOR on the notional amount and a cross currency interest rate swap classified as cash flow hedge with notional contractual amount of \$69.2 million (2018: \$69.7 million) which pay fixed interest rates and receive variable rates equal to the USD LIBOR on the notional amount.

Fair value sensitivity analysis for fixed rate instruments

The Ascott Reit Group, the Ascott BT Group and the Stapled Group do not account for any fixed rate financial liabilities at fair value through total return, and the Ascott Reit Group, the Ascott BT Group and the Stapled Group do not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rate at the reporting date would increase/(decrease) Stapled Securityholders' funds and Statement of Total Return by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Statement of Total Return		Stapled Securityholders' funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
Ascott Reit Group				
31 December 2019				
Variable rate financial liabilities	(9,174)	9,174	-	-
Interest rate swaps/Cross currency interest rate swaps	6,988	(6,988)	1,647	(1,647)
Cash flow sensitivity (net)	(2,186)	2,186	1,647	(1,647)
31 December 2018				
Variable rate financial liabilities	(10,995)	10,995	-	-
Interest rate swaps/Cross currency interest rate swaps	7,105	(7,105)	1,730	(1,730)
Cash flow sensitivity (net)	(3,890)	3,890	1,730	(1,730)
Ascott BT Group				
31 December 2019				
Variable rate financial liabilities	(2,228)	2,228	-	-
Interest rate swaps/Cross currency interest rate swaps	1,139	(1,139)	182	(182)
Cash flow sensitivity (net)	(1,089)	1,089	182	(182)
Stapled Group				
31 December 2019				
Variable rate financial liabilities	(11,402)	11,402	-	-
Interest rate swaps/Cross currency interest rate swaps	8,127	(8,127)	1,829	(1,829)
Cash flow sensitivity (net)	(3,275)	3,275	1,829	(1,829)

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting

At 31 December 2019, the Ascott Reit Group, the Ascott BT Group and the Stapled Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness				Maturity date
	Contractual notional amount \$'000	Assets/(Liabilities) \$'000	Financial Statement line item	Hedging instrument \$'000	Hedged item \$'000	Hedge ineffectiveness recognised in Statement of Total Return \$'000	
Ascott Reit Group							
Cash flow hedges							
<i>Interest rate risk</i>							
- Interest rate swaps to hedge floating rate borrowings	565,762	(2,478)	Derivative financial instruments	(4,536)	4,536	-	1.03% 2020 – 2024
- Interest rate swaps to hedge floating rate borrowings	63,801	(236)	Derivative financial instruments	– ⁽¹⁾	– ⁽¹⁾	-	0.75% 2023
- USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	69,223	(864)	Derivative financial instruments	(1,618)	1,618	-	3.49% 2023
<i>Foreign exchange risk</i>							
- USD floating rate loan designated under the USD/JPY cross currency interest rate swap	-	(68,759)	Borrowings	501	(501)	-	- 2023

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

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35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness				Maturity date
	Contractual notional amount \$'000	Assets/ (Liabilities) \$'000	Financial Statement line item	Hedging instrument \$'000	Hedged item \$'000	Hedge ineffectiveness recognised in Statement of Total Return \$'000	
Ascott Reit Group							
Net investment hedges							
<i>Foreign exchange risk</i>							
- Borrowings to hedge net investments in foreign operations	-	(550,009)	Borrowings	(6,831)	6,831	-	- 2020 – 2025
- Borrowings to hedge net investments in foreign operations	-	(63,516)	Borrowings	– ⁽¹⁾	– ⁽¹⁾	-	2023
- Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	10,257	Derivative financial instruments	13,928	(13,928)	-	EUR1:\$1.53 2022 – 2024
- USD/JPY cross currency interest rate swap to hedge JPY net investments	– ⁽²⁾	81	Derivative financial instruments	570	(570)	-	JPY83.20:\$1 2023
- Cross currency interest rate swaps to hedge net investments in foreign operations	49,500	(433)	Derivative financial instruments	– ⁽¹⁾	– ⁽¹⁾	-	JPY81.47:\$1 2020

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

(2) Contractual notional amount of the USD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness				Maturity date
	Contractual notional amount \$'000	Assets/ (Liabilities) \$'000	Financial Statement line item	Hedging instrument \$'000	Hedged item \$'000	Hedge ineffectiveness recognised in Statement of Total Return \$'000	
Ascott BT Group							
Cash flow hedges							
<i>Interest rate risk</i>							
– Interest rate swaps to hedge floating rate borrowings	64,954	(288)	Derivative financial instruments	– ⁽¹⁾	– ⁽¹⁾	–	2.01% 2020
Net investment hedges							
<i>Foreign exchange risk</i>							
– Borrowings to hedge net investments in foreign operations	–	(48,858)	Borrowings	– ⁽¹⁾	– ⁽¹⁾	–	– 2022
– Cross currency interest rate swaps to hedge net investments in foreign operations	143,480	5,948	Derivative financial instruments	– ⁽¹⁾	– ⁽¹⁾	–	JPY75.36:\$1 KRW805:\$1 JPY114:USD1 – KRW1,083:USD1 2020 – 2022

