

MORE THAN

A PLACE TO STAY



 pullman
HOTELS AND RESORTS

pullman



ホテルサンルート

サンルート

Hotel Sunroute Ariake

CONTENTS

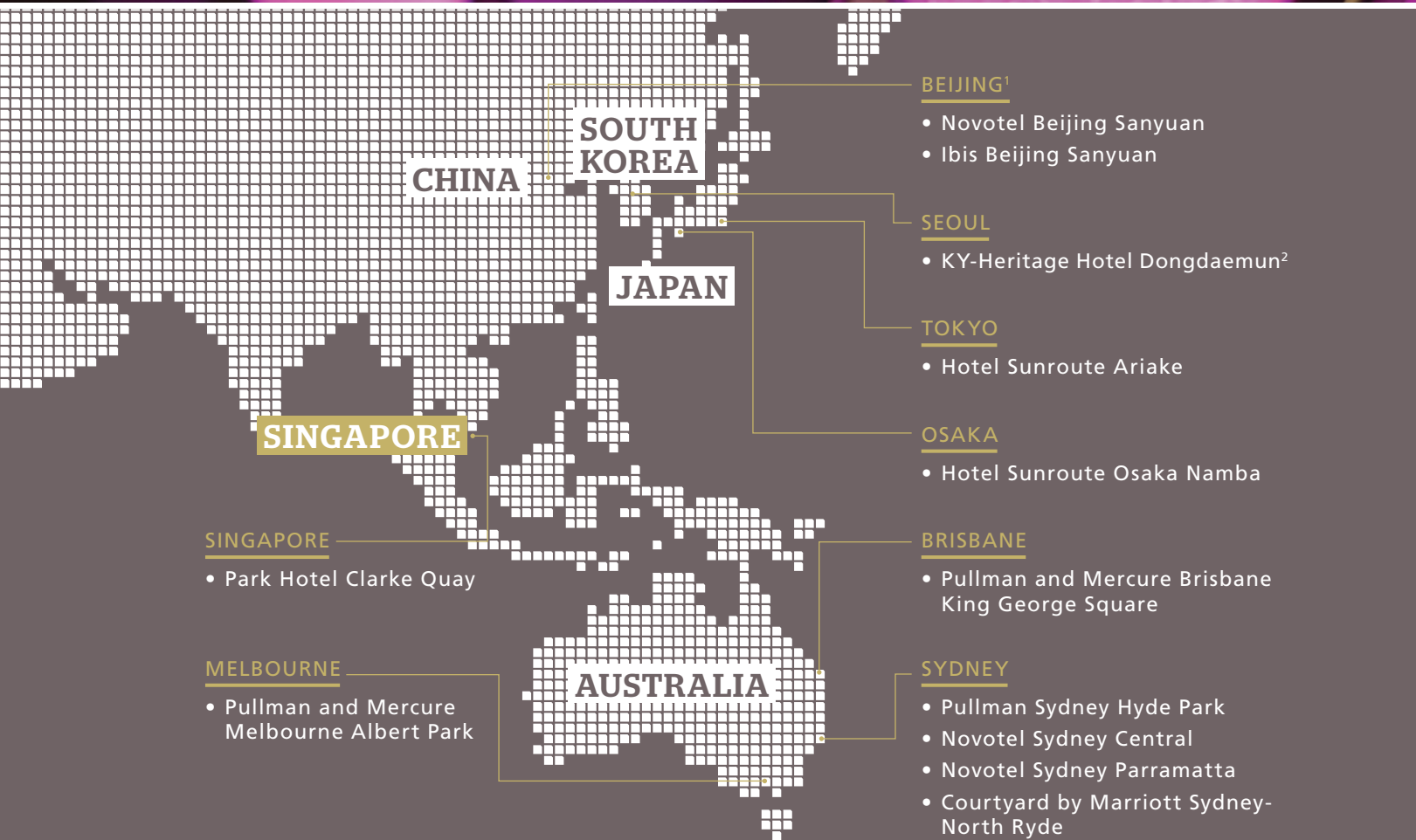
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Any discrepancies in the tables and charts between the listed figures and total thereof as set out herein are due to rounding.

CORPORATE PROFILE

Ascendas Hospitality Trust (A-HTRUST) is one of the first listed hospitality trusts to focus on the Pan-Asia region. With diversification at the forefront of its strategic objective, A-HTRUST has recently expanded its investment markets beyond Asia Pacific, where it will have access to a larger pool of acquisition opportunities that can enhance the portfolio.

As at 31 March 2018, A-HTRUST's well-diversified portfolio comprises 11 quality assets that are located across Sydney, Melbourne, Brisbane, Beijing, Tokyo, Osaka and Singapore, each of these cities, a key financial centre, important business hub, major MICE destination or popular leisure destination. Within these cities, the hotels are strategically located in close proximity to central business districts, convention centres, transportation nodes and iconic tourist landmarks. A-HTRUST has, in May 2018, divested the two hotels in Beijing and acquired KY-Heritage Hotel Dongdaemun situated in Seoul.



1 The divestment of the two hotels in Beijing was completed on 18 May 2018.

2 The acquisition of KY-Heritage Hotel Dongdaemun (to be renamed "The Splaisir Seoul Dongdaemun") was completed on 21 May 2018.

The portfolio is managed by various established operators and operated under well-known brands. The hotels in the portfolio cater to different market segments ranging from economy to upscale, as well as short-term to extended stay, adding a further dimension to the diversity of the portfolio.

Sponsored by the Ascendas-Singbridge Group, A-HTRUST is a stapled group comprising Ascendas Hospitality Real Estate Investment Trust (A-HREIT) and Ascendas Hospitality Business Trust (A-HBT). A-HTRUST is managed by Ascendas Hospitality Fund Management Pte. Ltd. (as manager of A-HREIT) and Ascendas Hospitality Trust Management Pte. Ltd. (as trustee-manager of A-HBT).

A-HTRUST was listed on the Main Board of the Singapore Exchange Securities Trading Ltd on 27 July 2012, with an initial portfolio valuation of \$1,057 million and the portfolio valuation has since grown to \$1,634 million as at 31 March 2018.

> **4¹**
Countries

> **7¹**
Cities

> **11¹**
Hotels

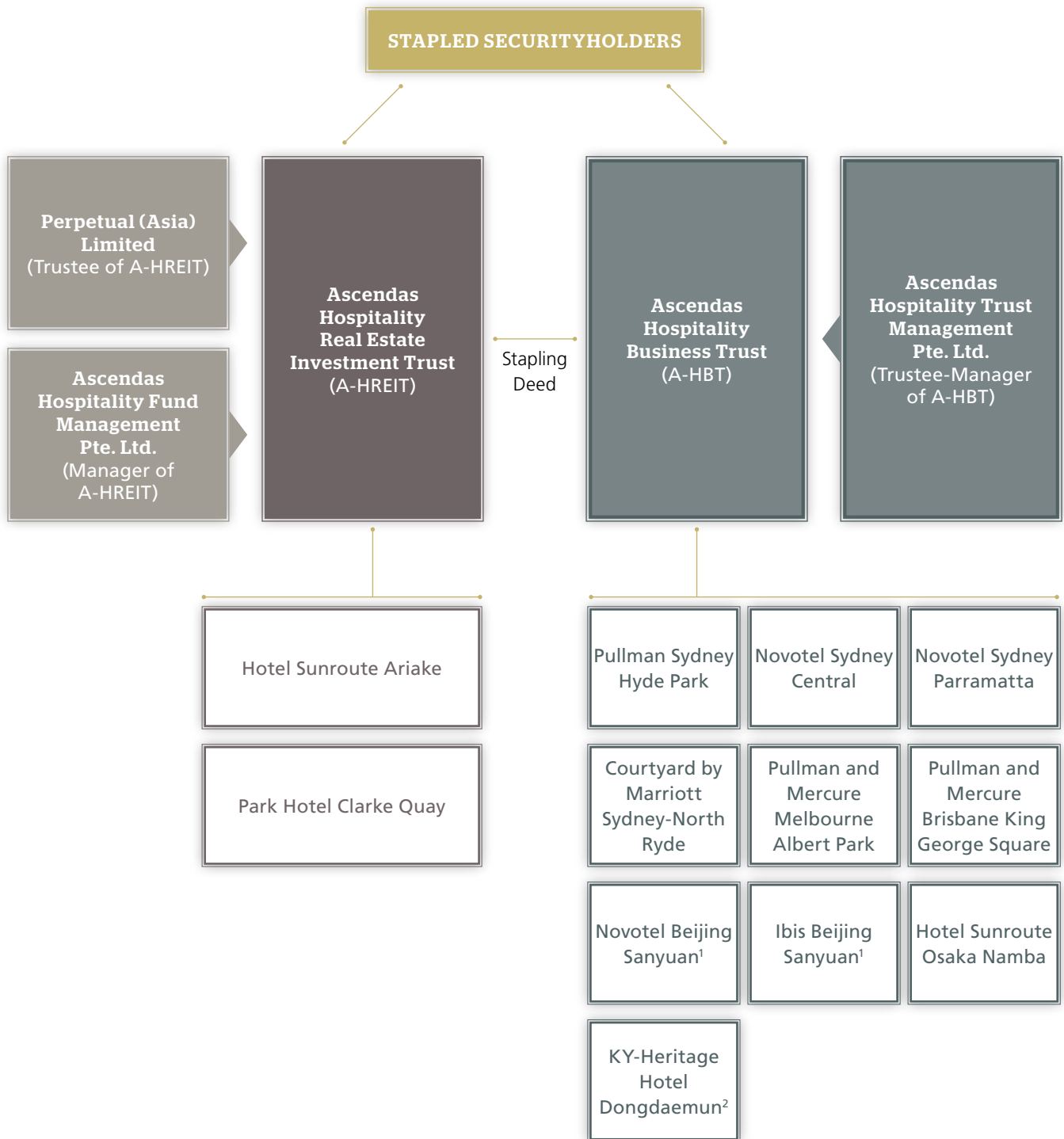
> **4,351¹**
Rooms

> **Portfolio valuation**
\$1,634.1¹
million

WE WILL CONTINUE TO
STAY FOCUSED ON DELIVERING
LONG TERM VALUE FOR STAPLED
SECURITYHOLDERS THROUGH ACTIVE
ASSET MANAGEMENT AND SEEKING
VALUE ACCRETIVE ACQUISITIONS

¹ Information accurate as at 31 March 2018, including the two hotels in Beijing. The divestment of the two hotels in Beijing was completed on 18 May 2018.

TRUST STRUCTURE

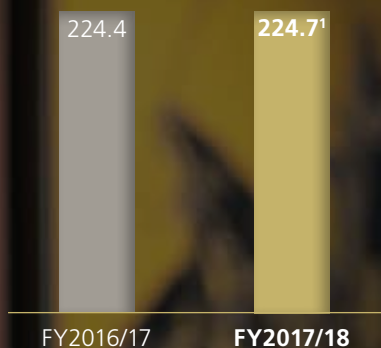


1 The divestment of the two hotels in Beijing was completed on 18 May 2018.

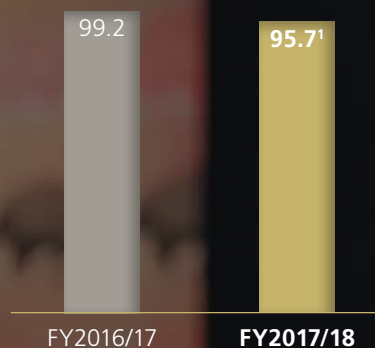
2 The acquisition of KY-Heritage Hotel Dongdaemun was completed on 21 May 2018.

FINANCIAL HIGHLIGHTS

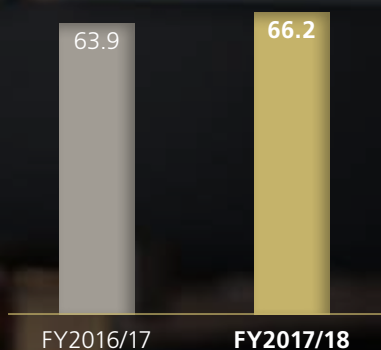
Gross Revenue
(\$ million)



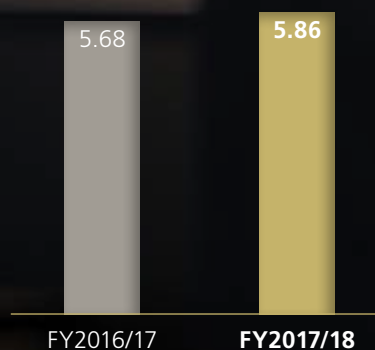
Net Property Income
(\$ million)



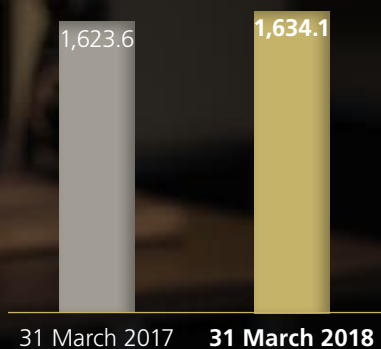
Distributable Income²
(\$ million)



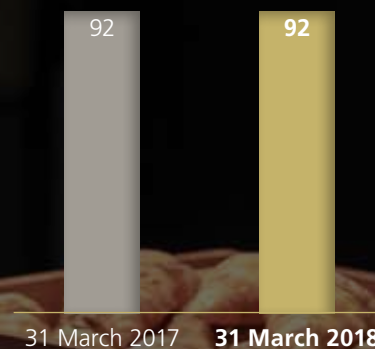
Distribution per Stapled Security²
(cents)



Portfolio Valuation
(\$ million)



Net Asset per Stapled Security
(cents)



1 Presented on "same-store" basis inclusive of contribution from China portfolio. The China portfolio was classified a "Profit from discontinued operation, net of tax" following the announcement of the divestment of the two hotels in Beijing on 29 January 2018.
2 Net of retention of income.

KEY EVENTS

> 3 July 2017

The Fifth Annual General Meeting of A-HTRUST was held. The meeting was well attended by more than 400 Stapled Securityholders / proxies.

> 4 August 2017

Awarded Gold for the Hospitality REIT (Singapore) category at The Asia Pacific Best of the Breeds REITs Awards™ 2017.

> 19 September 2017

Awarded Winner of Shareholder Communications Excellence Award for the Mid Cap category at the 2017 Securities Investors Association of Singapore (SIAS) Investors' Choice Awards.

> 30 September 2017

Independent Directors, Dr Steven Choo and Mr Tan Chong Huat retired from the Boards.

> 1 October 2017

A-HTRUST welcomed two new board members, Ms Deborah Lee and Mr Willy Shee. Ms Lee, a corporate development specialist, and Mr Shee a real estate consultancy veteran, are both appointed as Independent Directors.

> 4 October 2017

Refinanced JPY8.0 billion (approximately \$100.0 million) of borrowings at lower interest rate, resulting in lower average financing cost for A-HTRUST.

> 6 November 2017

Announced the expansion of investment markets beyond Asia Pacific to globally, which reinforces diversification strategy of A-HTRUST and allows A-HTRUST to access a larger pool of acquisition opportunities to enhance the quality of the portfolio.

> 30 November 2017

Entered into memorandum of understanding where the master lease with regard to the Hotel Sunroute Ariake portion of the hotel in Tokyo will be extended to cover the entire hotel with effect from 1 April 2018. Previously, 122 serviced apartments in the property were managed by Oakwood under a management contract.



Hotel Sunroute Ariake



Novotel Beijing Sanyuan

> 29 January 2018

Announced the divestment of the two hotels in Beijing for RMB1,156.4 million, double the latest valuation, and 178.0% higher than acquisition price¹. The divestment was completed on 18 May 2018.

¹ Based on the property component of the aggregate initial purchase price of the two hotels in Beijing when they were acquired as part of the initial portfolio for listing in July 2012.

OUR STRATEGIES

The key objective of the Managers is to deliver sustainable returns to the Stapled Securityholders and the Managers are guided by three strategic pillars in achieving growth and development of A-HTRUST

Acquisition Growth

The Managers actively source for and pursue investment opportunities that can improve the overall quality of the portfolio, with a view to enhance capital growth prospects of A-HTRUST and the long term returns to the Stapled Securityholders.

The Managers will continue to source for acquisition opportunities in markets with sound fundamentals, strong hospitality demand and good growth prospects. Some of the factors taken into consideration for acquisitions include location within the target markets, attractiveness of yields and potential for organic growth. The Managers also look out for properties that have potential for value creation through improvement in management of the operations or asset enhancements such as upgrading and repositioning of the assets.

In pursuing growth, the Managers will also continue to maintain a well-

diversified portfolio, ensuring that the portfolio is not over exposed to any single location. Consistent with this objective, the Managers have expanded the investment markets globally and will have access to more acquisition opportunities that can improve the returns of the Stapled Securityholders.

Active Asset Management

The Managers continually explore and implement strategies to improve the operational performance and maximize cashflow of the properties, thereby increasing the value of the portfolio.

The Managers work closely with the hotel operators to improve performance through revenue optimisation, operational efficiencies and development of appropriate marketing strategies. Through regular review of the portfolio, the Managers ensure the properties are properly maintained to safeguard against obsolescence.

In addition, the Managers seek opportunities to implement suitable asset enhancement initiatives and refurbishment works to improve competitiveness as well as to ensure that the products stay relevant to the needs of the market.

The Managers also regularly assess the properties in the portfolio whether any has reached its optimal value or whose growth prospects is limited by changes in the operating landscape. Where appropriate, such properties may be divested to unlock value and free up capital for more productive use.

Capital and Risk Management

As the Managers seek to improve the quality of the assets and grow the portfolio, the Managers also ensure that such growth strategies are premised on sound capital management. The Managers adopt an active and prudent approach to capital management to ensure strong financial position in driving sustainable growth and optimise returns for the Stapled Securityholders.

The Managers employ a balanced mix of debt and equity to finance acquisitions, and seek to secure diversified funding sources from capital markets and financial institutions. To manage exposure to volatility in foreign exchange and interest rates, the Managers execute appropriate hedging strategies so as to optimise risk-adjusted returns to Stapled Securityholders.

The Managers will continue to maintain a strong balance sheet by keeping to a prudent level of borrowings. A high proportion of borrowings is in fixed rates to mitigate impact of interest rates volatility and the borrowings are also spread across tenors to manage refinancing risk.



LETTER TO STAPLED SECURITYHOLDERS

Dear Stapled Securityholders,

On behalf of the Boards of Directors of the Managers, it is our pleasure to present A-HTRUST's annual report for the financial year ended 31 March 2018. We are pleased to report that A-HTRUST posted a growth of 3.2% y-o-y in DPS to 5.86 cents for FY2017/18.

REVIEW OF FY2017/18

• **Portfolio performance**

Hotel demand in Australia remained generally healthy as inbound and domestic travelling continued to grow. However, we saw softness in certain micro-markets, due to oversupply of rooms. The Japan and Beijing markets remained healthy in FY2017/18, and we also see signs of recovery in the Singapore market.

While overall gross revenue for A-HTRUST was relatively stable in FY2017/18, net property income declined slightly by 3.5% y-o-y, due to a lower contribution from the Australia portfolio.

The contributions from the Australia portfolio were lower mainly due to the performance of our hotels in Melbourne and Brisbane. The two hotels were affected by weaker Conferences and Events (C&E) business and new supply of rooms, respectively. On a positive note, Novotel Sydney Central continued its strong growth, and Courtyard by Marriott Sydney-North Ryde ramped up its performance

following the rejuvenation of rooms in the previous financial year.

Healthy public and corporate demand benefitted the two hotels in Beijing, which posted an improved performance in FY2017/18.