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

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35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness				Maturity date
	Contractual notional amount \$'000	Assets/ (Liabilities) \$'000	Financial Statement line item	Hedging instrument \$'000	Hedged item \$'000	Hedge ineffectiveness recognised in Statement of Total Return \$'000	
Stapled Group							
Cash flow hedges							
<i>Interest rate risk</i>							
– Interest rate swaps to hedge floating rate borrowings	565,762	(2,478)	Derivative financial instruments	(4,536)	4,536	–	1.03% 2020 – 2024
– Interest rate swaps to hedge floating rate borrowings	128,755	(524)	Derivative financial instruments	– ⁽¹⁾	– ⁽¹⁾	–	0.75% – 2.01% 2020 – 2023
– USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	69,223	(864)	Derivative financial instruments	(1,618)	1,618	–	3.49% 2023
<i>Foreign exchange risk</i>							
– USD floating rate loan designated under the USD/JPY cross currency interest rate swap	–	(68,759)	Borrowings	501	(501)	–	– 2023

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

	Carrying amount		Changes in fair value used for calculating			Maturity date	
	Contractual notional amount \$'000	Assets/(Liabilities) \$'000	Financial Statement line item	Hedging instrument \$'000	Hedged item \$'000		Hedge ineffectiveness recognised in Statement of Total Return \$'000
Stapled Group							
Net investment hedges							
<i>Foreign exchange risk</i>							
– Borrowings to hedge net investments in foreign operations	–	(550,009)	Borrowings	(6,831)	6,831	–	– 2020 – 2025
– Borrowings to hedge net investments in foreign operations	–	(112,374)	Borrowings	– ⁽¹⁾	– ⁽¹⁾	–	– 2022 – 2023
– Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	10,257	Derivative financial instruments	13,928	(13,928)	–	EUR 1:\$1.53 2022 – 2024
– USD/JPY cross currency interest rate swap to hedge JPY net investments	– ⁽²⁾	81	Derivative financial instruments	570	(570)	–	JPY83.20:\$1 2023
– Cross currency interest rate swaps to hedge net investments in foreign operations	192,980	5,515	Derivative financial instruments	– ⁽¹⁾	– ⁽¹⁾	–	JPY75.36:\$1 JPY81.47:\$1 KRW805:\$1 JPY114:USD1 – KRW1,083:USD1 2020 – 2022

(1) Nil as these instruments were acquired through the business combination on 31 December 2019.

(2) Contractual notional amount of the USD/JPY cross currency interest rate swap is disclosed under “Cash flow hedges”.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

At 31 December 2018, the Ascott Reit Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness			Maturity date	
	Contractual notional amount \$'000	Assets/(Liabilities) \$'000	Financial Statement line item	Hedging instrument \$'000	Hedged item \$'000		Hedge ineffectiveness recognised in Statement of Total Return \$'000
Ascott Reit Group							
Cash flow hedges							
<i>Interest rate risk</i>							
- Interest rate swaps to hedge floating rate borrowings	640,741	4,570	Derivative financial instruments	2,912	(2,912)	-	1.13%
- USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest	69,724	754	Derivative financial instruments	1,779	(1,779)	-	3.31%
<i>Foreign exchange risk</i>							
- USD floating rate loan designated under the USD/JPY cross currency interest rate swap	-	(69,141)	Borrowings	(1,248)	1,248	-	-
Net investment hedges							
<i>Foreign exchange risk</i>							
- Borrowings to hedge net investments in foreign operations	-	(653,215)	Borrowings	9,551	(9,551)	-	-
- Cross currency interest rate swaps to hedge net investments in foreign operations	420,000	(3,671)	Derivative financial instruments	8,204	(8,204)	-	EUR 1:\$1.53
- USD/JPY cross currency interest rate swap to hedge JPY net investments	- ⁽¹⁾	(489)	Derivative financial instruments	(3,604)	3,604	-	JPY83.20:\$1

(1) Contractual notional amount of the USD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

The following table provides a reconciliation by risk category of components of Stapled Securityholders' funds resulting from cash flow hedge accounting.

	Hedging reserve	
	2019	2018
Ascott Reit Group and Stapled Group	\$'000	\$'000
Balance as at 1 January	3,003	(1,240)
Cash flow hedges		
Change in fair value		
– Interest rate risk	(6,154)	4,691
– Foreign exchange risk	501	(1,248)
Amounts reclassified to Statement of Total Return		
– Interest rate risk	(1,096)	800
Balance as at 31 December	(3,746)	3,003

Net investment hedge

A foreign currency exposure arises from the Stapled Group's net investment in its subsidiaries in Europe, Japan and South Korea that has a EUR, GBP, JPY and KRW functional currency respectively. The risk arises from the fluctuation in spot exchange rates between the EUR, GBP, JPY, KRW and SGD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges are the risk of a weakening EUR, GBP, JPY and KRW against the SGD that will result in a reduction in the carrying amount of the Stapled Group's net investment in its subsidiaries in Europe, Japan and South Korea.

Part of the Stapled Group's net investments in certain subsidiaries in Europe and Japan are hedged through the use of EUR, GBP and JPY denominated borrowings.

The Stapled Group also entered into cross currency interest rate swaps to swap fixed rate SGD medium term notes for fixed rate EUR, JPY and KRW obligations. The SGD medium term notes, which together with the cross currency interest rate swap arrangement, have been used to hedge the Stapled Group's foreign currency risk on the net investment in the subsidiaries in Europe, Japan and South Korea.

The Stapled Group has also designated USD denominated borrowings, together with certain cross currency interest rate swaps, to hedge its net investment in the subsidiaries in Japan and South Korea.

The Stapled Group also entered into a cross currency interest rate swap to swap floating rate USD loan for fixed rate JPY obligations. The JPY portion of this cross currency interest rate swap have been designated as a hedge of the Stapled Group's foreign currency risk on the net investment in the subsidiaries in Japan. The USD floating rate loan, together with the swap of the floating USD interest for fixed JPY interest under the cross currency interest rate swap, is designated as a cash flow hedge.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Hedge accounting (continued)

Net investment hedge (continued)

As at the reporting date, the carrying amount of these borrowings was \$662,383,000 (2018: \$653,215,000) and the fair value of the borrowings was \$685,714,000 (2018: \$656,631,000). The net investment hedges were effective during the year. The Stapled Group's investments in other subsidiaries are not hedged.

The Stapled Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount. The Stapled Group assess the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Stapled Group's Statement of Financial Position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statement of Financial Position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the Statement of Financial Position.

The Stapled Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Stapled Group or the counterparties. In addition, the Stapled Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement

	Gross amount of recognised financial assets/ (liabilities)	Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position	Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position	Related amount not offset in the Statement of Financial Position	Net amount
Ascott Reit Group	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2019					
Financial assets					
Interest rate swaps	753	–	753	–	753
Cross currency interest rate swaps	11,510	–	11,510	–	11,510
Currency forwards	125	–	125	–	125
Trade and other receivables	11,451	(11,451)	–	–	–
Financial liabilities					
Interest rate swaps	(3,467)	–	(3,467)	–	(3,467)
Cross currency interest rate swaps	(2,469)	–	(2,469)	–	(2,469)
Currency forwards	(10)	–	(10)	–	(10)
Trade and other payables	(13,311)	11,451	(1,860)	–	(1,860)

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement (continued)

	Gross amount of recognised financial assets/ (liabilities) \$'000	Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position \$'000	Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position \$'000	Related amount not offset in the Statement of Financial Position \$'000	Net amount \$'000
Ascott Reit Group					
31 December 2018					
Financial assets					
Interest rate swaps	6,486	–	6,486	–	6,486
Cross currency interest rate swaps	1,808	–	1,808	–	1,808
Trade and other receivables	11,534	(11,534)	–	–	–
Financial liabilities					
Interest rate swaps	(1,916)	–	(1,916)	–	(1,916)
Cross currency interest rate swaps	(5,214)	–	(5,214)	–	(5,214)
Trade and other payables	(13,417)	11,534	(1,883)	–	(1,883)
Ascott BT Group					
31 December 2019					
Financial assets					
Cross currency interest rate swaps	7,902	–	7,902	–	7,902
Currency forwards	181	–	181	–	181
Financial liabilities					
Interest rate swaps	(288)	–	(288)	–	(288)
Cross currency interest rate swaps	(1,954)	–	(1,954)	–	(1,954)
Currency forwards	(7)	–	(7)	–	(7)

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement (continued)

	Gross amount of financial assets/ (liabilities)	Gross amount of financial assets/ (liabilities) offset in the Statement of Financial Position	Gross amount of recognised financial assets/ (liabilities) presented in the Statement of Financial Position	Related amount not offset in the Statement of Financial Position	Net amount
Stapled Group	\$'000	\$'000	\$'000	\$'000	\$'000

31 December 2019

Financial assets

Interest rate swaps	753	–	753	–	753
Cross currency interest rate swaps	19,412	–	19,412	–	19,412
Currency forwards	306	–	306	–	306
Trade and other receivables	11,451	(11,451)	–	–	–

Financial liabilities

Interest rate swaps	(3,755)	–	(3,755)	–	(3,755)
Cross currency interest rate swaps	(4,423)	–	(4,423)	–	(4,423)
Currency forwards	(17)	–	(17)	–	(17)
Trade and other payables	(13,311)	11,451	(1,860)	–	(1,860)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the Statements of Financial Position that are disclosed in the above tables are measured in the Statements of Financial Position on the following basis:

- cross currency interest rate swaps, currency forwards and interest rate swaps – fair value; and
- trade and other receivables and trade and other payables – amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

36 RELATED PARTIES

In the normal course of the operations of the Ascott Reit Group, the Ascott Reit Manager's management fees and the Ascott Reit Trustee's fees have been paid or are payable to the Ascott Reit Manager and the Ascott Reit Trustee, respectively.