The performance of the Japan portfolio was relatively stable despite ongoing renovation of rooms in Hotel Sunroute Ariake, with Hotel Sunroute Osaka Namba posting another year of growth.

While market conditions in the Singapore hotel market remained challenging, Park Hotel Clarke Quay demonstrated resilience and achieved better performance.

• **Asset management with long term view**

As we drive the performance of the assets, we also take into account the long term sustainability of income. With this in mind, Pullman Sydney Hyde Park and Hotel Sunroute Ariake underwent renovation during the year. 66 rooms in Pullman Sydney Hyde Park were refurbished, which will allow the hotel to capture

the higher yielding business. The renovation to refresh all 790 rooms in Hotel Sunroute Ariake commenced in December 2017 and this will position the hotel to better compete with new hotels within its vicinity. The renovation will be carried out in phases and is expected to be completed in June 2018.

As part of our asset management initiatives, we also extended the master lease for Hotel Sunroute Ariake to the entire hotel in Tokyo. Previously, 122 serviced apartments in the property were separately operated by Oakwood under a management contract. Operation of the property by a single hotel operator will create synergies, as the hotel will be able to offer different room types under a single platform and also operate at higher cost efficiency. This will also improve stability of the cashflow for A-HTRUST and we are of the view that this arrangement will benefit A-HTRUST and the Stapled Securityholders.

• **Healthy balance sheet through prudent capital management**

During the financial year, approximately \$100.0 million of borrowings were refinanced at a lower cost and the weighted average cost of borrowings for FY2017/18 was lower at 2.7% compared to 3.1% a year ago. As at 31 March 2018, A-HTRUST's gearing stood at a relatively low level of 30.8%.



MIGUEL KO
Chairman

As at 31 March 2018, 77.2% of the total borrowings were on fixed rate. This high proportion of borrowings on fixed rate will help to mitigate adverse impact of the current volatile interest rate environment.

CREATING VALUE FOR STAPLED SECURITYHOLDERS

On 29 January 2018, A-HTRUST announced a landmark transaction to divest its two hotels in Beijing (Novotel Beijing Sanyuan and Ibis Beijing Sanyuan) for more than double their

valuation. The sale price of RMB1,156.4 million also represents a premium of 178.0% to the initial aggregate purchase price of these two hotels¹. We are of the view that the assets were divested at a compelling price, and are pleased that we are able to extract substantial value for the Stapled Securityholders. The divestment was completed on 18 May 2018 and the net proceeds from the divestment will provide capital for redeployment into more productive investments.

OUTLOOK FOR FY2018/19

The hotel market in Sydney city centre is expected to remain positive as demand remains healthy with limited upcoming supply. However, performance of hotels in suburban Sydney could be affected by large inventory of rooms. Further growth for the Melbourne hotel market may be moderated by upcoming supply and the city will also continue to vie with Sydney for C&E business. The oversupply situation in Brisbane is expected to persist in the near term, but supply growth is expected to ease off in the

¹ Based on the property component of the aggregate purchase prices for the two hotels when they acquired in 2012 for the purpose of the listing of A-HTRUST.

LETTER TO STAPLED SECURITYHOLDERS

next couple of years, which will provide relief to the hotel market in the city.

Inbound visitors into Japan are expected to continue the growth trend and this will help to support the hotel market in the country. With room supply growth in Singapore tapering off from 2018, the hotel market is expected to improve as demand continues to be healthy.

While headwinds in some of our markets may persist, we believe that the diverse nature of the portfolio can help A-HTRUST withstand these challenges.

POSITIVE START TO THE NEW FINANCIAL YEAR

FY2018/19 got off to a positive start as we announced the acquisition of KY-Heritage Dongdaemun Hotel in Seoul for the KRW72.1 billion² in April 2018. We are excited about our maiden foray into a gateway city in South Korea, which we had been exploring for some time.

The 215-room freehold hotel is well located in the prominent Dongdaemun area and is easily accessible. The hotel will be renamed “Hotel Splaisir Seoul Dongdaemun” and managed by Sotetsu International Korea Co., Ltd., an established operator under a master lease arrangement with effect from 1 July 2018. We believe that there

is an opportunity to enhance asset value from the hotel rebranding and repositioning. The hotel is also well-positioned to benefit from the improving hospitality market in Seoul given the easing political tensions, along with campaigns to drive both inbound and domestic demand. The acquisition, completed on 21 May 2018, reinforces A-HTRUST’s strategy to invest in a diversified portfolio and we believe that this acquisition will enhance the long term value of the overall portfolio.

PURSUING FURTHER GROWTH

During the financial year, we had expanded our investment markets to beyond Asia Pacific. This is in line with A-HTRUST’s strategy to invest in a well-diversified portfolio and will improve the prospects of adding more quality assets to the portfolio as we gain access to a wider pool of opportunities.

With a relatively low gearing and the balance sheet further strengthened with the proceeds from the divestment of the hotels in Beijing, A-HTRUST is well-positioned to pursue growth via further acquisitions. We will continue to take a disciplined approach to acquisitions as we look out for assets that can enhance the quality of the portfolio and deliver long term value to Stapled Securityholders.

RECOGNITIONS

During the financial year, A-HTRUST won Gold for the Hospitality REIT (Singapore) category at The Asia Pacific Best of the Breeds REITs Awards™ 2017. A-HTRUST also won the Shareholder Communications Excellence Award for the Mid Cap category at the 2017 Securities Investors Association of Singapore (SIAS) Investors’ Choice Awards.

A-HTRUST was also placed on the list of corporates under the SGX Fast Track programme, which aims to recognise listed issuers with good corporate governance standing and who have maintained a good compliance track record.

ACKNOWLEDGEMENT

Dr Steven Choo and Mr Tan Chong Huat stepped down from the Boards in September last year after serving as Independent Directors on the Boards for five years. A-HTRUST has benefitted from their counsel and we would like to take the opportunity to express our appreciation to both of them for their contributions over the years.

During the financial year, we also welcomed two new members of the Boards, Ms Deborah Lee and Mr Willy Shee. Deborah has many

2 Based on A-HTRUST’s 98.7% interest in KY-Heritage Dongdaemun Hotel.



TAN JUAY HIANG
Chief Executive Officer

years of finance and corporate experience in senior positions, specialising in the field of corporate development, while Willy is a veteran in the real estate consultancy industry, having been with the CBRE Group for more than 40 years. A-HTRUST will benefit from their guidance and invaluable insights.

On behalf of the Boards and the management team, we would like

to thank our business partners for their support in the development of A-HTRUST. Our heartfelt thanks also to the employees of the Managers for their hard work and commitment.

Finally, we thank our Stapled Securityholders for their continued support and confidence in A-HTRUST. We are fully committed to developing A-HTRUST to deliver long term value for our Stapled Securityholders.

Yours Sincerely,

Miguel Ko
Chairman

Tan Juay Hiang
Chief Executive Officer

BOARDS OF DIRECTORS



MR MIGUEL KO
Chairman & Non-Executive Director



MR BENSON PUAH TUAN SOON
Lead Independent Director



MR MANOHAR KHIATANI
Non-Executive Director



MR TAN JUAY HIANG
Chief Executive Officer



MR CHIA KIM HUAT
Independent Director



DR HO KIM WAI
Independent Director



MR MICHAEL ISSENBERG
Non-Executive Director



MS DEBORAH LEE SIEW YIN
Independent Director



MR WILLY SHEE PING YAH
Independent Director

MR MIGUEL KO

Chairman and Non-Executive Director

Date of appointment as Director:

- 15 July 2016

Board Committees served on

- Investment Committee (Chairman)
- Nominating Committee (Member)

Academic & Professional Qualifications

- Bachelor of Arts in Economics, University of Massachusetts, U.S.A.
- Master of Business Administration, Suffolk University, U.S.A.
- Certified Public Accountant (non-practicing), State Board of Accountancy, New Hampshire, U.S.A.

Present Directorships

Listed

- Ascendas Funds Management (S) Limited (as Manager of Ascendas Real Estate Investment Trust)

Others

- Ascendas-Singbridge Pte Ltd
- Changi Airport Group (Singapore) Pte Ltd
- CTM Property Trust (Steering Committee)
- Jilin Food Zone Pte. Ltd.
- Singapore-Sichuan Investment Holdings Pte Ltd

Past Directorships in Listed Companies held over the Preceding 3 Years

- Merlin Entertainments Group Ltd
- Samsonite International S.A.

Major Appointments

- Group CEO, Ascendas-Singbridge Group

MR BENSON PUAH TUAN SOON

Lead Independent Director

Date of appointment as Director:

- 10 May 2012

Board Committees served on

- Nominating Committee (Chairman)
- Audit and Risk Committee (Member)

Academic & Professional Qualifications

- Bachelor of Science (Honours) in Hotel, Catering and Tourism Administration, University of Surrey

Present Directorships

Listed

- Nil

Others

- The Esplanade Co Ltd
- Rakan Riang Pte Ltd

Past Directorships in Listed Companies held over the Preceding 3 Years

- Parkway Trust Management Limited (as Manager of ParkwayLife REIT)

Major Appointments

- CEO, The Esplanade Co Ltd

BOARDS OF DIRECTORS

MR MANOHAR KHIATANI

Non-Executive Director

Date of appointment as Director:

- 10 June 2013

Board Committees served on

- Investment Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications

- Master's Degree (Naval Architecture), the University of Hamburg, Germany
- Advanced Management Program, Harvard Business School

Present Directorships

Listed

- SIA Engineering Company Limited
- Ascendas Funds Management (S) Limited (as Manager of Ascendas Real Estate Investment Trust)
- Ascendas Property Fund Trustee Pte. Ltd. (as Trustee-Manager of Ascendas India Trust)

Others

- Ascendas Pte Ltd
- Ascendas Investment Pte Ltd
- Ascendas Land International Pte Ltd
- Ascendas Land (Singapore) Pte Ltd
- Ascendas Frasers Pte Ltd
- Ascendas-Citramas Pte Ltd
- Nusajaya Tech Park Sdn Bhd
- Directorships in other Ascendas-Singbridge Group Companies

Past Directorships in Listed Companies held over the Preceding 3 Years

- Nil

Major Appointments

- Deputy Group CEO, Ascendas-Singbridge Group

MR TAN JUAY HIANG

Chief Executive Officer

Date of appointment as Director:

- 23 November 2011¹

Board Committees served on

- Nil²

Academic & Professional Qualifications

- Bachelor of Engineering (Honours), National University of Singapore
- Master of Business Administration, Nanyang Technological University

Present Directorships

Listed

- Nil

Others

- Armenian Office Pte Ltd
- Directorships in other Ascendas-Singbridge Group Companies

Past Directorships in Listed Companies held over the Preceding 3 Years

- Nil

1 Appointed a director of AHFM on 23 November 2011. Subsequently, appointed a director of AHTM on 13 December 2011.

2 Attended Board Committees meetings in his capacity as CEO.

MR CHIA KIM HUAT

Independent Director

Date of appointment as Director:

- 15 July 2016

Board Committees served on

- Audit and Risk Committee (Member)
- Investment Committee (Member)
- Nominating Committee (Member)

Academic & Professional Qualifications

- Bachelor of Law (Honours), National University of Singapore
- Postgraduate Practical Course in Law, Board of Legal Education
- Advocate & Solicitor, Supreme Court, Singapore

Present Directorships

Listed

- SATS Ltd

Others

- R&T Corporate Services Pte Ltd
- Singapore Centre for Chinese Language

Past Directorships in Listed Companies held over the Preceding 3 Years

- Ascendas Funds Management (S) Limited (as Manager of Ascendas Real Estate Investment Trust)
- PEC Ltd

Major Appointments:

- Regional Head, Corporate and Transactional Practices, Rajah & Tann Singapore LLP
- Company Secretary, Sun Yat Sen Nanyang Memorial Hall Company Limited
- Council Member and Vice Chairman of External Relations Committee, Singapore Chinese Chamber of Commerce & Industry
- Company Secretary, Singapore Chinese Chamber of Commerce Foundation
- School Advisory Board Member, Dunman High School
- Council Member, Teochew Poit Ip Huay Kuan
- Management Committee Member, Basketball Association of Singapore
- Company Secretary and Committee Member, The Financial Board of the Singapore Chinese Chamber of Commerce
- Committee member, FutureChina & GoEast Business China

DR HO KIM WAI

Independent Director

Date of appointment as Director:

- 10 May 2012

Board Committees served on

- Audit and Risk Committee (Chairman)

Academic & Professional Qualifications

- Bachelor of Science (Honours) in Mechanical Engineering, Imperial College London
- Master of Finance, RMIT University
- Doctorate in Philosophy in Finance, Nanyang Technological University
- Fellow of Institute of Singapore Chartered Accountants
- Fellow of Institute of Chartered Accountants in England and Wales

Present Directorships

Listed

- Nil

Others

- Board Member and Chairman of the Finance Committee of Agri-food and Veterinary Authority of Singapore (AVA)

Past Directorships in Listed Companies held over the Preceding 3 Years

- Nil

Major Appointments

- Associate Professor of Banking and Finance at Nanyang Business School, Nanyang Technological University

BOARDS OF DIRECTORS

MR MICHAEL ISSENBERG

Non-Executive Director

Date of appointment as Director:

- 10 May 2012

Board Committees served on

- Investment Committee (Member)

Academic & Professional Qualifications

- Bachelor of Science in Hotel Administration, Cornell University
- Lifetime Member, Cornell Hotel Society
- Lifetime Member, Tourism and Transport Forum in Australia

Present Directorships

Listed

- Reef Corporate Services Ltd.

Others

- AAPC Ltd.
- AAPC Japan KK
- AAPC Properties Pty. Ltd.
- ACCOR Asia SA
- AAPC (Thailand) Ltd.
- AAPC Singapore Pte. Ltd.
- AA Korea Hotel Management Co, Ltd
- AAPC Hong Kong Ltd.
- AAPC Shanghai Co, Ltd
- AAPC India Hotel Management Pte. Ltd.
- AHDF Pte. Ltd.

Past Directorships in Listed Companies held over the Preceding 3 Years

- Nil

Major Appointments

- Chairman and CEO, AccorHotels Asia Pacific

MS DEBORAH LEE SIEW YIN

Independent Director

Date of appointment as Director:

- 1 October 2017

Board Committees served on

- Audit and Risk Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications

- Master of Applied Finance, the National University of Singapore
- CFA Charter Holder, CFA Institute

Present Directorships

Listed

- Nil

Others

- WTL Capital Pte Ltd
- Sandmount Investments Ltd
- Assurity Trusted Solutions Pte Ltd

Past Directorships in Listed Companies held over the Preceding 3 Years

- Nil

Major Appointments

- Executive Director, WTL Capital Pte Ltd

MR WILLY SHEE PING YAH

Independent Director

Date of appointment as Director:

- 1 October 2017

Board Committees served on

- Remuneration Committee (Chairman)
- Investment Committee (Member)

Academic & Professional Qualifications

- Diploma in Urban Valuation, University of Auckland, New Zealand
- Fellow of the Singapore Institute of Surveyors and Valuers
- Fellow of the Association of Facilities and Property Management

Present Directorships

Listed

- Bund Center Investment Ltd
- Sinarmas Land Ltd

Others

- Shanghai Golden Bund Real Estate Co Ltd
- Mercatus Co-operative Limited
- Keppel Land Ltd

Past Directorships in Listed Companies held over the Preceding 3 Years

- Nil

Major Appointments

- Senior Advisor, CBRE Pte Ltd

THE MANAGERS

SINGAPORE TEAM

From left to right:

Jocelyn Tay, Ng Kok Keong, Mary Judith de Souza, Dina Goh, Tan Yoon Peng, Sheryl Lee, Jeremiah Lee, Tan Juay Hiang, Lim San San Susanna, Temmy Chan, Sia Janjuan, Chee Kum Tin, Chew Lay Ling, Ng Ai Zhen, Cass Yong

MR TAN JUAY HIANG

Chief Executive Officer

Juay Hiang is Chief Executive Officer at A-HTRUST, where he is responsible for the overall management and charting the strategic direction of A-HTRUST. He has more than 15 years of experience in real estate industry.

Prior to his current appointment, Juay Hiang was the Senior Vice-President of Real Estate Funds for Ascendas Pte. Ltd., where he was responsible for structuring and launching new real estate private funds, raising capital for private funds, initiating new real estate investment trusts and undertaking internal audit on the various private funds within the Ascendas-Singbridge Group.

From October 2007 to April 2010, Juay Hiang was the fund manager for the Ascendas ASEAN Business Space Fund (the ASEAN Fund) where he was responsible for structuring the ASEAN Fund and raising US\$400 million from institutional investors. During this period, he oversaw the acquisition of assets in Malaysia, Vietnam and the Philippines during the fund investment period, the aggregate development value of which amounted to approximately US\$500 million. He was responsible for the performance of the portfolio in the fund as well as investor relations.

In his tenure with Ascendas-Singbridge Group, Juay Hiang also explored opportunities and new businesses in healthcare and hypermarket asset class as well as private equity investments in technology companies with applications for the real estate, in markets such as India, Thailand and China.

Juay Hiang holds a Bachelor of Engineering (Honours) degree from the National University of Singapore and a Master of Business Administration from Nanyang Technological University.

MS LIM SAN SAN, SUSANNA

Chief Financial Officer

San San is Chief Financial Officer at A-HTRUST, where she is responsible for the financial management of A-HTRUST. She has more than 20 years of experience in audit, accounting and finance-related work.

Prior to her current appointment, San San was Assistant Vice President in the Finance department of Ascendas Pte Ltd. From August 2007 to October 2011, San San was Assistant Vice-President in the Finance department of Singapore Press Holdings Ltd. In that position, she was responsible for financial and management reporting as well as accounting operations for one of its business groups. Prior to that, San San spent 9 years at Singapore Telecommunications Ltd, first with its Strategic Investments unit where she was involved in mergers, acquisitions and joint venture management, before moving on to a business controllership role for the consumer mobile business.

San San holds a Bachelor of Accountancy degree from National University of Singapore and a Master of Business Administration from Nanyang Technological University. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MR TAN YOON PENG

Head, Investments

Yoon Peng is Head, Investments at A-HTRUST, where he is responsible for identifying and evaluating potential acquisitions and related investments or divestments, where applicable. He has more than 15 years of experience in development and investment work.

Prior to his current appointment, Yoon Peng was Senior Vice President for Singbridge Corporate Pte Ltd where he was responsible for overseeing their investments in Raffles City Chongqing, Singapore-Sichuan Hi-Tech Innovation Park, Sino-Singapore Tianjin Eco-City and Business Development. From 2007 to 2010, Yoon Peng was with CapitaLand as the Asset Manager for the Raffles City Bahrain Fund and was involved in business development in the Gulf Cooperation Council and integrated developments incorporating leisure, entertainment and convention.



AUSTRALIA TEAM

Standing from left to right:

Donne Salcombe, Mark Ow, Tate Stubbs, Magid Gerges

Seated from left to right:

Lee Yongho, Pang Lay Hoon, Julian Anthony



Yoon Peng holds a Bachelor of Applied Science (Honours) from the University of Toronto and is a CFA® charterholder. He has attended the Insead Asian International Executive Programme.

MR JULIAN ANTHONY

Head, Australia Operations

Julian is Head, Australia Operations at A-HTRUST, where he is responsible for formulating and overseeing the execution of business plans in relation to A-HTRUST's properties in Australia. He has more than 20 years of hospitality and finance management experience.

Prior to his current appointment, Julian was Vice President Finance at Fairmont Raffles International

JAPAN TEAM

From left to right:

Yohei Suzuki, Akiyoshi Hakama



based in Singapore where he was responsible for the Asia Pacific region. Between 2005 and 2014, Julian was with Starwood Hotels where he was Regional Director of Finance, overseeing the South East Asia region initially and then the Pacific region. Prior to that, Julian had several years of experience in the hospitality sector where he held positions including Director of Finance in several ITT Sheraton properties and he was also with Aman Resorts where he oversaw the company's ultra-luxury resorts in Indonesia in a regional finance capacity.