In the normal course of the operations of the Ascott BT Group, the Ascott BT Trustee-Manager's management fees and the Ascott BT Trustee-Manager's trustee fees have been paid or are payable to the Ascott BT Trustee-Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Acquisition fees paid/payable to the Ascott Reit Manager	5,017	4,879	9,896	–
Compensation fee paid to a related corporation	206	–	206	–
Divestment fees paid/payable to the Ascott Reit Manager	1,836	–	1,836	1,021
Interest paid/payable to a related corporation	139	–	139	139
Rental income received/receivable from related corporations	(2,591)	–	(2,591)	(2,046)
Rental income received/receivable from master lease arrangements with related corporations	(57,706)	–	(57,706)	(63,783)
Serviced residence management fees paid/payable to related corporations	23,275	–	23,275	21,843
Service fee paid/payable to related corporations	20,154	–	20,154	17,391

37 FINANCIAL RATIOS

	Ascott Reit Group 2019 %	Group 2018 %	Stapled Group 2019 %
Ratio of expenses to average net asset value ⁽¹⁾			
– including performance component of the Ascott Reit Manager's management fees	0.92	1.01	0.71
– excluding performance component of the Ascott Reit Manager's management fees	0.65	0.71	0.50
Portfolio turnover rate ⁽²⁾	1.94	–	1.49

(1) The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Ascott Reit Group and the Stapled Group level, excluding property related expenses, borrowing costs and foreign exchange gains/(losses).

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Ascott Reit Group and the Stapled Group expressed as a percentage of weighted average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS

Segment information is presented in respect of the geographical segments of the Ascott Reit Group, the Ascott BT Group and the Stapled Group. The operations of each of the Ascott Reit Group's, the Ascott BT Group's and the Stapled Group's geographical segments are separately managed because of the different economic environments in which they operate in. For each of the reportable segments, the CEO of the Managers review internal management reports on a monthly basis, at minimum, for strategic decision making, performance assessment and resource allocation purpose.

Performance measurement based on segment gross profit and non-financial assets as well as financial assets attributable to each segment is used as the Managers believe that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, corporate assets and expenses, and income tax expense. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Information regarding the reportable segments of the Ascott Reit Group, the Ascott BT Group and the Stapled Group is presented in the following tables.

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38 OPERATING SEGMENTS (continued)

Information about reportable segments

Geographical segments

The principal business of the Ascott Reit Group, the Ascott BT Group and the Stapled Group are investing in investment properties.

Ascott Reit Group	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
Year ended 31 December 2019								
Gross rental income	45,142	34,468	14,674	49,394	30,744	14,547	15,400	204,369
Other income	93	2,278	1,448	1,538	2,568	895	340	9,160
Gross revenue	45,235	36,746	16,122	50,932	33,312	15,442	15,740	213,529
Direct expenses	(17,937)	(18,882)	(10,551)	(30,563)	(3,058)	(1,221)	(10,261)	(92,473)
Segment gross profit	27,298	17,864	5,571	20,369	30,254	14,221	5,479	121,056
Net change in fair value of investment properties, investment property under development and assets held for sale	227,234	10,254	5,641	2,280	9,561	8,515	(3,891)	259,594

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Japan \$'000	Malaysia \$'000	Philippines \$'000	Spain \$'000	United Kingdom \$'000	United States of America \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000
Year ended 31 December 2019									
Gross rental income	52,267	4,435	24,322	8,463	55,419	105,817	40,096	290,819	495,188
Other income	4,745	27	1,313	367	762	1,557	1,837	10,608	19,768
Gross revenue	57,012	4,462	25,635	8,830	56,181	107,374	41,933	301,427	514,956
Direct expenses	(27,136)	(3,581)	(16,688)	(4,605)	(32,060)	(66,481)	(19,321)	(169,872)	(262,345)
Segment gross profit	29,876	881	8,947	4,225	24,121	40,893	22,612	131,555	252,611
Net change in fair value of investment properties, investment property under development and assets held for sale	11,943	(3,582)	(6,808)	2,498	6,439	(2,005)	(17,858)	(9,373)	250,221
Finance income									2,080
Finance costs									(51,817)
Profit from divestments									1,019
Transaction costs relating to the Combination									(7,081)
Impairment of goodwill									(60,866)
Unallocated net expense									(33,252)
Reportable segment profit before income tax									352,915
Income tax expense									(44,692)
Total return for the year									308,223