Julian is a graduate of the Institute of Chartered Secretaries and Administrators and holds a Cornell University Certificate in Hotel Real Estate Investments and Asset Management. He also holds Fellowships with the Chartered Institute of Management Accountants and CPA Australia.

MS MARY JUDITH DE SOUZA

Company Secretary

Mary is Company Secretary at A-HTRUST and has more than 20 years of practice as a corporate and commercial lawyer.

Mary currently heads Ascendas-Singbridge Group's Legal and Corporate Secretarial Department. Prior to joining Ascendas-Singbridge Group in 2005, Mary was a legal counsel with a government-linked technology group and subsequently,

a practicing legal counsel in a local law firm based in Singapore with several branches in the region. While in legal practice, Mary worked with both local and foreign companies and gained a broad-based understanding of the concerns and needs of investors in Southeast Asia.

Mary holds an LL.B. (Hons) degree from National University of Singapore and a Masters degree in Counselling Psychology from Monash University. She is an Advocate and Solicitor of the Supreme Court of Singapore.

MR HON WEI SENG

Company Secretary

Wei Seng is Company Secretary at A-HTRUST and has more than 18 years of experience as a corporate and commercial lawyer.

Wei Seng is currently Head, Corporate Secretariat for Ascendas-Singbridge Group. Prior to his appointment with Ascendas-Singbridge Group in 2015, Wei Seng served as corporate counsel with Genting Singapore PLC, Stamford Land Corporation Ltd, Singapore Power, ST Telemedia and Frontline Technologies (since merged with BT Group).

Admitted as an Advocate and Solicitor of the Supreme Court of Singapore, Wei Seng holds LLB (Hons) and LL.M degrees from the National University of Singapore, and a MTM degree from the University of Queensland, Australia.

PORTFOLIO SUMMARY



A-HTRUST's portfolio of quality assets is well spread across various key cities. Through such geographical diversification, location concentration risks will be mitigated. As such, A-HTRUST is likely to be less affected by both the macroeconomic and microeconomic conditions of any single area and more resilient across economic cycles. Within each city, A-HTRUST's hotels are located in or near prime business precincts, tourism destinations or transportation nodes. The strategic locations of the hotels allow them to attract a stable base of both business and leisure travellers.

A-HTRUST's hotels are managed by established hotel operators which

have strong domain knowledge of the markets in which the hotels are located. These hotels cater to different customer segments from economy to upscale and short-term to long-term stay, another aspect of diversification of A-HTRUST's portfolio. A-HTRUST's portfolio of hotels are under two main revenue structures, being master lease and management contract arrangements. Since its listing in 2012, A-HTRUST have acquired three hotels under master lease arrangements, namely Park Hotel Clarke Quay (in 2013), Hotel Sunroute Osaka Namba (in 2014) and most recently, KY-Heritage Hotel Dongdaemun (in 2018). Under such master leases, the fixed rent provide downside protection and enhance the income

stability of A-HTRUST. A-HTRUST now has four hotels (including Hotel Sunroute Ariake) under master leases providing a substantial base of stable income. Each of these master leases also have a variable component, thus providing upside potential.

During FY2017/18, A-HTRUST expanded its market for investments beyond Asia Pacific which will provide A-HTRUST with a wider pool of opportunities for value accretive acquisitions. A-HTRUST continues to develop and grow, and looks forward to new acquisitions, including Shama Luxe Aurora Melbourne Central which is on schedule to be completed in the second half of 2019.

SUMMARY OF KEY PROPERTY DETAILS

| | No. of Rooms | Title | Date of Acquisition | Valuation in millions (\$) ¹ | Purchase Price in millions (\$) | Vendor |
|-------------------------------------------------|--------------|------------------------------------------------------------|---------------------|-----------------------------------------|---------------------------------|----------------------------------------------------------|
| AUSTRALIA | | | | | | |
| Pullman Sydney Hyde Park | 241 | Freehold | 27 Jul 2012 | 179.9 | | |
| Novotel Sydney Central | 255 | Freehold | 27 Jul 2012 | 170.2 | | |
| Novotel Sydney Parramatta | 194 | Freehold | 27 Jul 2012 | 49.7 | | |
| Courtyard by Marriott Sydney-North Ryde | 196 | Freehold | 27 Jul 2012 | 52.2 | 396.2 ² | Ascendas Hospitality Australia Investment Fund No.1, |
| Pullman and Mercure Melbourne Albert Park | 378 | Freehold | 27 Jul 2012 | 130.4 | | Ascendas Hospitality Australia Investment Fund No.2, and |
| Pullman and Mercure Brisbane King George Square | 438 | Freehold | 27 Jul 2012 | 89.2 | | AHDF Pte. Ltd. |
| CHINA | | | | | | |
| Novotel Beijing Sanyuan ³ | 306 | Land use term due to expire in Aug 2044 | 27 Jul 2012 | 53.2 | 41.6 | AAPC Hong Kong Limited |
| Ibis Beijing Sanyuan ³ | 397 | Land use term due to expire in Aug 2044 | 19 Dec 2012 | 66.1 | 43.2 | Ibis China Investment Limited |
| JAPAN | | | | | | |
| Hotel Sunroute Ariake | 912 | Freehold | 27 Jul 2012 | 292.8 | 248.8 | Ariake Property Tokutei Mokuteki Kaisha |
| Hotel Sunroute Osaka Namba | 698 | Freehold | 15 Apr 2014 | 236.5 | 110.8 | Ainodake Godo Kaisha |
| SINGAPORE | | | | | | |
| Park Hotel Clarke Quay | 336 | Leasehold for a term of 99 years due to expire in Nov 2105 | 28 Jun 2013 | 314.0 | 308.0 | Parksing Property Pte. Limited |
| SOUTH KOREA | | | | | | |
| KY-Heritage Hotel Dongdaemun | 215 | Freehold | 21 May 2018 | 91.9 ⁴ | 89.0 ⁴ | KY-Development Co., Ltd. |

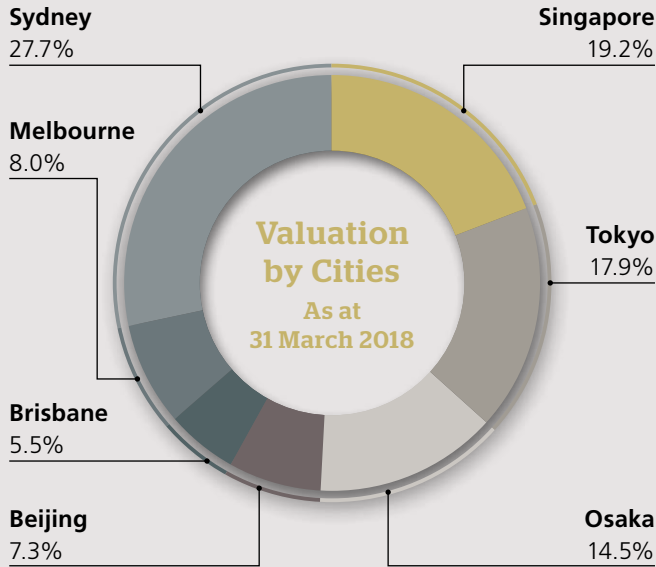
1 Save for KY-Heritage Hotel Dongdaemun, all the properties were valued as at 31 March 2018. The property valuations as at 31 March 2018 include the revaluation of land use rights of the China properties. The \$ equivalent of the valuation figures are arrived at based on the exchange rate as at 31 March 2018 of A\$1.00 : \$1.0133, RMB1.00 : \$0.2079 and JPY1.00 : \$0.01255.

2 Total purchase price for 100% equity in Ascendas Australia Hotel Fund ("AAHF") is \$396.2 million. AAHF comprises Pullman Sydney Hyde Park, Novotel Sydney Central, Novotel Sydney Parramatta, Courtyard by Marriott Sydney-North Ryde, Pullman and Mercure Melbourne Albert Park, Pullman and Mercure Brisbane King George Square and Pullman Cairns International (divested in 2015).

3 Novotel Beijing Sanyuan and Ibis Beijing Sanyuan were divested on 18 May 2018.

4 The acquisition of KY-Heritage Hotel Dongdaemun was completed on 21 May 2018. The hotel was valued as at 30 March 2018 and valuation and purchase price reflected A-HTRUST's 98.7% interest in the hotel and based on exchange rate of KRW1.00 : \$0.00123. The remaining 1.3% is held by Ascendas (Korea) Pte Ltd, a wholly-owned subsidiary of the Sponsor.

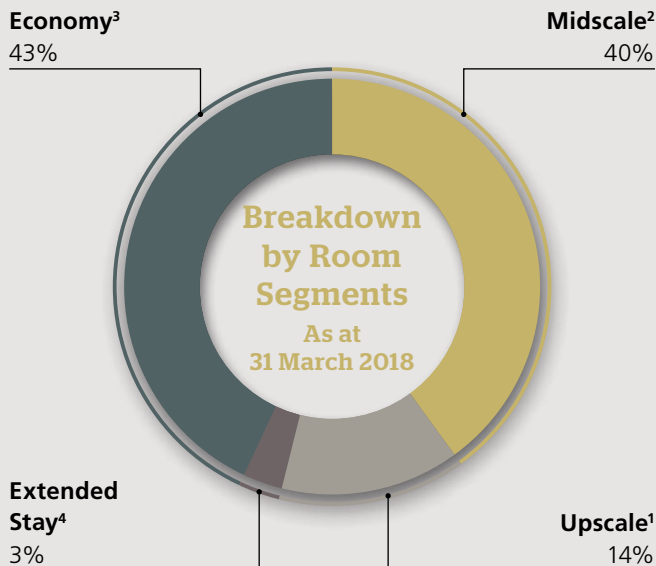
PORTFOLIO SUMMARY



| AUSTRALIA | 41.1% |
|-------------------------------------------------|-------|
| Pullman Sydney Hyde Park | 11.0% |
| Novotel Sydney Central | 10.4% |
| Novotel Sydney Parramatta | 3.0% |
| Courtyard by Marriott Sydney-North Ryde | 3.2% |
| Pullman and Mercure Melbourne Albert Park | 8.0% |
| Pullman and Mercure Brisbane King George Square | 5.5% |

| CHINA | 7.3% |
|-------------------------|------|
| Novotel Beijing Sanyuan | 3.3% |
| Ibis Beijing Sanyuan | 4.0% |

| JAPAN | 32.4% |
|----------------------------|-------|
| Hotel Sunroute Ariake | 17.9% |
| Hotel Sunroute Osaka Namba | 14.5% |



| SINGAPORE | 19.2% |
|------------------------|---------------|
| Park Hotel Clarke Quay | 19.2% |
| Total | 100.0% |

1 Upscale refers to the Pullman brand
 2 Midscale refers to the Novotel, Mercure and Courtyard by Marriott brands
 3 Economy refers to the Ibis and Sunroute brands
 4 Extended Stay refers to the Oakwood brand

BREAKDOWN OF REVENUE / REVPAR BY HOTELS

| | Gross Revenue | | RevPAR | |
|-------------------------------------------------|---------------|----------------|-----------|------------|
| | FY2016/17 | FY2017/18 | FY2016/17 | FY2017/18 |
| MANAGEMENT CONTRACTS | | | | |
| AUSTRALIA | A\$ million | A\$ million | A\$ | A\$ |
| Pullman Sydney Hyde Park | 27.8 | 27.9 | 220 | 219 |
| Novotel Sydney Central | 27.1 | 28.3 | 189 | 206 |
| Novotel Sydney Parramatta | 15.3 | 14.9 | 138 | 136 |
| Courtyard by Marriott Sydney-North Ryde | 12.2 | 13.1 | 137 | 148 |
| Pullman and Mercure Melbourne Albert Park | 35.4 | 34.0 | 124 | 123 |
| Pullman and Mercure Brisbane King George Square | 28.8 | 28.3 | 118 | 113 |
| CHINA | RMB million | RMB million | RMB | RMB |
| Novotel Beijing Sanyuan | 58.0 | 59.4 | 427 | 448 |
| Ibis Beijing Sanyuan | 43.1 | 45.5 | 278 | 292 |
| MASTER LEASES | | | | |
| JAPAN | JPY million | JPY million | | |
| Hotel Sunroute Ariake ¹ | 1,799.3 | 1,757.3 | | |
| Hotel Sunroute Osaka Namba | 988.7 | 1,020.0 | | |
| SINGAPORE | \$ million | \$ million | | |
| Park Hotel Clarke Quay | 13.3 | 13.5 | | |

¹ Included contribution from Oakwood Apartments Ariake Tokyo which was under management contract.

PORTFOLIO SUMMARY

TENANCY

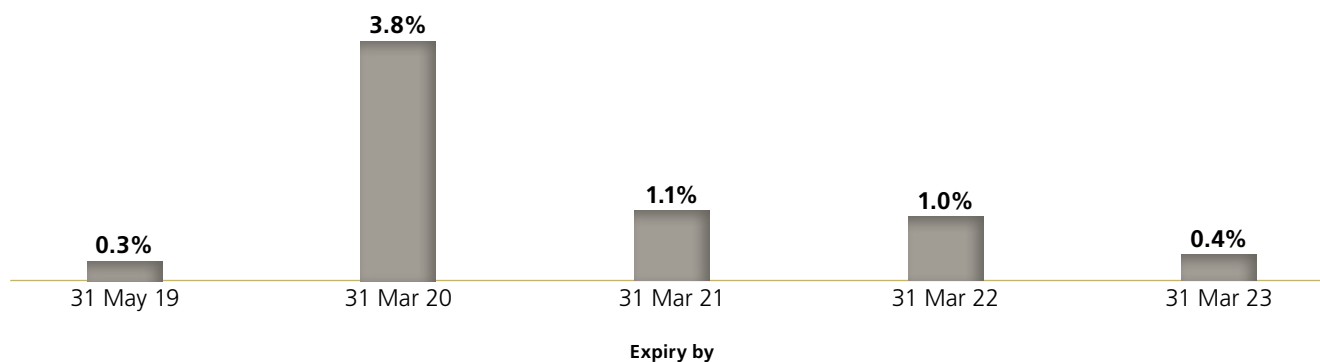
As at 31 March 2018, A-HTRUST has 15 tenants leasing hotels on master lease agreements, office space in Pullman Sydney Hyde Park, a restaurant and a convenience store in Ibis Beijing Sanyuan as well as leaseable space in certain hotels ("Leased Premises").

TOP 10 TENANTS¹

| Tenant | Industry | Percentage of Gross Rental Revenue from Leased Premise ¹ |
|----------------------------------------------------------|------------------------|---------------------------------------------------------------------|
| 1 Sunroute Hotels Co., Ltd. | Hotel | 61.3 |
| 2 Park Hotel CQ Pte Ltd | Hotel | 32.1 |
| 3 Fuji Xerox Businessforce Pty Ltd | Information Technology | 2.3 |
| 4 Vinindex Pty Ltd | Construction | 1.1 |
| 5 Rainleigh Pty Ltd | Medical | 1.3 |
| 6 Beijing Yao Xiang Poly Catering Management Company Ltd | Food and beverages | 0.5 |
| 7 Lawson (Beijing) Co.,Ltd | Convenience store | 0.3 |
| 8 APN Outdoor (Trading) Pty Ltd | Advertising | 0.3 |
| 9 Tantara Thai Massage & Spa | Hospitality | 0.2 |
| 10 CLA Trading Pty Ltd | Car Rental | 0.2 |

LEASE EXPIRY PROFILE FOR NEXT 5 YEARS¹

% of Gross Rental Revenue¹



As at 31 March 2018, the weighted average lease expiry of the Leased Premises, based on gross rental revenue derived from Leased Premises for FY2017/18 is approximately 8.9 years.

¹ Based on gross rental revenue derived from the Leased Premises for FY2017/18.



OUR HOTELS

PULLMAN SYDNEY HYDE PARK



SYDNEY

36 College Street, Sydney, New South Wales, Australia



NUMBER OF ROOMS
241

F&B FACILITIES
1 Restaurant
1 Bar
1 Cafe
1 Executive Lounge

MEETING FACILITIES
9 Meeting Rooms

CAR PARKING
160 Lots

LAND AREA
1,631 sqm

LAND TITLE
Freehold

OWNERSHIP
100%

VALUATION
A\$177.5 million
(\$179.9 million)

Pullman Sydney Hyde Park is an upscale business hotel located in Sydney's CBD overlooking the iconic Hyde Park. Situated in the epicentre of the city's business, cultural, theatre, sports and retail precincts, it is also conveniently located close to well-known attractions such as Darling Harbour, the Australian Museum, Circular Quay, Sydney Tower, Haymarket, Paddy's Market and the entertainment precincts of Oxford Street and George Street. The hotel is just 12 km away from the airport and easily accessible via the nearby Museum Station.

The 23-storey hotel offers 241 well-appointed guest rooms and facilities

such as a bistro-style restaurant, a bar, a cafe and a rooftop recreation deck. The recreation deck, which comprises a gymnasium, a swimming pool and a jacuzzi, a spa and a sauna, offers a picturesque view of Sydney's skyline. Business facilities include a business centre and 588 sqm of meeting and event spaces.

The hotel also has a commercial component with a total net leasable space of approximately 4,600 sqm. The office space is spread across five levels of office space and has its own dedicated lobby and lift access.



REFURBISHMENT OF EXECUTIVE FLOOR ROOMS

During the year, 66 rooms on the top four floors of the hotel were refurbished as the hotel seeks to capture higher yielding segments. The refurbishment involved the laying of new carpets, installation of new joinery, lighting, bed-heads, curtains and tapware. The works were completed in stages between September and December 2017.

While there was some business disruption during the renovation, it has provided a much needed uplift to the rooms which will now enable the hotel to sell them at a premium room rate to boost its ADR and drive it even higher during the peak nights in the Sydney CBD.

BEFORE



AFTER



OUR HOTELS

NOVOTEL SYDNEY CENTRAL



SYDNEY

169-179 Thomas Street, Sydney, New South Wales, Australia



NUMBER OF ROOMS
255

F&B FACILITIES
1 Restaurant
1 Bar

MEETING FACILITIES
14 Meeting Rooms

CAR PARKING
600 Lots

LAND AREA
4,272 sqm

LAND TITLE
Freehold

OWNERSHIP
100%

VALUATION
A\$168.0 million
(\$170.2 million)

Novotel Sydney Central is a midscale business hotel located in the southern part of the Sydney CBD. Situated near to the Sydney Darling Harbour, the hotel is also in close proximity to Chinatown, the University of Technology Sydney, Haymarket and Paddy's Market. The Sydney Exhibition & Convention Centre is also within walking distance from the hotel.

The hotel is well connected to other parts of Sydney CBD through the railway network and is easily accessible through the nearby Central Railway Station.

The 18-storey Novotel Sydney Central offers 255 well-appointed and spacious guest rooms, suited for both business and leisure purposes. Facilities include a restaurant, a bar, a heated swimming pool, a spa, a 24-hour gymnasium, a business centre and 1,135 sqm of spacious meeting and event spaces.