NOTES TO THE FINANCIAL STATEMENTS

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38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
Year ended 31 December 2018								
Gross rental income	46,523	33,755	13,459	52,602	33,346	14,953	14,957	209,595
Other income	109	1,677	1,376	1,563	2,421	656	573	8,375
Gross revenue	46,632	35,432	14,835	54,165	35,767	15,609	15,530	217,970
Direct expenses	(17,604)	(16,576)	(10,422)	(33,386)	(2,722)	(1,284)	(9,792)	(91,786)
Segment gross profit	29,028	18,856	4,413	20,779	33,045	14,325	5,738	126,184
Net change in fair value of investment properties, investment property under development and assets held for sale	2,146	(283)	3,495	1,551	7,304	2,586	(2,625)	14,174

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Japan	Malaysia	Philippines	Spain	United Kingdom	United States of America	Vietnam	Subtotal	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2018									
Gross rental income	50,174	4,961	21,250	8,282	52,620	108,705	38,708	284,700	494,295
Other income	5,428	35	1,159	374	1,023	1,733	1,851	11,603	19,978
Gross revenue	55,602	4,996	22,409	8,656	53,643	110,438	40,559	296,303	514,273
Direct expenses	(24,985)	(3,563)	(16,120)	(4,550)	(30,596)	(84,320)	(18,993)	(183,127)	(274,913)
Segment gross profit	30,617	1,433	6,289	4,106	23,047	26,118	21,566	113,176	239,360
Net change in fair value of investment properties, investment property under development and assets held for sale									
	682	(1,394)	(3,592)	1,614	22,358	(882)	2,539	21,325	35,499
Finance income									1,194
Finance costs									(47,116)
Profit from divestments									3,211
Unallocated net expense									(36,766)
Reportable segment profit before income tax									195,382
Income tax expense									(43,541)
Total return for the year									151,841

NOTES TO THE FINANCIAL STATEMENTS

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38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott BT Group	Singapore \$'000	Australia \$'000	Japan \$'000	South Korea \$'000	Total \$'000
Year ended 31 December 2019					
Transaction costs relating to the Combination					(12,620)
Impairment of goodwill					(79,233)
Unallocated net expense					(48)
Reportable segment loss before income tax					(91,901)
Income tax expense					—
Total loss for the period					(91,901)
2019					
Assets and liabilities					
Reportable segment assets	17,805	602,738	372,598	198,545	1,191,686
Reportable segment liabilities	51,175	218,406	267,625	72,324	609,530

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
Year ended 31 December 2019								
Gross rental income	45,142	34,468	14,674	49,394	30,744	14,547	15,400	204,369
Other income	93	2,278	1,448	1,538	2,568	895	340	9,160
Gross revenue	45,235	36,746	16,122	50,932	33,312	15,442	15,740	213,529
Direct expenses	(17,937)	(18,882)	(10,551)	(30,563)	(3,058)	(1,221)	(10,261)	(92,473)
Segment gross profit	27,298	17,864	5,571	20,369	30,254	14,221	5,479	121,056
Net change in fair value of investment properties, investment property under development and assets held for sale	227,234	10,254	5,641	2,280	9,561	8,515	(3,891)	259,594

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
2019								
Assets and liabilities								
Reportable segment assets	1,316,575	351,693	69,888	536,856	526,374	255,988	110,017	3,167,391
Reportable segment liabilities	44,931	11,211	59,603	133,541	402,461	200,303	11,993	864,043
Other Segmental Information								
Capital expenditure:								
– investment properties	–	4,306	199	378	795	131	4,217	10,026
– property, plant and equipment	341	987	88	835	–	–	487	2,738
– investment property under development	9,293	–	–	–	–	–	–	9,293
Depreciation	2,302	406	138	1,442	–	–	836	5,124
2018								
Assets and liabilities								
Reportable segment assets	1,077,344	282,970	66,501	530,471	544,536	257,474	110,778	2,870,074
Reportable segment liabilities	93,527	7,840	52,277	130,161	414,871	190,988	10,051	899,715
Other Segmental Information								
Capital expenditure:								
– investment properties	222	68	248	57	–	67	2,764	3,426
– property, plant and equipment	1,243	630	104	1,584	–	–	458	4,019
Depreciation	2,597	388	463	1,883	–	–	713	6,044

NOTES TO THE FINANCIAL STATEMENTS

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38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Ascott Reit Group	Japan \$'000	Malaysia \$'000	Philippines \$'000	Spain \$'000	United Kingdom \$'000	United States of America \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000
2019									
Assets and liabilities									
Reportable segment assets	1,209,863	49,616	177,230	69,985	520,451	921,190	273,898	3,222,233	6,389,624
Reportable segment liabilities	963,643	673	36,306	52,337	61,315	610,886	37,734	1,762,894	2,626,937
Other Segmental Information									
Capital expenditure:									
– investment properties	371	–	1,205	122	909	807	86	3,500	13,526
– property, plant and equipment	349	86	541	18	–	4,226	1,552	6,772	9,510
– investment property under development	–	–	–	–	–	–	–	–	9,293
Depreciation	416	145	1,979	188	1,823	1,308	1,515	7,374	12,498
2018									
Assets and liabilities									
Reportable segment assets	682,016	53,305	160,915	75,330	502,627	661,108	303,756	2,439,057	5,309,131
Reportable segment liabilities	606,824	692	20,148	54,565	191,650	359,662	44,966	1,278,507	2,178,222
Other Segmental Information									
Capital expenditure:									
– investment properties	862	–	4,189	7	1,423	3,345	82	9,908	13,334
– property, plant and equipment	49	203	3,650	22	–	2,195	4,138	10,257	14,276
Depreciation	381	130	1,764	150	1,801	892	1,582	6,700	12,744

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

Stapled Group	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
2019								
Assets and liabilities								
Reportable segment assets	1,296,068	954,431	69,888	536,856	526,374	255,988	110,017	3,749,622
Reportable segment liabilities	60,328	229,617	59,603	133,541	402,461	200,303	11,993	1,097,846
Other Segmental Information								
Capital expenditure:								
– investment properties	–	4,306	199	378	795	131	4,217	10,026
– property, plant and equipment	341	987	88	835	–	–	487	2,738
– investment property under development	9,293	–	–	–	–	–	–	9,293
Depreciation	2,302	406	138	1,442	–	–	836	5,124

NOTES TO THE FINANCIAL STATEMENTS

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38 OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

Geographical segments (continued)

	Japan \$'000	Malaysia \$'000	Philippines \$'000	South Korea \$'000	Spain \$'000	United Kingdom \$'000	United States of America \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000
2019										
Assets and liabilities										
Reportable segment assets	1,462,249	49,616	177,230	198,545	69,985	520,451	921,190	273,898	3,673,164	7,422,786
Reportable segment liabilities	1,111,056	673	36,306	72,324	52,337	61,315	610,886	37,734	1,982,631	3,080,477
Other Segmental Information										
Capital expenditure:										
– investment properties	371	–	1,205	–	122	909	807	86	3,500	13,526
– property, plant and equipment	349	86	541	–	18	–	4,226	1,552	6,772	9,510
– investment property under development	–	–	–	–	–	–	–	–	–	9,293
Depreciation	416	145	1,979	–	188	1,823	1,308	1,515	7,374	12,498

NOTES TO THE FINANCIAL STATEMENTS

38 OPERATING SEGMENTS (continued)

Major customers

Revenue from related corporations accounted for approximately \$57,706,000 (2018: \$63,783,000) of the gross revenue of the Ascott Reit Group. Such revenue is attributable to the France segment, Germany segment and Singapore segment.

39 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Determining fair value

A number of the Stapled Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods and processes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial derivatives

The fair values of cross currency interest rate swaps, currency forwards and interest rate swaps are based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates or exchange rates, where applicable, for a similar financial instrument at the measurement date.

(ii) Non-derivative financial liabilities

The fair value of quoted interest-bearing borrowings is their quoted ask price at the reporting date. Fair value for unquoted interest-bearing borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Ascott Reit Group	Note	Designated at fair value \$'000	Carrying amount			Fair value			Total \$'000
			Fair value – hedging instruments \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2019									
Financial assets measured at fair value									
	9	2,534	–	–	–	–	–	2,534	2,534
	13	–	753	–	–	–	–	753	753
	13	–	11,510	–	–	–	–	11,510	11,510
	13	125	–	–	–	–	–	125	125
		<u>2,659</u>	<u>12,263</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,922</u>	
Financial assets not measured at fair value									
	12	–	–	3,557	–	–	–	–	3,557
	15	–	–	79,748	–	–	–	–	79,748
	17	–	–	245,884	–	–	–	–	245,884
		<u>–</u>	<u>–</u>	<u>329,189</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>329,189</u>	
Financial liabilities measured at fair value									
	13	–	(3,467)	–	–	–	–	(3,467)	(3,467)
	13	–	(2,469)	–	–	–	–	(2,469)	(2,469)
	13	(10)	–	–	–	–	–	(10)	(10)
		<u>(10)</u>	<u>(5,936)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(5,946)</u>	
Financial liabilities not measured at fair value									
	18	–	–	–	(1,164,169)	–	–	(1,164,169)	(1,167,610)
	18	–	–	–	(830,540)	–	–	(830,540)	(872,023)
	19	–	–	–	(115,435)	–	–	(115,435)	(8,311)
	19	–	–	–	(8,163)	–	–	(8,163)	(8,311)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,118,307)</u>	<u>–</u>	<u>–</u>	<u>(2,118,307)</u>	

(1) Excluding prepayments.

(2) Excluding advance rental liability for employee benefits and rental deposits (non-current).