OUR HOTELS

NOVOTEL SYDNEY PARRAMATTA



SYDNEY

350 Church Street, Parramatta, New South Wales, Australia



NUMBER OF ROOMS
194

F&B FACILITIES
1 Restaurant
1 Bar

MEETING FACILITIES
9 Meeting Rooms
2 Boardrooms

CAR PARKING
198 Lots

LAND AREA
2,674 sqm

LAND TITLE
Freehold

OWNERSHIP
100%

VALUATION
A\$49.0 million
(\$49.7 million)

Novotel Sydney Parramatta is a midscale business hotel situated at the northern end of the Parramatta CBD, which is approximately 23 km away from the Sydney CBD. Located along the banks of the Parramatta River, it is close to visitor attractions such as the Parramatta Stadium, Rosehill Garden Racecourse, Parramatta Ferry Wharf and Westfield Parramatta, one of Australia's largest shopping centres. The hotel also offers convenient access to Parramatta's main restaurant and entertainment precincts along Church Street. It is served by the Parramatta Station, a major transport

interchange on the Sydney rail network, which is within walking distance from the hotel.

The 12-storey Novotel Sydney Parramatta offers 194 guest rooms and facilities such as a restaurant, a bar, an outdoor heated swimming pool, a spa, a sauna and a gymnasium. With 915 sqm of conference and event spaces fitted with state-of-the-art audiovisual equipment, the hotel is able to host meetings for up to 550 people. It also boasts one of the largest column-less hotel ballrooms in the Parramatta region.



OUR HOTELS

COURTYARD BY MARRIOTT SYDNEY-NORTH RYDE



SYDNEY

7-11 Talavera Road, North Ryde,
New South Wales, Australia



NUMBER OF ROOMS

196

F&B FACILITIES

1 Restaurant
1 Bar

MEETING FACILITIES

7 Meeting Rooms

CAR PARKING

94 Lots

LAND AREA

6,227 sqm

LAND TITLE

Freehold

OWNERSHIP

100%

VALUATION

A\$51.5 million
(\$52.2 million)

Courtyard by Marriott Sydney-North Ryde is a midscale business hotel centrally located in Macquarie Business Park in the heart of the North Ryde business district. The hotel is situated close to several commercial buildings popular with multinational corporations, which provides a steady stream of business travellers. Macquarie Shopping Centre, the ANZ Stadium and the Sydney Olympic Park are also nearby. The hotel is located approximately

15 km northwest of the Sydney CBD and 28 km from Sydney Airport, and is served by the nearby Macquarie Park station.

The 9-storey hotel offers 196 guest rooms which were all recently refurbished. Facilities in the hotel include a restaurant, a bar, a fitness centre, a business centre, and 223 sqm of meeting space.



OUR HOTELS

PULLMAN AND MERCURE MELBOURNE ALBERT PARK



MELBOURNE

65 Queens Road, Melbourne, Victoria, Australia



NUMBER OF ROOMS

169 (Pullman)
209 (Mercure)

F&B FACILITIES

1 Restaurant
1 Cafe
1 Bar
1 Executive Lounge

MEETING FACILITIES

28 Meeting Rooms

CAR PARKING

510 Lots

LAND AREA

10,300 sqm

LAND TITLE

Freehold

OWNERSHIP

100%

VALUATION

A\$128.7 million
(\$130.4 million)

Pullman and Mercure Melbourne Albert Park is a unique dual-branded, upscale and midscale full service hotel overlooking the scenic Albert Park, the venue for the annual Australian Formula One Grand Prix. Located close to the Melbourne CBD, it is also near the entertainment and hip dining precinct of St Kilda Road and the Royal Botanic Gardens, amongst other iconic destinations in Melbourne. The hotel is well served by various tram route services.

With 2,305 sqm of convention centre that can accommodate up to 1,600

participants, the hotel is one of the largest hotel event venues in Melbourne. Its strategic location, comprehensive service offerings and flexible space configuration make it an attractive venue for hosting of business events in the city.

The hotel offers a total of 378 guest rooms and a variety of facilities including a restaurant, a bar, a cafe, an executive lounge, an indoor heated swimming pool, a spa, a sauna, a gymnasium and a business centre.



OUR HOTELS

PULLMAN AND MERCURE BRISBANE KING GEORGE SQUARE



BRISBANE

2 Roma Street and 106 Ann Street, Brisbane, Queensland, Australia



NUMBER OF ROOMS

210 (Pullman)
228 (Mercure)

F&B FACILITIES

1 Restaurant
1 Cafe
2 Bars
1 Executive Lounge

MEETING FACILITIES

11 Meeting Rooms

CAR PARKING

105 Lots

LAND AREA

3,722 sqm

LAND TITLE

Freehold

OWNERSHIP

100%

VALUATION

A\$88.0 million
(\$89.2 million)

Pullman and Mercure Brisbane King George Square is an attractive dual-branded, upscale and midscale hotel prominently situated in the Brisbane CBD, facing Brisbane City Hall Museum. The hotel is within walking distance to attractions and landmarks such as Eagle Street Pier, Brisbane Convention & Exhibition Centre, Suncorp Stadium and the Queen Street Mall retail precinct. Approximately 19 km away from the Brisbane International Airport, the hotel is well served by two nearby railway stations, Central Station and Roma Street Station, as well as the Brisbane Transit Centre which is a short walk away.

The hotel comprises two 16-storey towers, the Pullman Tower with 210

contemporary guest rooms and the Mercure Tower with 228 guest rooms. Facilities include a restaurant, a café, two bars and an executive lounge. One of the bars was a recently opened rooftop bar which offers a picturesque view of the charming Brisbane city skyline. There are also recreational facilities on the rooftop of the Mercure Tower such as a gym, a sauna and an outdoor heated swimming pool. The centrally located hotel also has one of the largest conference and convention hotels in the city with 2,990 sqm of meeting and conference spaces.



AFTER

BEFORE

REVITALISATION OF THE RESTAURANT

Works are ongoing to transform the restaurant of the hotel into a café style venue that opens out into the busy intersection of Roma and Ann Streets. This presents the hotel with an opportunity to capitalize on the high volume of pedestrian traffic between the Roma Street railway station and the CBD especially during the morning peak period through coffee sales. The café will have a botanical theme to create a welcoming atmosphere and will feature a modern Australian menu. The renovation is expected to be completed in September 2018.

OUR HOTELS

NOVOTEL BEIJING SANYUAN



BEIJING

Tower 18, A5, Shuguang Xili, Chaoyang District, Beijing, China



NUMBER OF ROOMS

306

F&B FACILITIES

- 1 Restaurant
- 1 Bar
- 1 Executive Lounge

MEETING FACILITIES

- 5 Meeting Rooms

LAND AREA

3,073 sqm

LAND TITLE

Leasehold expiring in August 2044

OWNERSHIP

100%

VALUATION

RMB 256.0 million (\$53.2 million)

Novotel Beijing Sanyuan is a midscale hotel located in the heart of Beijing in the Chaoyang District, adjoining Sanyuan Bridge of the East Third Ring Road and the Airport Expressway. The hotel is strategically located within the Lufthansa Commercial Area and close to three exhibition centres and major embassies. In addition, the Beijing International Capital Airport is only approximately 20 km away from the hotel. Besides enjoying convenient access to roadways, the hotel is just in front of the Sanyuanqiao Station which serves the Airport Express Train and Metro Line 10.

The 17-storey hotel offers 306 guest rooms and houses The Square, a signature restaurant, and a lobby bar. Other facilities include an exclusive premier lounge, a fitness centre and an indoor heated swimming pool. It also has 340 sqm of meeting space comprising four meeting rooms and a function room.

On 29 January 2018, it was announced that this hotel with a gross floor area of 19,568 sqm, along with Ibis Beijing Sanyuan will be divested. The divestment was completed on 18 May 2018.



OUR HOTELS

IBIS BEIJING SANYUAN



BEIJING

Tower 17, A5, Shuguang Xili,
Chaoyang District, Beijing, China



NUMBER OF ROOMS
397

F&B FACILITIES
1 Restaurant

LAND AREA
2,044 sqm

LAND TITLE
Leasehold expiring
in August 2044

OWNERSHIP
100%

VALUATION
RMB 318.0 million
(\$66.1 million)

Ibis Beijing Sanyuan is an economy business hotel adjacent to Novotel Beijing Sanyuan. It is popular with business and leisure travellers due to its central location, convenient access to a variety of attractions and amenities at affordable rates.

The 14-storey hotel has 397 guest rooms and a restaurant which serves

daily breakfast. There is also a 24-hour convenience store located in the hotel that can cater to guests' needs.

On 29 January 2018, it was announced that this hotel with a gross floor area of 13,017 sqm, along with Novotel Beijing Sanyuan will be divested. The divestment was completed on 18 May 2018.



OUR HOTELS

HOTEL SUNROUTE ARIAKE



TOKYO

3-6-6 Ariake Koto-ku
Tokyo, Japan



NUMBER OF ROOMS
912

F&B FACILITIES
2 Restaurants
3 Banquet Halls

MEETING FACILITIES
2 Meeting Rooms

CAR PARKING
103 Lots

LAND AREA
6,188 sqm

LAND TITLE
Freehold

OWNERSHIP
100%

VALUATION
JPY 23,400 million
(\$292.8 million)

Hotel Sunroute Ariake is a 20-storey economy business hotel. It is located in the Ariake district within the Tokyo Waterfront Secondary City Centre which includes the Odaiba and Aomi districts. It is in close proximity to Big Sight, an international convention centre, Ariake Colosseum and retail hubs such as Odaiba and Ginza. Facilities include two restaurants, a business centre and 418 sqm of meeting and conference spaces.

The 912-room hotel enjoys easy access to both Haneda and Narita Airports, and is within walking distance to major train stations. It is well-connected by public transport to the main commercial areas of Odaiba and Ginza. Hotel Sunroute Ariake is also a 'Tokyo Disney Resort Good Neighbor Hotel' and offers free shuttle bus services to and from the world famous Tokyo Disney Resort.



EXTENSION OF MASTER LEASE AND RENOVATION OF 790 ROOMS IN HOTEL SUNROUTE ARIAKE

Previously a dual-branded accommodation which comprised Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo, the entire hotel in Ariake, Tokyo has been leased to Sotetsu Hotel Management Co., Ltd. with effect from 1 April 2018 under a revised master lease arrangement.

operator as it is able to offer more room types under a single platform and operate at higher cost efficiency. The extension of the master lease will improve stability of the cashflow for A-HTRUST and the Managers are optimistic that the revised rent structure will benefit A-HTRUST and the Stapled Securityholders.

The fixed rent under the master lease has been revised higher by approximately 19% and the rent structure amended to be the higher of the fixed rent or agreed percentage of room revenue. The lease tenure has also been extended to 31 March 2033.

Renovation of the rooms in Hotel Sunroute Ariake are ongoing and expected to be completed by June 2018. The renovation will refresh the rooms and improve the competitiveness of the hotel amidst opening of new hotels within its vicinity.

The hotel will benefit from management by a single



OUR HOTELS

HOTEL SUNROUTE OSAKA NAMBA



OSAKA

1-1-13, Nipponbashi, Chuo-ku, Osaka 542-0073, Japan



NUMBER OF ROOMS

698

F&B FACILITIES

2 Restaurants

LAND AREA

2,496 sqm

LAND TITLE

Freehold

OWNERSHIP

100%

VALUATION

JPY 18,900 million (\$236.5 million)

Hotel Sunroute Osaka Namba is an economy business hotel with two basement levels, centrally located in the Namba area in the heart of Minami, Osaka's most prominent dining, entertainment and shopping district. It is within walking distance to Dotonbori, the city's glitzy stretch of dining and entertainment attractions. Takashimaya department store, Shinsaibashi shopping street and Kuromon food market are also all nearby. The hotel is a mere 15-minute train ride to the famed Osaka Castle. The hotel offers 698 guest

rooms and two restaurants which can accommodate a total of 580 diners.

The 14-storey hotel benefits from excellent connectivity to different transportation options, being in walking distance from the Nipponbashi Station on the Osaka Municipal Subway Line and the Namba Station, Osaka's main south-central railway terminus with a direct connection via the Rapid Express Train to Kansai International Airport. The Japan Railway (JR), Kintetsu and Nankai railway lines are also easily accessible.



OUR HOTELS

PARK HOTEL CLARKE QUAY



SINGAPORE

1 Unity St,
Singapore 237983



NUMBER OF ROOMS
336

F&B FACILITIES
1 Restaurant
1 Bar

MEETING FACILITIES
3 Meeting Rooms

CAR PARKING
50 Lots

LAND AREA
3,949 sqm

LAND TITLE
99-year leasehold
expiring in
November 2105

OWNERSHIP
100%

VALUATION
\$314.0 million

Park Hotel Clarke Quay is strategically located in the vibrant Clarke Quay precinct along the Singapore River and sits on a prime site within the CBD with convenient access to entertainment and shopping areas such as Robertson Quay, Orchard Road, Marina Bay and Chinatown. The hotel has excellent transport connectivity, within walking distance to the Clarke Quay MRT Station and the Fort Canning MRT Station.

Park Hotel Clarke Quay has 330 guest rooms and six suites, all fitted with

state-of-the-art amenities, elevated ceilings and full-length windows offering superb views of the city skyline and the Singapore River. The hotel has two food and beverage outlets and three meeting venues with approximately 167 sqm of dedicated meeting spaces. It offers full recreational facilities including an outdoor swimming pool and jacuzzi, a fitness centre and spa pavilions. Business travelers have access to a well-equipped business centre.



OUR HOTELS

KY-HERITAGE HOTEL DONGDAEMUN



SEOUL

226 Jangchoongdan-ro, Jung-gu, Seoul, Korea



NUMBER OF ROOMS
215

F&B FACILITIES
1 Restaurant
1 Cafe

MEETING FACILITIES
2 Meeting Rooms

LAND AREA
954 sqm

LAND TITLE
Freehold

OWNERSHIP
98.7%

VALUATION
KRW 75.4 billion¹
(\$93.1 million)

KY-Heritage Hotel Dongdaemun is the latest addition to the portfolio having been acquired on 21 May 2018. The 215-room hotel is a 4-star hotel located in the wholesale and retail precinct of Dongdaemun, one of the most popular destinations in Seoul. Landmarks located within its vicinity include the Dongdaemun Design Plaza, the Doota Mall and the Changdeokgung Palace.

Completed in 2015, the 20-floor hotel offers a variety of facilities which

includes a restaurant, a cafe, two conference rooms and a gym. The hotel is easily accessible and is well connected to other parts of Seoul via the Dongdaemun History & Culture Park Station, which is only a short walk away.

With effect from 1 July 2018, the hotel will be managed by Sotetsu International Korea Co., Ltd. and renamed "The Splaisir Seoul Dongdaemun".

¹ Based on 100% interest. A-HTRUST owns 98.7% interest in the hotel, with the remaining 1.3% owned by a Sponsor-related entity.



FINANCIAL REVIEW

| \$' million | FY2017/18 | FY2016/17 | Change |
|---------------------------------------------------------------------------------|-----------|-----------|--------|
| Gross Revenue | 224.7 | 224.4 | 0.1% |
| Net Property Income | 95.7 | 99.2 | (3.5)% |
| Income available for distribution | 71.3 | 67.2 | 6.1% |
| Income available for distribution (less income retained for working capital) | 66.2 | 63.9 | 3.7% |
| DPS (cents) | 5.86 | 5.68 | 3.2% |

A-HTRUST's revenue of \$224.7 million for the financial year ended 31 March 2018 ("FY2017/18") comprised \$155.7 million from Australia, \$21.5 million from China, \$34.0 million from Japan and \$13.5 million from Singapore.

Revenue for FY2017/18 increased by \$0.3 million or 0.1% over the previous financial year ended 31 March 2017 ("FY2016/17"). Overall, the underlying revenue of the portfolio was \$0.7 million higher than last year. The better performance was offset by weaker currency movements as JPY and RMB weakened against SGD by 4.2% and 0.5% respectively, compared to a year ago.

The higher revenue was mainly contributed by Novotel Sydney Central, Courtyard by Marriot Sydney - North Ryde ("Courtyard Marriot North Ryde") and the China hotels. Novotel Sydney Central performed well leveraging two airline crew contracts that provided good base business enabling the hotel to optimize rates from the public and corporate segments during high demand periods. Courtyard Marriot North Ryde

underwent rooms refurbishment from April to September 2016 and ramped up well post-refurbishment by deploying a volume strategy. Overall positive momentum in China market with limited additional supply in the vicinity enabled both China hotels to drive rates.

However, Pullman and Mercure Melbourne Albert Park ("Melbourne Albert Park"), Pullman and Mercure Brisbane King George Square ("Brisbane KGS") and Novotel Sydney Parramatta ("Novotel Parramatta") saw weaker trading performances in FY2017/18. Melbourne Albert Park experienced softer demand in Conference and Event business following the reopening of the International Convention Centre ("ICC") in Sydney while Brisbane KGS and Novotel Parramatta continued to be affected by additional supply of hotel rooms in their respective markets. Brisbane KGS's performance was also affected by the loss of airline crews during the year.

Net property income ("NPI") for FY2017/18 decreased by \$3.5 million or 3.5% over FY2016/17 to \$95.7 million

mainly attributable to Melbourne Albert Park, Brisbane KGS and Novotel Parramatta. In addition to lower revenue, Melbourne Albert Park's NPI performance was further exacerbated by higher land tax whilst Brisbane KGS and Novotel Parramatta were affected by higher operating costs due to higher travel agent commissions, repair and maintenance costs.

Total distribution to Stapled Securityholders (after retention of \$5.1 million for working capital) for FY2017/18 stood at \$66.2 million, an increase of \$2.3 million as compared to a year ago mainly due to savings in finance costs arising from the refinancing of loans during the year and look fee of \$4.1 million received in connection with the sale of the China hotels. Accordingly, DPS for FY2017/18 was 5.86 cents compared to 5.68 cents recorded for FY2016/17.

A-HTRUST's portfolio of properties was revalued at \$1,634.1 million as at 31 March 2018 and a net change in fair value of \$48.3 million (net of tax) was recorded.

CAPITAL MANAGEMENT

A-HTRUST adopts a prudent and disciplined approach towards capital management and seeks to employ an appropriate mix of debt and equity in financing acquisitions.

In October 2017, a new 5-year JPY 8.0 billion 0.714% fixed rate bond was issued by Ascendas Hospitality Tokutei Mokuteki Kaisha to refinance existing term loans. This was at a lower cost than the existing loans and resulted in savings in finance costs for A-HTRUST. A-HTRUST also signed on a total of \$170.0 million new revolving credit facilities for working capital purposes.

As at 31 March 2018, A-HTRUST's total borrowings was \$535.2 million with overall gearing ratio of 30.8%. The weighted average maturity of A-HTRUST's aggregate borrowings was 2.7 years as at 31 March 2018.

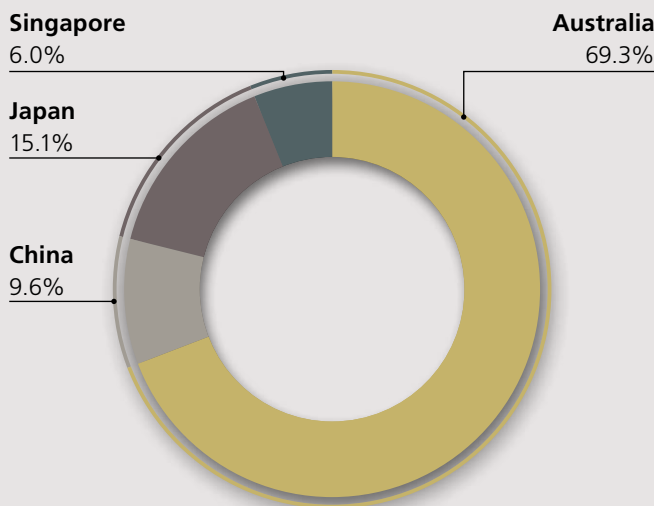
To manage interest rate exposure, A-HTRUST maintains a significant proportion of its borrowings on fixed interest rates. As at 31 March 2018, 77.2% of A-HTRUST's borrowings were on fixed interest rates.

A-HTRUST adopts a policy that systematically hedge the expected overseas distributions using foreign

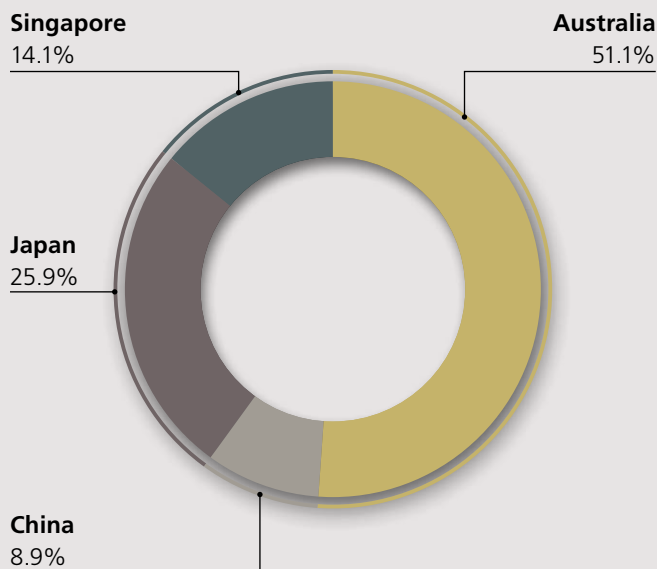
currency forward contracts to protect its distribution against movements in foreign currency. As at 31 March 2018, A-HTRUST had hedged approximately 25% of the expected distributions for the next 12 months.

To protect the capital values of the overseas assets against the volatility of currency movements, A-HTRUST will, as far as possible, borrow in the same currency as the underlying assets.

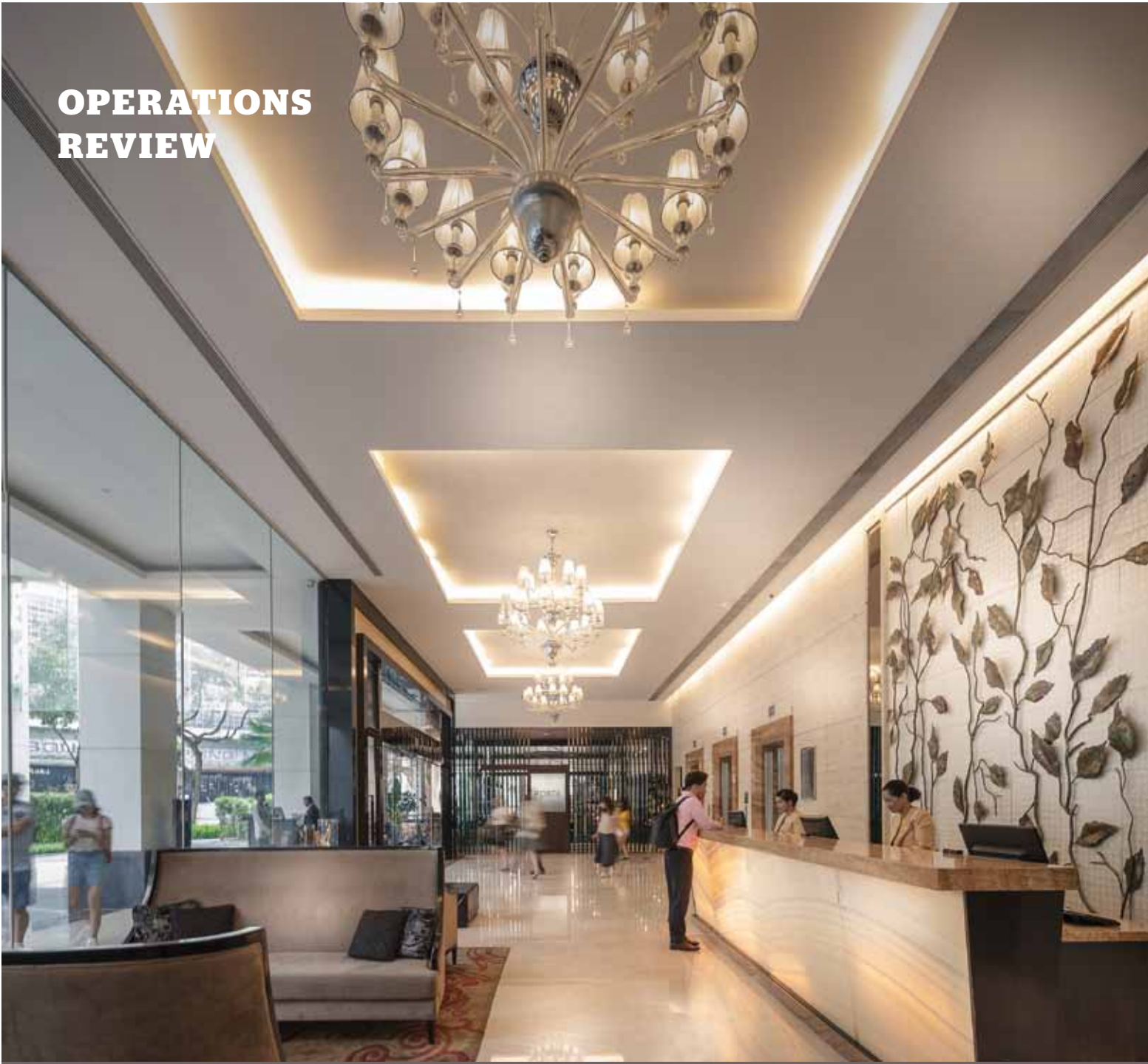
REVENUE BY COUNTRIES



NET PROPERTY INCOME BY COUNTRIES



OPERATIONS REVIEW



As at 31 March 2018, A-HTRUST has a portfolio of 11 hotels located across cities in Australia, China, Japan and Singapore, with an aggregate portfolio valuation of \$1,634.1 million. The portfolio valuation increased by a modest 0.6%, which was a more modest growth compared

to a 6.5% growth the year before. All four portfolios posted an increase in local currency term.

Overall A-HTRUST performance for FY2017/18 was affected by the Australia portfolio where certain hotels faced challenges. The performance of

the China and Singapore portfolios improved while contribution from the Japan portfolio was marginally lower due to Hotel Sunroute Ariake closing a number of rooms during the fourth quarter for renovation.

AUSTRALIA

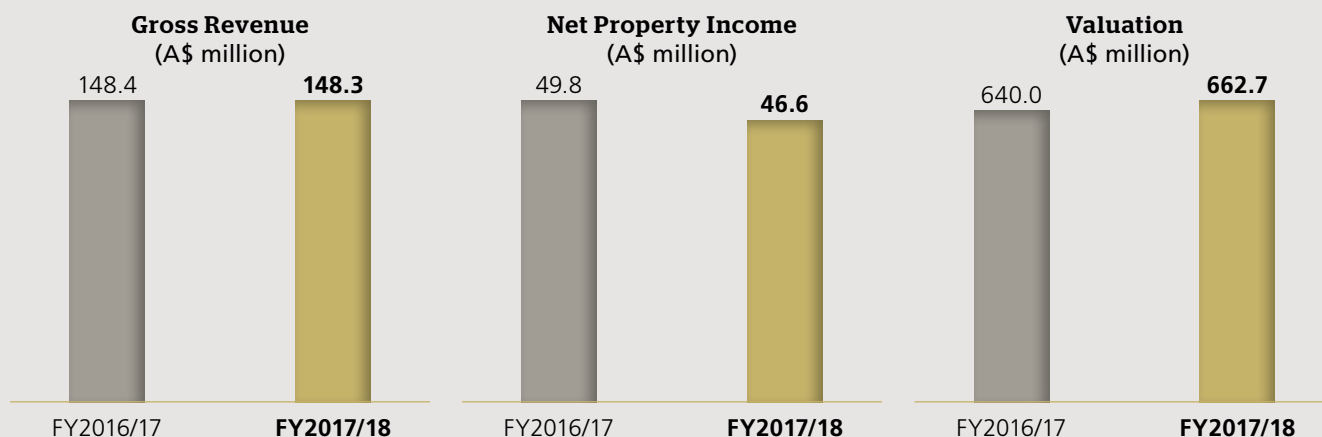
The Australia wide hotel market achieved a RevPAR growth, driven by both domestic and international markets due to a weaker Australian dollar and cheap airfares. However, certain A-HTRUST's hotels were affected by weakness in the micro-markets in which they are located.

Novotel Sydney Central benefitted from a strong base of airline crew coupled

with favourable market conditions to achieve good RevPAR growth while the Pullman Sydney Hyde Park was affected by some renovation disruption from September to December 2017 when 66 guest rooms were being renovated. While Novotel Parramatta faced increased competition, Courtyard Marriott North Ryde leveraged on its renovation and posted good growth with RevPAR improving by 8.1% y-o-y to A\$148 despite an increase in room supply. Melbourne Albert Park was affected by a reduction in conference business following the reopening of the ICC in Sydney which drew business away from Melbourne. However, room

revenue for Melbourne Albert Park remained relatively stable despite having less events. Brisbane KGS' performance continued to be affected by the additional new hotel rooms in the city.

Overall, room revenue was healthy for the Australia portfolio. Occupancy increased by 0.5 percentage points to 85.4% and ADR improved by 0.6% y-o-y to A\$177, which resulted in an increase in RevPAR of 1.3% y-o-y to A\$151. However, NPI was lower by 6.4% y-o-y mainly due to the weaker performances from the Melbourne Albert Park and Brisbane KGS.



OPERATIONS REVIEW

CHINA

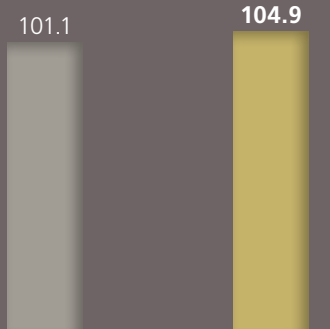
While international arrivals to Beijing continued on the downwards trend in 2017 with a decline of 5.8% y-o-y, domestic travelling to Beijing

continued to be robust with a growth of 4.4% y-o-y to 293.5 million¹. On the whole, domestic travelling has helped support the hotel market in Beijing, which has improved in general.

Novotel Beijing Sanyuan and Ibis Beijing Sanyuan benefitted from healthy public and corporate demand to post an improved performance in FY2017/18. Gross revenue increased by 3.7% y-o-y

to RMB104.9 million while NPI improved by 7.4% y-o-y to RMB41.5 million. With healthy demand, both hotels were able to yield higher through driving the room rates upwards, resulting in y-o-y growth in RevPAR of 4.9%. In addition, Ibis Beijing Sanyuan benefitted from the loyalty program of Huazhu Hotel Group and saw an increase in the number of members staying in the hotel.

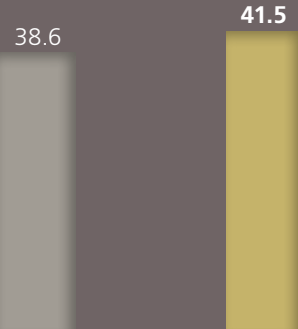
Gross Revenue
(RMB million)



FY2016/17

FY2017/18

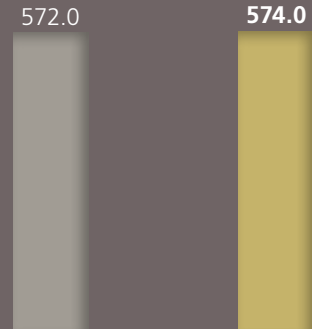
Net Property Income
(RMB million)



FY2016/17

FY2017/18

Valuation
(RMB million)



FY2016/17

FY2017/18

¹ Source: Beijing Tourism Bureau



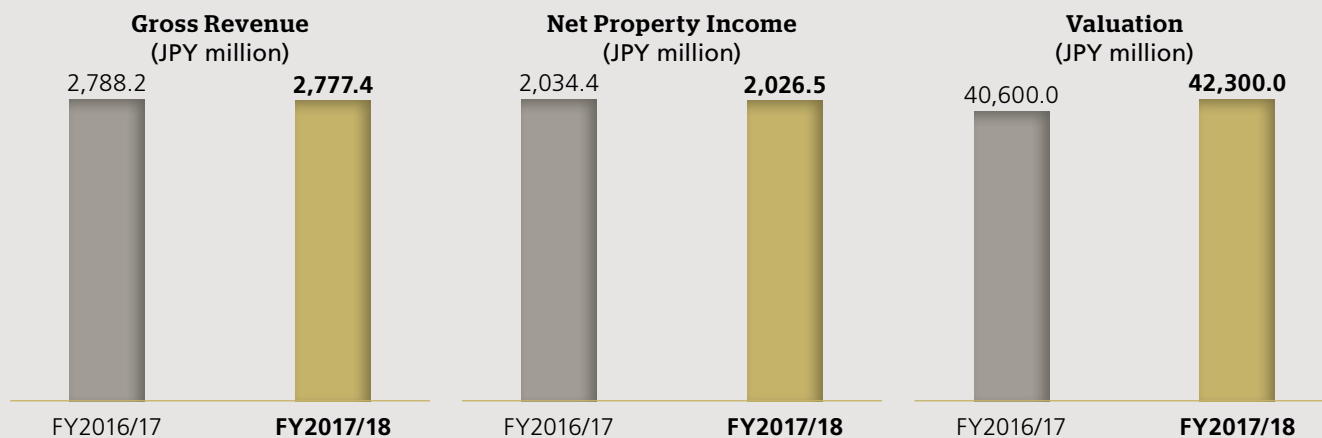
JAPAN

The hospitality sector in Japan was generally well-supported as the number of foreigners that visited Japan continued to grow in 2017.

During the year, 28.7 million foreigners visited the country, which was an increase of 19.6% compared to 2016¹, continuing its growth momentum.

In FY2017/18, the performance of the Japan portfolio was relatively stable, despite a number of rooms in Hotel Sunroute Ariake being displaced due to ongoing renovation. The renovation

of all the rooms are expected to be completed by end of June 2018. With effect from 1 April 2018, the entire hotel in Tokyo was named “Hotel Sunroute Ariake”. Hotel Sunroute Osaka Namba continued to improve in its second year of operation following the rebranding in April 2016.



¹ Source: Japan National Tourism Organisation



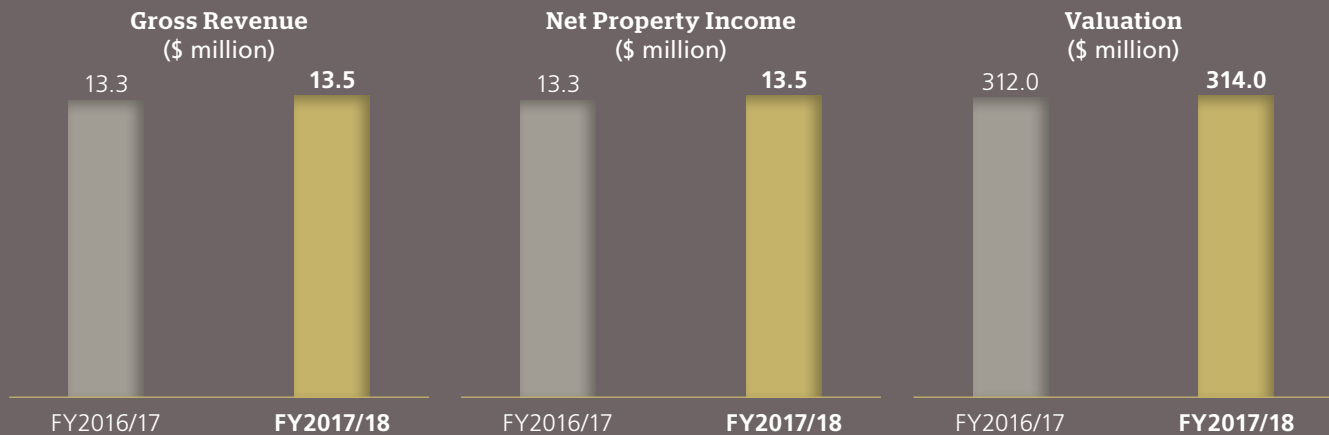
OPERATIONS REVIEW

SINGAPORE

In 2017, international visitor arrivals and spending in Singapore hit record high for the second consecutive year. The

number of visitors grew by 6.2% y-o-y to 17.4 million and overall spending rose by 3.9% y-o-y to \$26.8 billion¹. However, despite the record visitor arrivals, the market-wide hotel trading performance declined in 2017 due to significant influx in room supply in the last two years which outpaced the rise in demand led by record visitor arrivals.

Despite the headwinds, Park Hotel Clarke Quay managed to grow its gross revenue and NPI, both by 1.4% y-o-y. This was achieved by increasing its higher yield transient segment and recovering corporate segment.



¹ Source: Singapore Tourism Board





OPERATIONS REVIEW



Ibis Beijing Sanyuan



Novotel Beijing Sanyuan

Divestment of Novotel Beijing Sanyuan and Ibis Beijing Sanyuan

In January 2018, the Managers announced the divestment of its two hotels in Beijing¹ for RMB1,156.4 million² (Divestment) which represented 101.5% premium to the latest aggregate valuation of the two hotels³, with an attractive exit yield of 3.6%⁴.

Substantial value was realised for A-HTRUST, as the sale price is RMB740.4 million or 178.0% higher than A-HTRUST's acquisition price of RMB416.0 million⁵ when these two hotels were acquired in 2012 as part of A-HTRUST's initial portfolio for the purpose of listing.

The Divestment is in line with A-HTRUST's active asset management strategy under which the Managers evaluate asset plans for the portfolio and, where appropriate, free up or recycle capital for more productive use. The divestment also provided A-HTRUST with greater financial flexibility for fund deployment.

The Divestment was completed on 18 May 2018.

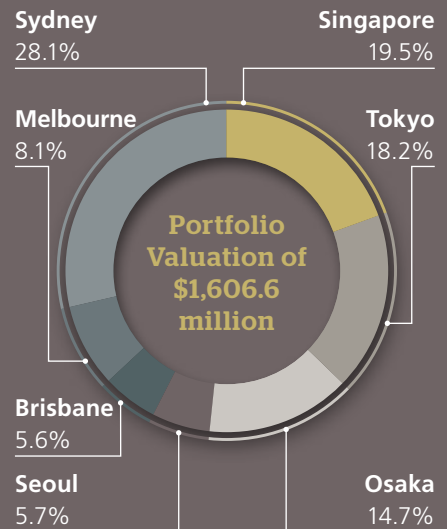
DIVESTED FOR 3.6% NPI YIELD

LEASEHOLD EXPIRY 2044

MANAGEMENT CONTRACT

10 YEARS OLD

PORTFOLIO VALUATION⁶ (Post Divestment and Acquisition)



1 The Divestment was via the sale of A-HTRUST's entire interests in Ascendas China Hotel Investment Limited and Ascendas Hospitality China Pte Ltd to entities jointly held by TPG Asia Real Estate Holdings, Ltd and China Lodging Holdings (HK), Ltd.
 2 Excluding the look fee of RMB24.6 million.
 3 The latest aggregate valuation was RMB574.0 million as at 31 October 2017 derived using the capitalisation, discounted cash flow and direct comparison methods.
 4 Based on the total net property income of the two hotels for FY2017/18 and the sale price of RMB1,156.4 million.
 5 Based on the property component of the aggregate purchase prices for the two hotels.
 6 Assuming the Divestment and Acquisition were completed on 31 March 2018. Based on the valuation of KY-Heritage Hotel Dongdaemun as at 30 March 2018 and A-HBT's 98.7% interest in the hotel.