NOTES TO THE FINANCIAL STATEMENTS

39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Ascott Reit Group	Note	Designated at fair value \$'000	Carrying amount				Fair value			Total \$'000
			Fair value – hedging instruments \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2018										
Financial assets measured at fair value										
	13	–	6,486	–	–	6,486	–	–	–	6,486
	13	–	1,808	–	–	1,808	–	–	–	1,808
		–	8,294	–	–	8,294	–	–	–	8,294
Financial assets not measured at fair value										
	12	–	–	3,584	–	3,584	–	–	–	3,584
	15	–	–	46,382	–	46,382	–	–	–	46,382
	17	–	–	227,847	–	227,847	–	–	–	227,847
		–	–	277,813	–	277,813	–	–	–	277,813
Financial liabilities measured at fair value										
	13	–	(1,916)	–	–	(1,916)	–	–	–	(1,916)
	13	–	(5,214)	–	–	(5,214)	–	–	–	(5,214)
		–	(7,130)	–	–	(7,130)	–	–	–	(7,130)
Financial liabilities not measured at fair value										
	18	–	–	–	(1,128,087)	(1,128,087)	–	–	–	(1,128,087)
	18	–	–	–	(776,839)	(776,839)	–	–	–	(789,465)
	18	–	–	–	(527)	(527)	–	–	–	(527)
	19	–	–	–	(123,324)	(123,324)	–	–	–	(527)
		–	–	–	(2,028,777)	(2,028,777)	–	–	–	(1,128,087)

(1) Excluding prepayments.

(2) Excluding advance rental and liability for employee benefits.

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39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Ascott BT Group	Note	Designated at fair value \$'000	Carrying amount			Fair value			Total \$'000
			Fair value – hedging instruments \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2019									
Financial assets measured at fair value									
	13	–	7,902	–	–	–	–	7,902	7,902
	13	181	–	–	–	–	–	181	181
		181	7,902	–	–	–	–	8,083	
Financial assets not measured at fair value									
	15	–	–	11,223	–	–	–	11,223	
	17	–	–	29,619	–	–	–	29,619	
		–	–	40,842	–	–	–	40,842	
Financial liabilities measured at fair value									
	13	–	(288)	–	–	–	–	(288)	(288)
	13	–	(1,954)	–	–	–	–	(1,954)	(1,954)
	13	(7)	–	–	–	–	–	(7)	(7)
		(7)	(2,242)	–	–	–	–	(2,249)	
Financial liabilities not measured at fair value									
	18	–	–	–	(259,150)	–	–	(259,150)	(260,702)
	18	–	–	–	(95,154)	–	–	(95,154)	(96,702)
	19	–	–	–	(55,594)	–	–	(55,594)	(9,538)
	19	–	–	–	(9,338)	–	–	(9,338)	(9,538)
		–	–	–	(419,236)	–	–	(419,236)	

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

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NOTES TO THE FINANCIAL STATEMENTS

39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Stapled Group	Note	Designated at fair value \$'000	Carrying amount			Fair value			Total \$'000
			Fair value – hedging instruments \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2019									
Financial assets measured at fair value									
	13	-	753	-	-	-	753	-	753
	13	-	19,412	-	-	-	19,412	-	19,412
	13	306	-	-	-	-	306	-	306
		306	20,165	-	-	-	20,471	-	20,471
Financial assets not measured at fair value									
	12	-	-	3,557	-	-	-	-	3,557
	15	-	-	50,695	-	-	-	-	50,695
	17	-	-	275,503	-	-	-	-	275,503
		-	-	329,755	-	-	-	-	329,755
Financial liabilities measured at fair value									
	13	-	(3,755)	-	-	-	-	(3,755)	(3,755)
	13	-	(4,423)	-	-	-	-	(4,423)	(4,423)
	13	(17)	-	-	-	-	-	(17)	(17)
		(17)	(8,178)	-	-	-	-	(8,195)	(8,195)
Financial liabilities not measured at fair value									
	18	-	-	-	(1,423,319)	-	(1,423,319)	-	(1,428,312)
	18	-	-	-	(925,694)	-	(925,694)	-	(968,725)
	19	-	-	-	(130,753)	-	(130,753)	-	(17,849)
	19	-	-	-	(17,501)	-	(17,501)	-	(17,849)
		-	-	-	(2,497,267)	-	(2,497,267)	-	(17,849)

(1) Excluding prepayments.

(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

NOTES TO THE FINANCIAL STATEMENTS

39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and 2 of the fair value hierarchy.

40 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(i) Ascott Reit Group

On 31 December 2019, Ascott Reit acquired all the A-HREIT units. If the acquisition had occurred on 1 January 2019, management estimates that the additional contribution in terms of revenue and profit after tax would have been \$36,276,000 and \$62,826,000 respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

(a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2019 \$'000
Cash	26,870
Issue of Stapled Securities for the Combination	510,899
Total consideration transferred	<u>537,769</u>

(b) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	2019 \$'000
Consideration transferred	537,769
Fair value of identifiable net assets	<u>(476,903)</u>
Goodwill	<u>60,866</u>

NOTES TO THE FINANCIAL STATEMENTS

40 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(i) Ascott Reit Group (continued)

(c) *Identifiable assets acquired and liabilities assumed*

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	2019 \$'000
Investment properties	4	794,125
Investment securities	9	2,534
Trade and other receivables		3,964
Cash and cash equivalents		20,202
Financial liabilities		(287,691)
Financial derivative liabilities, net		(554)
Deferred tax liabilities, net	14	(33,391)
Deferred income	20	(764)
Trade and other payables		(20,173)
Current tax liabilities		(1,349)
Total identifiable net assets acquired		<u>476,903</u>
Purchase consideration satisfied in cash		(26,870)
Cash and cash equivalents acquired		20,202
Net cash outflow on acquisition		<u>(6,668)</u>

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed were as follows:

Investment property

Discounted cash flow: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Capitalisation method: The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate.

Long-term loans and borrowings – fixed interest rate

Discounted cash flow: The fair values of long-term loans and borrowings with fixed interest rate were estimated by discounting future principal and interest payment using appropriate discount rates.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

NOTES TO THE FINANCIAL STATEMENTS

40 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(ii) Ascott BT Group

On 31 December 2019, Ascott BT acquired all the A-HBT units. If the acquisition had occurred on 1 January 2019, management estimates that the additional contribution in terms of revenue and profit after tax would have been \$172,082,000 and \$17,720,000 respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

(a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2019 \$'000
Cash	34,957
Issue of Stapled Securities for the Combination	664,662
Total consideration transferred	<u>699,619</u>

(b) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	2019 \$'000
Consideration transferred	699,619
NCI based on their proportionate interest in the recognised amounts of the assets and liabilities of A-HBT Group	4,512
Fair value of identifiable net assets	<u>(624,898)</u>
Goodwill	<u>79,233</u>

NOTES TO THE FINANCIAL STATEMENTS

40 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(ii) Ascott BT Group (continued)

(c) *Identifiable assets acquired and liabilities assumed*

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	2019 \$'000
Investment properties	4	552,265
Property, plant and equipment	6	584,583
Financial derivative assets, net	13	5,834
Inventories		297
Trade and other receivables		12,504
Cash and cash equivalents	17	26,118
Restricted cash deposits	17	3,501
Deferred tax liabilities, net	14	(42,663)
Financial liabilities	18	(354,304)
Trade and other payables		(40,952)
Deferred income	20	(5,478)
Current tax liabilities		(1,093)
Lease liabilities	21	(115,714)
Net assets		<u>624,898</u>
Less: Non-controlling interests		(4,512)
Total identifiable net assets acquired		<u>620,386</u>
Purchase consideration satisfied in cash		(34,957)
Cash and cash equivalents acquired		26,118
Net cash outflow on acquisition		<u>(8,839)</u>

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed were as follows:

Investment property and freehold land and buildings included in property, plant and equipment

Discounted cash flow: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Capitalisation method: The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate.

NOTES TO THE FINANCIAL STATEMENTS

40 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

(ii) Ascott BT Group (continued)

(c) *Identifiable assets acquired and liabilities assumed* (continued)

Long-term loans and borrowings – fixed interest rate

Discounted cash flow: The fair values of long-term loans and borrowings with fixed interest rate were estimated by discounting future principal and interest payment using appropriate discount rates.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

41 COMMITMENTS

Leases as lessor

The Stapled Group leases out some of its investment properties on long term arrangements. All leases are classified as operating leases from a lessor perspective. The leases have initial tenure ranging from two to 25 years, with options to renew for some of the leases. The operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for in the agreements.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2019 – Operating leases under FRS 116/SFRS(I) 16

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000
Less than one year	94,289	33,955	113,607
One to two years	76,527	33,569	95,459
Two to three years	65,437	33,632	84,432
Three to four years	45,299	33,491	64,154
Four to five years	35,193	33,001	53,557
More than five years	275,350	186,297	340,894
Total	592,095	353,945	752,103

NOTES TO THE FINANCIAL STATEMENTS

41 COMMITMENTS (continued)

Leases as lessor (continued)

2018 – Operating leases under FRS 17/SFRS(I) 1-17

	Ascott Reit Group 2018 \$'000
Less than one year	70,306
Between one year to five years	142,133
More than five years	78,791
Total	<u>291,230</u>

Capital commitments

As at the reporting date, the Stapled Group had the following capital commitments:

	Ascott Reit Group 2019 \$'000	Ascott BT Group 2019 \$'000	Stapled Group 2019 \$'000	Ascott Reit Group 2018 \$'000
Capital expenditure commitments: – contracted but not provided for	<u>40,049</u>	<u>2,299</u>	<u>42,348</u>	7,379

42 SUBSEQUENT EVENTS

On 14 January 2020, the Ascott Reit Group entered into a sale and purchase agreement to acquire a freehold serviced residence property in Australia, Quest Macquarie Park Sydney, for AUD 46.0 million (equivalent to \$43.0 million).

On 30 January 2020, the Ascott Reit Manager declared a distribution of 4.180 cents per Unit amounting to \$90,934,000 in respect of the period from 1 July 2019 to 31 December 2019.