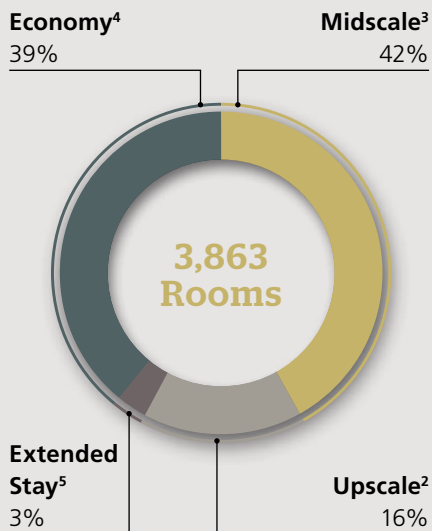
**ACQUIRED FOR
4.1% NPI YIELD**

FREEHOLD

MASTER LEASE

3 YEARS OLD

**NUMBER OF ROOMS¹
(Post Divestment and Acquisition)**



Acquisition of KY-Heritage Hotel Dongdaemun

In April 2018, the Managers announced the acquisition of KY-Heritage Hotel Dongdaemun (Acquisition). This marked its maiden acquisition in Seoul, which is a gateway city in Asia and also a key financial centre and leading MICE destination. The hotel is strategically located in the prominent Dongdaemun area, and is well positioned to benefit from the improving hospitality market in Seoul.

With effect from 1 July 2018, the hotel will be managed by Sotetsu International Korea Co., Ltd., and renamed "The Splaisir Seoul Dongdaemun". The hotel rebranding and repositioning offers an opportunity to enhance asset value. Under a master lease arrangement, the acquisition will also augment income stability to A-HTRUST while adding yet another freehold property to its portfolio.

The Acquisition was completed on 21 May 2018.



KY-Heritage Hotel Dongdaemun

1 Assuming the Divestment and Acquisition were completed on 31 March 2018.
2 Upscale refers to the Pullman brand.
3 Midscale refers to the Novotel, Mercure, Courtyard by Marriott and KY-Heritage brands.
4 Economy refers to the Sunroute brand.
5 Extended Stay refers to the serviced apartments under the Sunroute brand.

MARKET REVIEW

SYDNEY

Tourism Market Overview

Famous for its harbour, Sydney offers extensive shopping, entertainment and dining experiences as well as numerous surf beaches within the wider metropolitan area. It boasts large domestic and international visitor segments being both Australia's primary corporate centre and a key leisure destination. This broad demand base will continue to underpin the city's hotel and tourism market in the coming years.

According to Tourism Research Australia, Sydney's tourism region recorded an increase in demand over the twelve months to December 2017, with total visitor nights increasing by 7.5% y-o-y to 106.4 million.

International visitor nights accounted for 74.8% of all visitor nights in Sydney tourism region during 2017, increasing 7.5% to 79.6 million compared to the previous year. Domestic visitor nights also rose by 7.7% to 26.8 million. The robust growth in domestic visitation can be primarily attributed to the y-o-y increase in travel for the purposes of business (27.9%) and convention (74.8%).

Existing Supply

Sydney City is the largest accommodation centre in Australia. As at 31 December 2017, there were approximately 20,037 rooms in

Sydney City. Hotel openings in 2017 accounted for an estimated 805 rooms representing a 3.4% increase in total hotel room inventory.

Hotel openings in 2017 included the 590-room Sofitel Sydney Darling Harbour, the 188-room West Hotel Sydney, Curio Collection by Hilton and the 27-room Mrs Banks Hotel in Paddington.

Future Supply

There are nine short-term accommodation developments currently under construction and due for completion between 2018 and 2019. This includes, but is not limited to, the 590-room W Hotel Ribbon Hotel & Residences, the 297-room Four Points by Sheraton Sydney Central Park, and the 202-room Meriton Suites Sussex Street. Hotel room supply is expected to grow at an average of around 5.4% per annum to the end of 2021.

Hotel Market Performance¹

According to STR, market-wide occupancy levels for Sydney in 2017 increased by 1.2 percentage points from an already high of 88.1% to 89.3%. ADR improved by 7.2% y-o-y to A\$262, resulting in substantial RevPAR growth of 8.6% y-o-y to A\$234.

Sydney continues to benefit from the relatively minimal hotel room supply increases over the past few years, in addition to a strong year round events calendar and continued robust corporate environment.

Hotel Market Outlook

The outlook for Sydney's accommodation market remains strong with market occupancy at a high level and ADR further strengthening in line with the consistent supply outlook and more stable demand environment with growth across a variety of segments including corporate, cruise and inbound.

Major infrastructure projects such as the Barangaroo urban renewal project, the redevelopment of George Street as a result of the new light rail line, and the increased tourism associated with Sydney's International Convention Centre will provide an added boost to the market over the medium to long term.

Hotel Investment Market

In 2017, there were 11 hotel transactions throughout New South Wales totalling A\$546.9 million, including the 297-room Four Points by Sheraton Sydney Central Park (currently under construction) (A\$156.0 million) and the 140-room InterContinental Sydney Double Bay (A\$135.0 million).

Other transactions include the 271-room Mercure Sydney Airport (A\$76.4 million), the 199-room Ibis Budget Sydney Airport (A\$34.6 million), the 132-room Novotel Norwest (A\$36.0 million) and the 118-room Quality Hotel CKS Sydney Airport (A\$32.0 million).

Whilst investors' demand for hotel assets in Sydney remains strong, there have been minimal opportunities to acquire them throughout both the city and wider metropolitan region.

¹ STR hotel basket for 2017 has been updated to better represent the overall performance of the hotel industry.

MELBOURNE

Tourism Market Overview

According to Tourism Research Australia, Melbourne's tourism region recorded an increase in demand over the 12 months to December 2017, with total visitor nights increasing by 4.2% y-o-y to 83.6 million.

International visitors accounted for 69.6% of total visitor nights in Melbourne during 2017, increasing 4.5% to 58.2 million compared to the previous year. Mainland China, United Kingdom and Malaysia were the primary inbound markets. Domestic visitor nights rose 3.5% to 25.4 million, with travel for the purposes of visiting friends and family, holiday/leisure and business recording the largest increases y-o-y.

Existing Hotel Supply

According to STR, there were 134 establishments with 21,171 accommodation rooms in Melbourne City at the end of 2017. During the 2017, there was one new hotel opening in central Melbourne, being the 273 room Four Points by Sheraton Docklands.

Future Hotel Supply

There are 12 properties which are currently under construction in Melbourne City which, once completed, will result in a net increase of 2,957 rooms. Hotel room supply is projected to grow at an average of around 6.6% per annum over the four years to the end of 2021.

Hotel Market Performance¹

According to STR, market-wide occupancy levels in Melbourne declined 1.0 percentage points to 84.8% in 2017. However, ADR improved slightly by 0.3% to A\$196, resulting in a minimal RevPAR moderation to A\$166.

Hotel Market Outlook

The underlying market buoyancy of recent years is anticipated to moderate slightly over the medium term. While the city has an excellent track record of absorbing new supply, the development pipeline continues to build with a number of large mixed use developments and standalone hotel projects concentrated around the CBD and Docklands area.

The new convention centre in Sydney (reopened in December 2016) has the potential to slow the pace of demand growth in Melbourne over the short term. JLL anticipates supply increases in Melbourne City to result in some downward pressure on the high levels of occupancy that the market has been recently experiencing.

Hotel Investment Market

There were five major hotel transactions in 2017, being the sale of the 396-room Hilton Melbourne South Wharf, the 164-room Mercure Melbourne Treasury Gardens, the 174-room Sheraton Melbourne, the 65-room Adina Apartment Hotel and the 50-room Royce Hotel Melbourne.

Investor appetite for hotel investment opportunities in Melbourne remains strong with the city ranked as the second hotel investment destination in Australia.

¹ STR hotel basket for 2017 has been updated to better represent the overall performance of the hotel industry.

MARKET REVIEW

BRISBANE

Tourism Market Overview

According to Tourism Research Australia, Brisbane's tourism region recorded an increase in demand over the 12 months to December 2017, with total visitor nights increasing by 5.9% y-o-y to 45.3 million.

International visitors accounted for 56.7% of total visitor nights in Brisbane during 2017, increasing by 5.0% to almost 25.7 million compared to the previous year. Mainland China, United Kingdom and Korea were the primary inbound markets. Domestic visitor nights rose by 7.1% to 19.6 million with travel for the purposes of visiting family and friends, holiday and business recording the largest y-o-y increases.

Existing Hotel Supply

As at December 2017, there were approximately 91 establishments with 11,619 accommodation rooms in Brisbane, according to STR.

Notable additions to supply in 2017 included the 93-room Sage Hotel, the 226-room Holiday Inn Express Brisbane

Central and the 65-room Peppers by FV. Furthermore, the 374-room Ibis and Pullman dual-branded hotel located at the Brisbane Airport Domestic Terminal was completed in October 2017. It should be noted that this project is excluded from the Brisbane City supply as it is located outside the Brisbane City area.

Future Hotel Supply

There are eight properties currently under construction in Brisbane City, which, once completed, will result in a net increase of 1,590 rooms. Hotel room supply is projected to grow at an average of around 3.6% per annum over the four years to the end of 2021.

Hotel Market Performance¹

According to STR, market-wide hotel trading performance improved in 2017, with occupancy increasing by 3.1 percentage points to 74.4%. An ADR of A\$159 was achieved, down by 1.4% compared to the previous year. However, against a backdrop of improved demand RevPAR experienced a moderate growth of 1.6% y-o-y to A\$116.

Hotel Market Outlook

Future trading performance will likely remain somewhat dependent on a recovery in the corporate and

conference/events segments as well as sustained growth across the leisure markets. Ultimately, resource sector related corporate demand has the potential to improve over the medium term with renewed investment in mining infrastructure. It is anticipated at this stage that demand growth will be progressive and spread over the medium to long term. This growth in demand is likely to be enhanced by notable infrastructure and tourism development.

Hotel Investment Outlook

There were three major hotel transactions in 2017, being the sale of the 102-room Emporium Hotel, the 412-room Ibis & Mercure Hotel Brisbane and the 50-room New Inchcolm Hotel.

Investor appetite for hotel investment opportunities in Brisbane remains strong with the city ranked as one of the key investment destinations in Australia.

¹ STR hotel basket for 2017 has been updated to better represent the overall performance of the hotel industry.

TOKYO

Tourism Market Overview

According to statistics from the Japan National Tourism Organisation, international visitors to Japan increased by around 19.0% y-o-y to reach a record 28.7 million visitors in 2017. The top source markets to Japan were mainland China, South Korea, Hong Kong and Taiwan, which in total constituted around 74% of total inbound international visitors to Japan in 2017. Mainland China was the top source market with around 7.1 million visitors in 2017.

Domestic guest nights in Tokyo increased by 2.6% y-o-y to 35.4 million in 2017 while foreign guest nights increased by 13.8% y-o-y to 18.4 million, according to the statistics by Japan Tourism Agency.

Since 2012, the total number of guest nights in Tokyo saw a general upward trend, despite a decline in 2016. However, the decline was short-lived as guest nights quickly rebounded in 2017. The decrease in the total guest nights in 2016 was attributed to the hike in room rates in Tokyo, which likely resulted in a temporary shift in accommodation demand from Tokyo to its surrounding cities.

Existing Hotel Supply

Based on the latest statistics from the Japan Ministry of Health, Labour and Welfare, the Tokyo Metropolitan area had 693 hotels with 102,246 rooms at the end March 2017. The number of rooms increased 2.1% y-o-y from the end March 2016.

Over the last decade, the number of hotel properties has remained almost flat while the number of hotel rooms has increased. The key reason for the recent increase in hotel room supply is due to the robust accommodation demand fuelled by strong visitor arrival growth to Japan.

Future Hotel Supply

Hotel room supply in Tokyo is projected to grow at an average of 6.3% per annum over the three years to end 2020.

As for the full-service hotels, more than 1,000 new rooms are slated to enter the market, mainly to capture the expected increase in accommodation demand due to the 2020 Tokyo Olympics and the post-Olympic games. Major new openings include the 190-room Four Seasons Otemachi and two EDITION hotels in Ginza and Tranomon in 2020. In addition, the redevelopment of Hotel Okura Tokyo is scheduled to be completed by spring 2019. The redeveloped Hotel Okura will be part of a new 38-storey mixed-use complex consisting of office space and 550 hotel rooms.

Hotel Market Performance¹

According to STR, Tokyo's market-wide hotel trading performances improved with RevPAR increasing by 2.9% y-o-y to JPY 16,421 in 2017. The improvement in trading performance was driven by a 2.4 percentage point increase to reach 87.1%, while ADR remained stable at approximately JPY 18,800.

Hotel Market Outlook

According to the local authorities, Japan is targeting 40 million inbound visitors by 2020, an estimated compound

annual growth rate (CAGR) of 11.7% in the next three years between 2018 and 2020. The anticipated international visitor growth should fuel greater international accommodation demand in Japan, including Tokyo.

Hotels in Tokyo are expected to benefit from increasing demand from international visitors. As such, RevPAR is expected to increase steadily underpinned by increases in ADR. Although the new home-sharing act which regulates "minpaku" (accommodation at an ordinary residential property or airbnb accommodation) will be in effect as of June 2018, it is assumed that there will be limited impact on the full-service hotel market in Tokyo, while limited-service hotels are likely to benefit from the act due to the closures of existing illegal minpaku properties.

Hotel Investment Outlook

In 2017, there were 12 hotel transactions in Tokyo and majority of the sold assets were limited-service hotels. Buyers include Japanese real estate companies, domestic REITs and investment funds.

Full-service hotels in Tokyo are tightly held and rarely offered for sale. However, in November 2017, a Japanese real estate company, Hulic, acquired the 453-room Hilton Tokyo Daiba. In the previous year, Hulic acquired a 884-room hotel Grand Pacific Le Daiba, which is located in the same area as Hilton Tokyo Daiba.

The number of hotel investment transactions is projected to grow over the next 12 months due to an increase in supply of limited-service hotels to be offered for sale by developers as well as narrower price expectation gap between sellers and buyers.

¹ STR hotel basket for 2017 has been updated to better represent the overall performance of the hotel industry.

MARKET REVIEW

OSAKA

Tourism Market Overview

According to statistics from the Osaka Convention and Tourism Bureau, international visitors to Osaka Prefecture increased by around 18.0% y-o-y to hit a record 11.1 million visitors in 2017. This marked the first time that international visitors to the western prefecture topped the 10 million line.

The top source markets to Osaka were mainland China, South Korea, Taiwan and Hong Kong, which in total made up around 77% of total inbound international visitors to Osaka in 2017. Mainland China was the top source market with around 4.0 million visitors.

According to the Japan Tourism Agency, Domestic guest nights in Osaka increased by 1.7% y-o-y to 19.6 million in 2017, while foreign guest nights increased by 9.8% y-o-y to 10.8 million.

In Osaka, international accommodation guests increased significantly between 2012 and 2016, registering a CAGR of 36%. However, growth slowed in 2017, despite the continued increase in international visitor arrivals to Japan. It is likely that "minpaku" might have captured some accommodation demand for hotels in Osaka.

Existing Hotel Supply

Based on the latest statistics from the Japan Ministry of Health, Labour and Welfare, Osaka City had 342 hotels with

52,980 guestrooms as at the end March 2017. The number of room increased by 6.5% y-o-y from at the end March 2016.

Hotel room supply in Osaka City has been steadily increasing since 2012 with a CAGR of 2.6% and the majority of new supply in Osaka is classified as limited-service hotels. Due to the significant growth in hotel demand driven by the increase in inbound visitors, smaller domestic real estate companies who did not have hotel assets before are now developing limited-service hotels in Osaka.

Future Hotel Supply

In view of the increase in accommodation demand in Osaka fuelled by the spike in inbound visitation, the number of hotel rooms is projected to grow at an average of 6.4% per annum over the four years to end 2021. Most of the future hotel room supply is classified as limited-service hotels.

Major new openings include the 337-room W Osaka, which is scheduled to open in early 2021, and the 20-storey standalone hotel under the Hoshino Resort's new brand "OMO" which is scheduled to open in Spring 2022. Other major upcoming supply include the development of large limited-service hotels such as the 860-room APA Hotel & Resort Midouji Honmachi Tower and the over 1,000 room hotel project at the redevelopment site at Yodobashi Camera in Umeda.

Hotel Market Performance¹

According to STR, Osaka's market-wide hotel RevPAR decreased marginally by 0.7% y-o-y to JPY 15,186 in 2017. While occupancy increased by 1.0 percentage point to reach 89.3%, ADR decreased

by 1.8% y-o-y to JPY 17,008 driven by downward pressure on room rates, due to the influx of new hotel room supply in 2017.

Hotel Market Outlook

In Osaka, visitor arrivals are expected to increase as the city is gaining popularity as a tourism destination in and outside of Japan. Total hotel room supply is anticipated to increase by approximately 30% in the next five years.

The Integrated Resort (IR) implementation Bill is likely to be submitted during the present session and Osaka is at the forefront of the race to develop the first IR in Japan. The proposed IR will likely be built on man-made Yumeshima Island in Osaka Bay. According to local press reports, IRs will form the basis of the country's push to become a MICE hub, with casinos constituting a small part of a wide range of entertainment and business options.

Recent and incoming supply of limited-service hotels may be absorbed by the sustained increase in demand. Therefore, we anticipate Osaka hotel trading performance in 2018 to remain stable or display marginal growth.

Hotel Investment Outlook

In 2017, there were five hotel transactions in Osaka and the majority of the sold assets were newly built limited service hotels.

Similar to Tokyo, the number of hotel investment transactions is expected to grow over the next 12 months due to an increase in supply of limited-service hotels to be offered for sale by developers as well as narrower price expectation gap between sellers and buyers.

¹ STR hotel basket for 2017 has been updated to better represent the overall performance of the hotel industry.

SINGAPORE

Tourism Market Overview

In 2017, international visitor arrivals to Singapore set a new record high of 17.4 million, an increase of 6.2% year-on-year (y-o-y) as compared to 2016. This marked the second year in a row where visitor arrivals ended on new highs. The stellar performance was underpinned by growth in visitor arrivals from key source markets, with 13 out of 15 top markets showing growth. Improved marketing efforts by Singapore Tourism Board, coupled with the better-than-expected global economic recovery and continued growth in Asia-Pacific tourism, contributed to the strong visitor growth to Singapore. This was complemented by the increased flight and cruise connectivity to Singapore.

The top three source markets were China, Indonesia and India, which together comprised 42.8% of total visitor arrivals to Singapore in 2017. In particular, China and India continued to demonstrate strong growth, registered double-digit y-o-y growths of 12.7% and 15.9% respectively.

Strong visitor growth across the top 10 markets also contributed to the rise in tourism receipts, which climbed by 3.9% y-o-y to \$26.8 billion, a new record for Singapore. The increase was also attributed to the increase in visitor

arrivals from high-spending markets, namely China, South Korea, USA and the United Kingdom. Additionally, the Business Travel and Meetings, Incentive Travel, Conventions and Exhibitions (BTMice) sector also registered increases in tourism receipts despite the decline in visitor arrivals during the first three quarters of 2017. The cruise sector also experienced strong growth in passenger arrivals, providing an additional boost to the tourism sector.

In 2017, STB renewed its three-year partnership with Changi Airport Group and Singapore Airlines to invest in Chinese and Indonesian Tier 2 cities to bolster further visitor arrivals to Singapore. Terminal 4 at Changi Airport also opened in the last quarter of 2017, providing the much needed boost in passenger capacity amid the growing passenger traffic to Changi Airport.

Existing Hotel Supply

Based on statistics provided by STB and JLL's own research, Singapore's total hotel room inventory comprised a total of 66,154 rooms in 2017 and registering an increase in room supply of around 4.6% y-o-y. All the hotel openings were in the Central region of Singapore. Notable openings in 2017 include a new hotel complex near Orchard along Stevens Road comprising of the 254-room Novotel Singapore and the 518-room Mercure Singapore, the 610-room YOTEL Singapore, the 340-room Andaz Singapore and the 250-room Courtyard by Marriott Singapore Novena.

Future Hotel Supply

Singapore's hotel room supply is projected to grow at an average of 1.0% per annum to 68,260 rooms, with an addition of approximately 2,395 rooms over four years to end of 2021. Upcoming supply pipeline is predominantly in the midscale segment, but will comprise of new to market upscale and luxury international brands such as EDITION, Dusit Thani and Six Senses.

In 2018, approximately 541 rooms are projected to open. Major new openings include the 49-room Six Senses Duxton, 138-room Six Senses Maxwell, 157-room The Capitol Kempinski Hotel Singapore and the 197-room Dusit Thani Laguna Singapore.

Hotel Market Performance¹

According to STB statistics, market-wide hotel trading performance continued to decline in 2017. Occupancy increased marginally by 1.6 percentage points to 84.7%. However, this was offset by the decline in ADR by 3.4% y-o-y to \$215, and as a result RevPAR declined by 1.6% y-o-y to \$185. Continued weaknesses in trading performance came on the backdrop of a significant influx in hotel room supply in the last two years, which continued to outpace the rise in demand led by record visitor arrivals.

¹ STB has reviewed and updated data estimation methodology as to better represent the overall performance of the hotel industry. On 29 January 2018, hotel performance statistics from 1 January 2017 onwards have been updated based on the revised methodology.

MARKET REVIEW

Hotel Market Outlook

In view of the global economic recovery and continued rise in Asia-Pacific tourism, STB is projecting a modest visitor growth of between 1% to 4%, with international visitor arrivals ranging between 17.6 and 18.1 million in 2018. STB also forecasts tourism receipts to be in the range of \$27.1 to 27.6 billion in 2018, which translates to a growth of between 1% and 3%. The optimistic outlook comes on the back of favourable global economic outlook, with Asia Pacific tourism poised for further expansion.

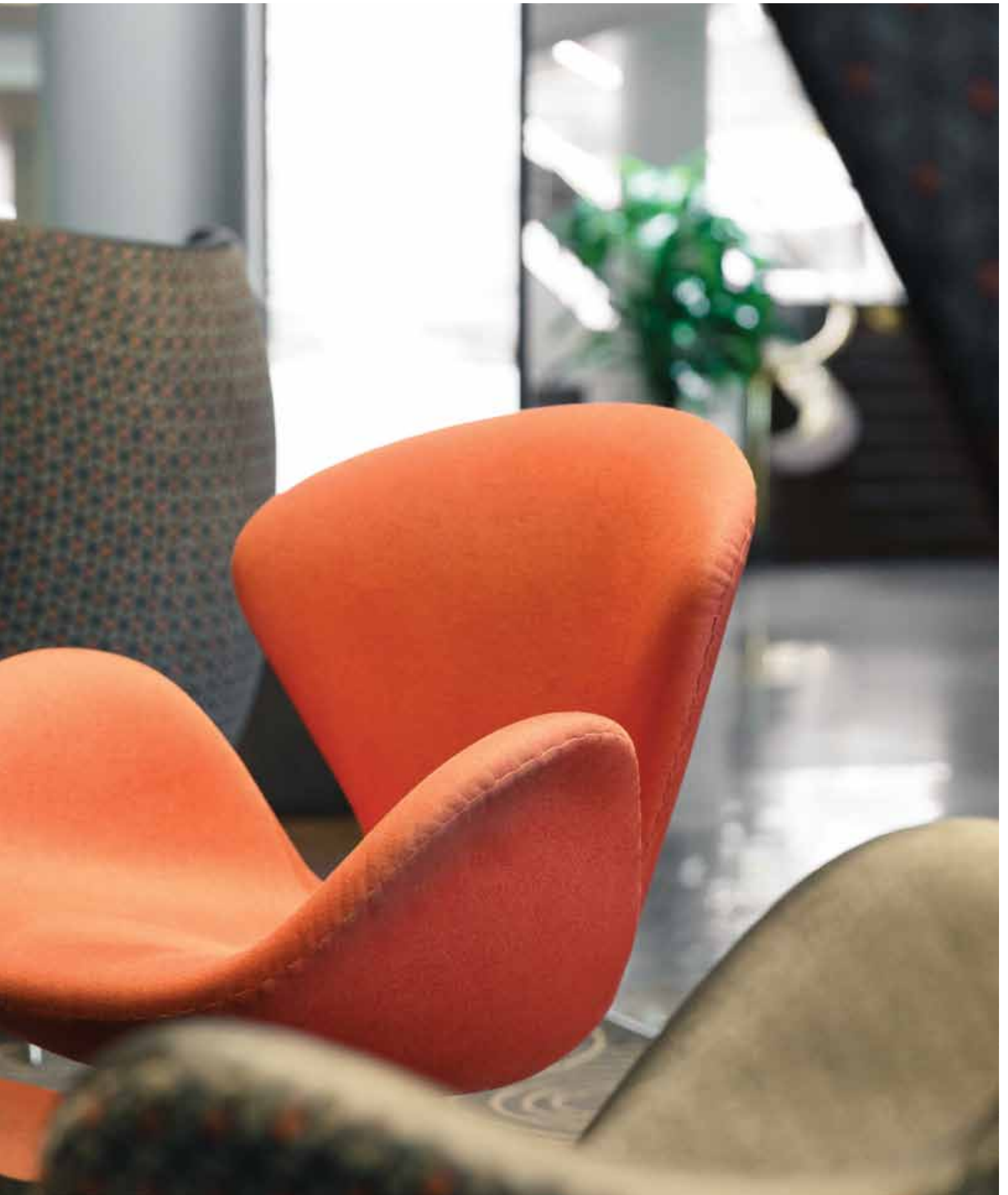
Despite the continued weakness in trading performance, the slower rate of decline in RevPAR, from - 4.6% in 2016 to -1.6% in 2017, suggests that trading performance might be bottoming out. Hotel demand is poised to remain strong, as ongoing marketing efforts to reach out to secondary cities in key source markets should continue to drive visitor growth. The recent pick-up in global economic recovery should also boost corporate and leisure visitor demand to Singapore. On the supply side, limited incoming supply in 2018 is expected to ease competition in the hotel market, allowing the market to absorb the recent large influx of new hotel room supply.

In view of favourable supply and demand factors, we anticipate hotel trading performance to pick up in 2018.

Hotel Investment Outlook

In 2017, there were no major hotel transactions. However, there were four small transactions involving limited-service and boutique hotels, namely the Sloane Court, The Club Hotel, New Cape Inn, and Naumi Liora.

Despite strong interest from foreign investors, hotel properties in Singapore remain tightly held, resulting in a wide pricing gap between buyer and seller expectations. However, with the recovery of trading performance in sight and tighter pipeline of hotels from 2018, we anticipate a gradual uptick in investment sentiment in 2018.



INVESTOR RELATIONS



The Fifth Annual General Meeting

OVERVIEW

The Managers are committed to maintaining fair, timely, accurate and effective communications with A-HTRUST's stakeholders, including Stapled Securityholders, prospective investors, analysts and the media.

Announcements, press releases and investor presentations are promptly released on SGXNET and subsequently on A-HTRUST's corporate website (www.a-htrust.com) so as to keep investors updated of the material developments and financial performance of A-HTRUST. Stapled Securityholders and the general public can also subscribe to A-HTRUST's

electronic mailing list via the corporate website and they will receive email notification of latest updates.

The Managers ensure that price sensitive information is disseminated to the public on a timely and non-selective basis via SGXNet as well as on A-HTRUST's corporate website. Information relating to the portfolio, financial results and annual reports are also available on the corporate website, which is updated regularly.

AWARDS AND ACCOLADES

During the financial year, A-HTRUST garnered Gold for the Hospitality REIT (Singapore) category at The

Asia Pacific Best of the Breeds REITs Awards™ 2017, and also awarded Winner of Shareholder Communications Excellence Award for the Mid Cap category at the 2017 Securities Investors Association of Singapore (SIAS) Investors' Choice Awards.

A-HTRUST was also placed on the list of corporates under the SGX Fast Track programme, which aims to recognize listed issuers with good corporate governance standing and have maintained a good compliance track record.

KEY INVESTOR RELATIONS EVENTS IN FY2017/18

| FY2017/18 | Country | Date |
|------------------------------------------------------------|-----------------------------------|-----------------------|
| 4Q FY2016/17 Analysts Teleconference | Singapore | May 2017 |
| REITs Symposium 2017 | Singapore | May 2017 |
| OCBC Corporate Presentation | Singapore | June 2017 |
| Fifth Annual General Meeting | Singapore | July 2017 |
| 1Q FY2017/18 Analysts Teleconference | Singapore | August 2017 |
| SGX-Maybank Singapore Corporate Day | Kuala Lumpur, Malaysia | August 2017 |
| Citi C-Suite Singapore REITs & Sponsors Corporate Day 2017 | Singapore | August 2017 |
| SGX-Maybank Singapore Corporate Day | Bangkok, Thailand | August 2017 |
| Phillip Securities Lunch Presentation | Singapore | September 2017 |
| DBS Non-deal Roadshow | Bangkok, Thailand | October 2017 |
| 2Q FY2017/18 Analysts Teleconference | Singapore | November 2017 |
| SGX-REITAS Education Series Seminar | Singapore | November 2017 |
| 3Q FY2017/18 Analysts Teleconference | Singapore | February 2018 |
| SGX-DBSV-REITAS SREITs Corporate Day | Seoul, South Korea / Tokyo, Japan | February / March 2018 |

REACHING OUT TO INVESTMENT COMMUNITY

The Managers regularly communicate with the investment community to maintain engagement with existing Stapled Securityholders and to cultivate new ties with prospective investors. This is done through one-on-one meetings, participation in investor conferences and non-deal roadshows in Singapore and overseas. During such meetings, both existing and prospective investors can have a better understanding of A-HTRUST as the Managers provide updates on A-HTRUST's development and financial performance. Through these meetings,

the Managers also seek to raise the profile of A-HTRUST amongst the investment community. In addition, the Managers also conduct results briefing with analysts via teleconferences every quarter following the release of A-HTRUST's financial results.

The annual general meeting is an important platform where the Managers update the Stapled Securityholders of the performance and developments of A-HTRUST, as well as future plans. Such meetings allow the Stapled Securityholders to raise queries on A-HTRUST and also provide the Managers with an opportunity to better

understand any issues or concerns Stapled Securityholders may have.

To promote ongoing and open communication, Stapled Securityholders can also submit any queries or feedback through email (info-aht@ascendas-singbridge.com).

▮▮ **The Managers are committed to maintaining fair, timely, accurate and effective communications with A-HTRUST's stakeholders** ▮▮

FINANCIAL CALENDAR

FY2017/18

| | |
|------------------|-------------------------------------------------------------------------------|
| 11 May 2017 | 4Q FY2016/17 results announcement |
| 16 June 2017 | Payment of distribution for the period from 1 October 2016 to 31 March 2017 |
| 3 July 2017 | Fifth Annual General Meeting |
| 3 August 2017 | 1Q FY2017/18 results announcement |
| 6 November 2017 | 2Q FY2017/18 results announcement |
| 12 December 2017 | Payment of distribution for the period from 1 April 2017 to 30 September 2017 |
| 1 February 2018 | 3Q FY2017/18 results announcement |

FY2018/19

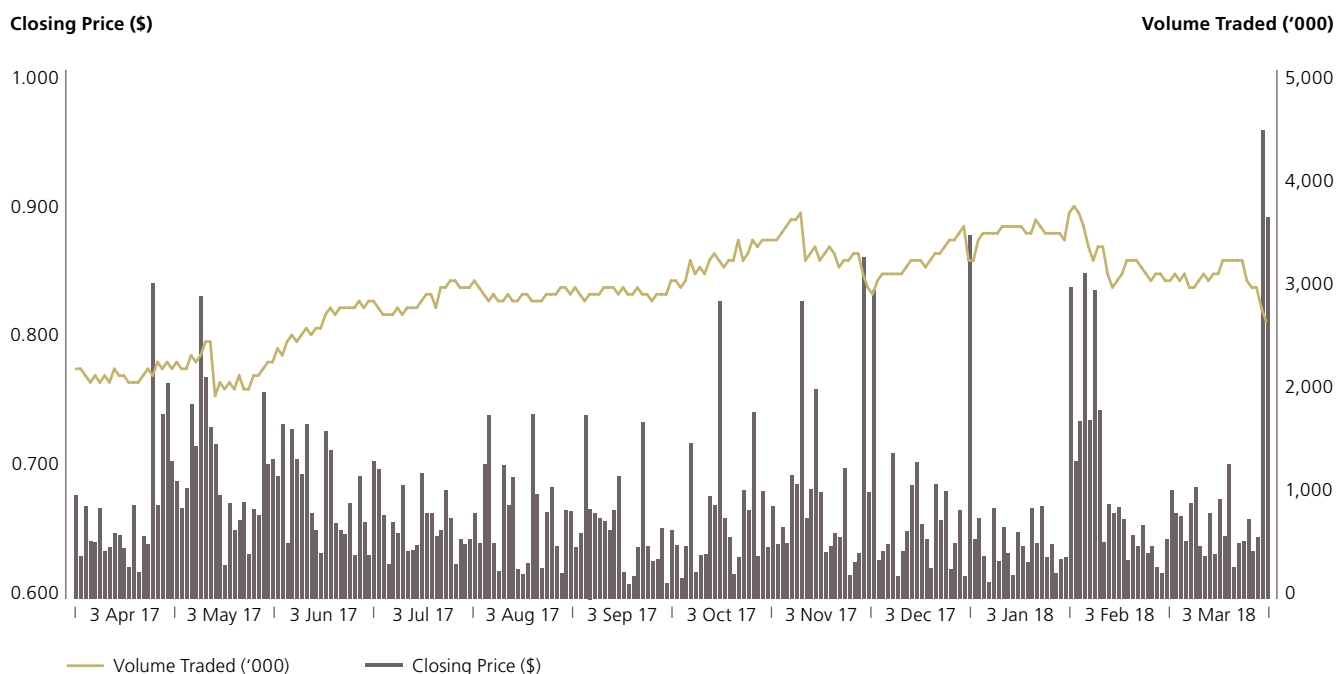
| | |
|----------------|-------------------------------------------------------------------------------|
| 10 May 2018 | 4Q FY2017/18 results announcement |
| 19 June 2018 | Payment of distribution for the period from 1 October 2017 to 31 March 2018 |
| 29 June 2018 | Sixth Annual General Meeting |
| August 2018* | 1Q FY2018/19 results announcement |
| November 2018* | 2Q FY2018/19 results announcement |
| December 2018* | Payment of distribution for the period from 1 April 2018 to 30 September 2018 |
| February 2019* | 3Q FY2018/19 results announcement |

* Subject to change



INVESTOR RELATIONS

STAPLED SECURITY TRADING PERFORMANCE



| Stapled Security Price Performance | | \$ |
|------------------------------------------------|-------------------------------------|-------|
| Closing Price as at 31 March 2017 | | 0.780 |
| Closing Price as at 29 March 2018 ¹ | | 0.815 |
| Highest Closing Price | | 0.900 |
| Lowest Closing Price | | 0.760 |
| Volume Traded | Number of Stapled Securities ('000) | |
| Total Trading Volume | 215,283 | |
| Average Daily Traded Volume | 865 | |

Source: www.ShareInvestor.com

Assuming the dividends paid during FY2017/18 are reinvested into A-HTRUST, the total return for an investor in FY2017/18 would be 12.1%.

¹ Last trading day for the FY2017/18

SUSTAINABILITY REPORT

MESSAGE FROM CEO

The key objective of the Managers is to deliver sustainable returns to the Stapled Securityholders through active asset management, disciplined inorganic growth and prudent capital management. In developing the trust, the Managers also acknowledge the importance of creating a sustainable business model and have considered the environmental, social and governance (ESG) aspects in its way of doing business in order to achieve the objective. Together with Management, the Boards continue to take the responsibility to identify and oversee the management and monitor the material ESG matters, to deliver long term value to the Stapled Securityholders.

ABOUT THE SUSTAINABILITY REPORT

This is A-HTRUST's second sustainability report, which summarizes the ESG matters identified as most important to A-HTRUST and its internal and external stakeholders.

The report has been prepared in accordance to the sustainability reporting rules as set out by the Singapore Exchange (SGX) Sustainability Reporting requirements set out in Listing Rule 711A and 711B. Reference has also been made

to the SGX Sustainability Reporting Guide of Practice Note 7.6.

As we strive to improve our sustainability data and information disclosures, we have advanced from preparing the sustainability report in reference to the Global Reporting Initiative (GRI) G4 Guidelines to GRI Standards - "Core" that was released in late 2016.

While the report has not undergone external assurance, the disclosures have been prepared in good faith and to the best of the Managers' knowledge.

Reporting Scope

The sustainability data and information disclosed in this report takes into account the period from 1 April 2017 to 31 March 2018 (FY2017/18) using the prior year (FY2016/17) data for comparison, where available. This report covers the largest portfolio of hotels under management contracts and the corporate office that are based in Australia and Singapore, respectively, that the Managers retain a semblance of operational control. Refer to Figure 1 for full list of hotels:

Figure 1: Hotels in Sustainability Reporting Scope

| Portfolio by Country ¹ | The Managers | Under management contract with: | | Under master lease arrangement |
|-------------------------------------------------|--------------|---------------------------------|----------|--------------------------------|
| | | Accor | Marriott | |
| AUSTRALIA | | | | |
| Pullman Sydney Hyde Park | | • | | |
| Novotel Sydney Central | | • | | |
| Novotel Sydney Parramatta | | • | | |
| Courtyard by Marriot Sydney-North Ryde | | | • | |
| Pullman and Mercure Melbourne Albert Park | | • | | |
| Pullman and Mercure Brisbane King George Square | | • | | |
| JAPAN | | | | |
| Hotel Sunroute Ariake ² | | | | • |
| Hotel Sunroute Osaka Namba | | | | • |
| SINGAPORE | | | | |
| Park Hotel Clarke Quay | | | | • |
| Corporate Office | • | | | |

1 The divestment of the two hotels in Beijing, China, was completed on 18 May 2018.

2 With effect from 1 April 2018, the master lease arrangement for Hotel Sunroute Ariake has been extended to cover the entire hotel including the Oakwood Apartments Ariake Tokyo that was previously under the management contract.

SUSTAINABILITY REPORT

SUSTAINABILITY APPROACH



Stakeholders Engagement

The Managers value the relationship with all stakeholders and appreciates the importance of communicating with them and understanding their needs and concerns. In identifying and prioritising the key stakeholder groups, A-HTRUST has taken into consideration the interest of all stakeholders across its value chain as applicable. This enables the Managers to improve A-HTRUST's operational and financial performance

with targeted stakeholders in mind whilst leveraging on this to achieve its objective.




The opinions of the stakeholders are gathered through various channels, and solutions are devised to manage the expectations and needs of the stakeholders in paving the way for sustainable value creation. Details on the various methods of engagement between the Managers and key stakeholder groups have been summarized below (Figure 2):

Figure 2: A-HTRUST's Stakeholders engagement

| Key Stakeholder Groups | Needs and expectations of each Stakeholder Group | Modes of Engagement | Frequency of Engagement | Key concerns raised by Stakeholder Group | Strategic management of Stakeholder Group |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  Investment Community and Stapled Security-holders | <ul style="list-style-type: none"> Sustainable returns and development of A-HTRUST Timely and transparent dissemination of information so as to allow the investment community and Stapled Securityholders to make informed decisions | Annual General Meetings | Annual | <ul style="list-style-type: none"> Performance of the portfolio Business and market risks Growth strategy Effectiveness of strategies employed | <p>The Managers seek to address such concerns through timely and transparent disclosures via various communication platforms such as quarterly results. Material updates are made available on SGXNet and subsequently on A-HTRUST corporate website. The Managers also communicate and update A-HTRUST's strategies during the various meetings with investors.</p> <p>Through such meetings and disclosures, the Managers provide an interactive platform for investors to better understand A-HTRUST and its strategies.</p> |
| | | One-on-one meetings, investors conferences and non-deal roadshows | Ad-hoc | | |
| | | Announcements on SGX and corporate websites | Ad-hoc/ result announcements on quarterly basis | | |
| | | Corporate website and emails | Regular updates | | |
|  Employees | <ul style="list-style-type: none"> Job rotation and attachment, and career development Learning and development opportunities Competitive remuneration and employee benefits Workplace safety, health and wellness | Employee forum | Annual | <ul style="list-style-type: none"> Opportunities for career progression Working environment | <p>The Managers recognise the employees as their most valuable assets and ensure fair treatment for all employees. At A-HTRUST, the employees are provided with ample opportunities to develop and equip themselves with skill sets and knowledge through on-the-job learning and/or training provided.</p> <p>The Managers also ensure that the environment is conducive for employees and continually seek to improve the working environment. Team bonding sessions are also held to foster unity and closer ties amongst employees.</p> |
| | | Employee survey, OurVoice@asb | Biennially | | |
| | | 360 degree feedback survey on Leadership | Every two to three years | | |
| | | Team bonding | Annual | | |
| | | Induction and e-learning programmes | Regular | | |
| | | Training and bite-size learning workshops | Regular | | |
| | | Performance feedback and career development planning discussions | Throughout the year | | |



Certain hotels with excellent performance in FY2017/18

| Key Stakeholder Groups | Needs and expectations of each Stakeholder Group | Modes of Engagement | Frequency of Engagement | Key concerns raised by Stakeholder Group | Strategic management of Stakeholder Group |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  Business Partners (i.e. Hotel Operators) | <ul style="list-style-type: none"> Driving the performance of the hotels and running the hotels in an efficient and effective manner | <ul style="list-style-type: none"> Weekly performance summary Performance review Regular calls and updates Annual budget setting | <ul style="list-style-type: none"> Weekly Monthly Ad-hoc Annual | <ul style="list-style-type: none"> Ability to meet financial targets Coming to agreement on strategies and work plans | <p>A hotel operator is an important component in driving the performance of A-HTRUST portfolio. The Managers adopt an open and interactive communication approach with the hotel operators, with discussions on the risks and opportunities present that impact the performance of the hotels.</p> <p>The Managers work closely with the hotel operators in formulating appropriate strategies and in identifying any assets enhancement opportunities to ensure hotels stay attractive to potential guests.</p> <p>The Managers also seek to motivate hotel operators via incentive scheme to reward hotels with outstanding performance, so as to achieve a win-win situation. Certain fees payable to operators are also tiered based on margins achieved by the respective hotels.</p> |
|  Regulators | <ul style="list-style-type: none"> Ensure interest of public investors are protected Ensure a level playing field for all investors and corporates | <ul style="list-style-type: none"> Circulars White papers Round table and consultation sessions | <ul style="list-style-type: none"> Ad-hoc Ad-hoc Ad-hoc | <ul style="list-style-type: none"> Any compliance issues with regard to regulations where interests of investors may be prejudiced Asymmetry of information flow with regard to material corporate developments | <p>Non-compliance with regulations may result in severe repercussions on the reputation, business and financial aspects of A-HTRUST. The Managers are committed to adhering to regulations and are kept abreast on all developments in rules and regulations that may affect A-HTRUST.</p> <p>Feedback is provided when the Managers are consulted on changes to the rules and regulations. Where appropriate, the Managers may proactively seek the views of the regulators.</p> |
|  Local Communities | <ul style="list-style-type: none"> Social development Operate in responsible manner and ensure no adverse disruption to the environment | <ul style="list-style-type: none"> Community engagement via Ascendas-Singbridge Gives Foundation Charity fund raising activities | <ul style="list-style-type: none"> Ad-hoc Ad-hoc | <ul style="list-style-type: none"> Lack of opportunities in receiving assistance Disruption to community | <p>The Managers strongly advocate caring for the community, and are mindful to act in a responsible manner. The Managers will continue to actively contribute to support the needy in local communities in doing their part as considerate corporate citizens.</p> |

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

In identifying material ESG matters, the Managers have established a rigorous materiality assessment process (Figure 3). Following an extensive materiality assessment conducted last year to assess the ESG matters that were considered important to stakeholders, a review was conducted this year

to ensure that the matters remain relevant in today's rapidly evolving market. The sustainability matters validated for reporting (Figure 4) reflect A-HTRUST's significant ESG impacts that substantively influence the assessments and decisions of stakeholders.

Figure 3: A-HTRUST's Materiality Assessment Process

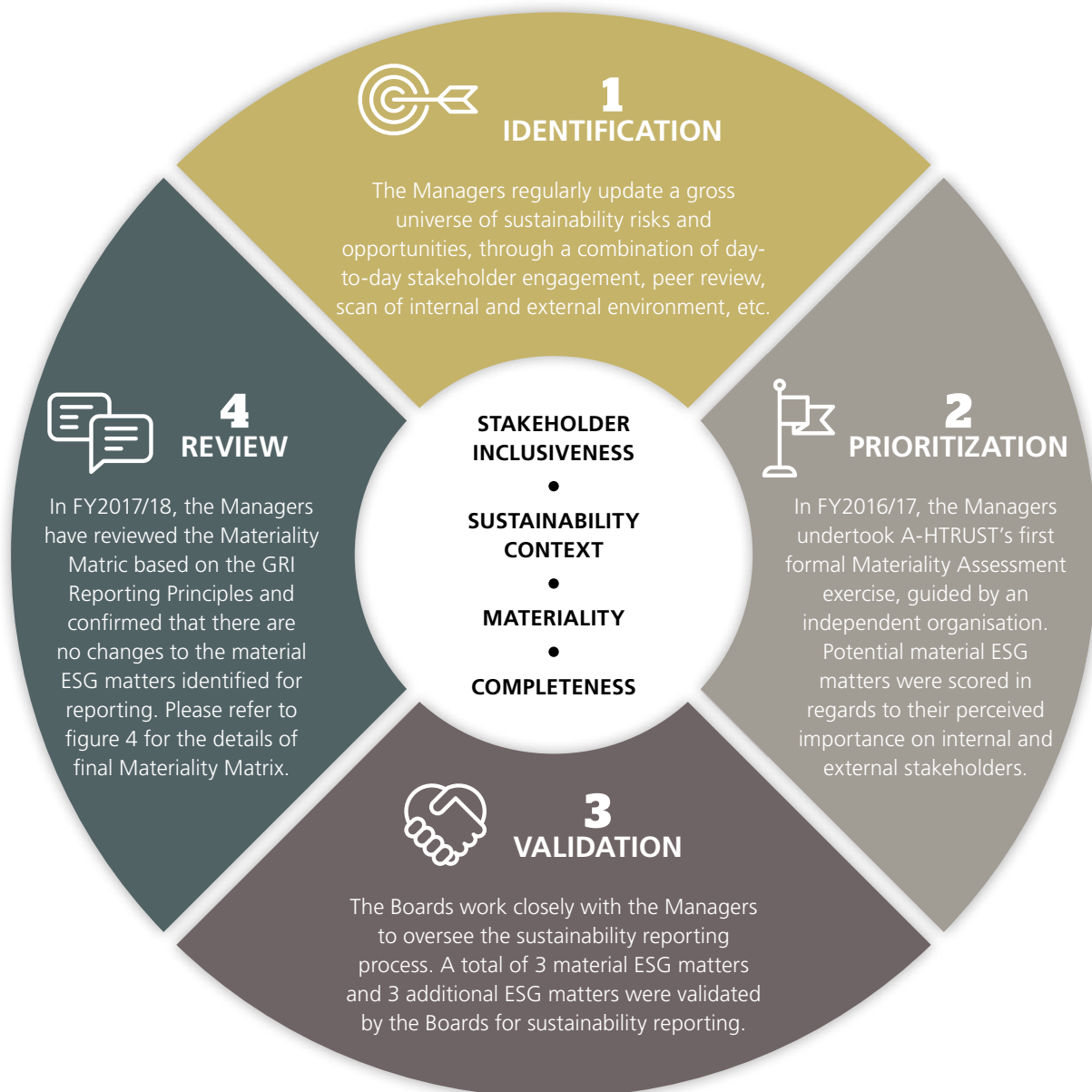
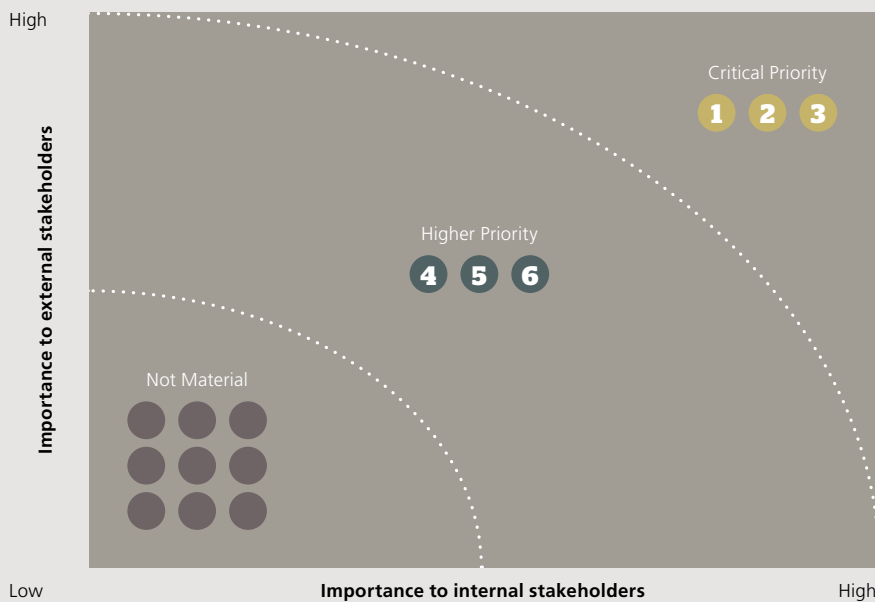


Figure 4: A-HTRUST's Materiality Matrix

| Mapping Material ESG Matters to GRI Standards | | |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| No. | ESG Matters | Impact and Boundaries |
| 1 | Corporate Governance <ul style="list-style-type: none"> • Governance • Business Ethics • Regulatory Compliance | ▶ Investment Community and Stapled Security-holders |
| 2 | Security of Information | ▶ Investment Community and Stapled Security-holders ▶ Business Partners (i.e. Hotel Operators) |
| 3 | Energy and Carbon Footprint | ▶ Local Communities ▶ Regulators |
| 4 | Customer (guests) Satisfaction | ▶ Business Partners (i.e. Hotel Operators) |
| 5 | Guest Safety and Security <ul style="list-style-type: none"> • Security of Hotels • Health, Hygiene and Safety Protection of Guests | ▶ Business Partners (i.e. Hotel Operators) |
| 6 | Succession Planning | ▶ Employees ▶ Investment Community and Stapled Security-holders |



Building on from the previous year, the Managers, with the approval of the Board, have decided to focus on the ESG matters that were determined last year with additional disclosures to Customer Satisfaction, Customer Safety and Security, and Succession Planning.

SUSTAINABILITY REPORT

KEEPING UP A HIGH STANDARD OF CORPORATE GOVERNANCE AND BUSINESS ETHICS⁵

Governance

The Managers hold ultimate responsibility in looking after the assets of A-HTRUST that have been entrusted by their investors community and Stapled Securityholders. As such, the Boards recognize the importance of an effective system in governing the Managers and the assets, which are maintained through a robust Enterprise Risk Management (ERM) framework and strong internal controls. Also, the Managers ensure that the Code of Corporate Governance 2012 are adhered to. A-HTRUST's corporate governance is also aligned with the Ascendas-Singbridge Group's (ASB Group) direction.

The Managers leave another unblemished record of zero breaches or lapses in FY2017/18. The Managers will strive to maintain zero material breaches or lapses of corporate governance best practices and principles, building the trust

of its stakeholders and ensuring sustainable growth. On this front, the Managers are pleased to share that A-HTRUST was included in the inaugural list of companies under the SGX Fast Track Programme to recognise listed companies that have a good corporate governance standing and compliance track record.

Business Ethics

The integrity of the Managers build trust in stakeholders. Continuing our success from last year, there were zero reported cases of corruption attained in this reporting period, which reflects the vigorous approach in the management of our business activities. Similarly, our target of reporting zero material breaches or lapses of business ethics and employee conduct, was achieved in FY2017/18.

A-HTRUST's key policies and procedures, which are aligned with ASB Group, are highlighted below (Figure 5):

Figure 5: ASB Group's Policies and Guidelines relating to Corporate Governance and Business Ethics

| ASB Group's Policies and Guidelines | Summary |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Anti-Bribery and Corruption Policy and Guidelines | <ul style="list-style-type: none"> • Zero tolerance approach to acts of bribery and corruption • Full compliance with all applicable laws and regulations • Guidelines and procedures for providing and/or receiving gifts, donations and sponsorships |
| Code of Ethics and Conduct | <ul style="list-style-type: none"> • High standards of expected employee behaviour • Zero tolerance approach on any forms of workplace harassment, fraud, gratification, corruption and bribery |
| Conflict of Interest | <ul style="list-style-type: none"> • Guidelines and procedures on conflict of interest to ensure that the Managers and other key employees at A-HTRUST conduct themselves honestly, in good faith and in the best interests of the business • Relevant procedures are put in place to demonstrate the responsibility to be assumed to avoid any conflicts of interest |
| Whistleblowing⁶ | <ul style="list-style-type: none"> • Whistleblowing reporting channels and structure, confidentiality, etc. that allow employees and other persons to raise in confidence, whether anonymously or otherwise, concerns on possible improprieties without fear of reprisal of any form • Reports can be made directly to the Audit and Risk Committee of the Managers or to an independent hotline/online channel managed by an external professional organisation which would handle the matter with confidentiality |

⁵ The Corporate Governance Report, found in pages 89 to 111 of the Annual Report, further sets out the corporate governance practices for FY2017/18 with reference to the principles of the Code of Corporate Governance 2012.

⁶ For more information on the Whistleblowing Policy, you may refer to this link: <http://www.a-htrust.com/en/contact-us/whistle-blowing-policy>



Spotlight on the Managers' Diversified Team Profile

A-HTRUST's high standard of corporate governance can be attributed to the competent employees instituting and enforcing these internal processes and controls. A-HTRUST consists of a gender balanced team of professionals who strives to deliver sustainable financial returns under the direction of the Managers and their related companies, Ascendas Hospitality Australia Fund Management Pty Ltd and Ascendas Japan Kabushiki Kaisha.

As of 31 March 2018, the team comprised 24 professionals, an increased workforce in comparison to 22 professionals as of 31 March 2017 in line with the expansion of the investment team in line with the A-HTRUST's vision to explore beyond Asia Pacific market. The permanent contract employees added up to 10 female and 12 male equally, with a similar distribution observed in the temporary contract employees comprising 1 female and 1 male. The team consisted of 23 full-time employees (11 female and 12 male) and 1 part-time female employee. The Singapore operations were supported by 14 professionals (of which 13 are on permanent contracts), Australian operations by 8 (of which 7 are permanent contract employees) and the Japan operations by 2 (both of which were permanent contract employees).

Team Bonding Event A-HTRUST's Battle of the Chefs

The Managers believe that human capital is the most valuable asset as motivated and competent people are key drivers in value creation. A-HTRUST's culture of "Power of ONE" empowers every employee to connect people and ideas to opportunities that enrich their personal experiences and delivers value for businesses, communities and people.

As an initiative to foster unity and strengthen ties amongst colleagues, the Managers organise team bonding activities for the employees every year. In FY2017/18, the team put on aprons and pit their cooking skills against one another in an inaugural company cook-off. Casting documents and computers aside, the team picked up ladles and cooking knives as they whipped up local delicacies and Spanish cuisine, hoping to win the judges' taste buds. It was a memorable day that encouraged team bonding and collaboration on top of mutual exchange of skills as everyone engaged in a healthy and fun-filled competition.

Such activities foster a more productive and efficient workforce built on cohesive work relations within the internal community.



SUSTAINABILITY REPORT



Strategising Succession Planning

In striving towards sustainable value creation, which can be accelerated by fresh thinking and ideas from the ground, the Managers actively support all initiatives that catalyse competency development and promote the effective mutual learning environment needed to nurture and develop employees to their fullest potential.

ASB Group has developed a talent management program called Ascendas-Singbridge Management Associate Programme (A-MAP) to strengthen the talent pool at the entry level. Implementing A-MAP, the Group recruits young university graduates with leadership potential, and provide them mentoring and exposure to establish strong foundations of the business knowledge and skills over an 18-month programme. ASB Group is proud to have a pool of employees who have graduated from A-MAP and who are contributing at different management-level positions.

Regulatory Compliance

The Managers recognize the risk of regulatory penalties and loss of reputation arising from non-compliances to relevant legal requirements. In FY2017/18, both A-HTRUST and its Australian hotels did not record any material breaches of relevant laws and regulations in their respective jurisdictions of operations, achieving our target of zero material breaches or lapses of statutory requirements.

ASB Group Legal has established a dedicated Compliance function to focus on the oversight and management of corporate governance and regulatory compliance matters. To ensure all employees are kept abreast of relevant changes in the law, the Group proactively updates the internal repository of applicable guidelines and best practices.



Embedding Sustainability into our Supply Chain

As A-HTRUST continues to strive towards its objective of providing sustainable returns to the Stapled Securityholders, the Managers strive to maintain the high standard of corporate governance and compliance across its value chain. The Managers recognise that the quality of services is pivotal in their operations and ensure that the suppliers engaged have the ability to deliver quality services to A-HTRUST. For engagements which are of higher complexity or entail higher financial risks, the Managers carry out due diligence on the suppliers involved which includes ascertaining their financial standing.

As part of A-HTRUST's operations, the Managers annually review the safety practices of the hotel operators to ensure safety and security of hotel guests.

Figure 6: Overview of Security, Health and Safety Practices

PHYSICAL SECURITY

- 1 Closed-circuit television (CCTV)
- 2 Security guards deployment
- 3 Prohibited access to rooftops
- 4 Caution Signages and In-Room Safes

INFORMATION SECURITY

- 5 Vulnerability Assessment and Penetration Testing (VAPT)
- 6 Data Loss Prevention (DLP) software
- 7 Information Technology (IT) audits
- 8 Next Generation End-Point Protection
- 9 Privilege Account Management System

HEALTH, HYGIENE AND SAFETY

- 10 Emergency preparedness
- 11 Public health management
- 12 Safety training and awareness campaigns
- 13 Safety risk assessments
- 14 Incident reporting and investigation
- 15 Safety performance monitoring
- 16 First aid and personal protective equipment

SECURITY, HEALTH, AND SAFETY

In 2017, geopolitical and technological risks continue to take center-stage in the global risks landscape, with 'Terrorist attacks', 'Data fraud or theft' and 'Cyberattacks' assessed to be amongst the top risks in terms of likelihood and impact⁷. More than ever, the increasing polarisation of societies and rising cyber dependency call for the Managers' focus on carefully managing both physical and information security.

The Managers have provided an overview of practices taken to manage physical security, information security, and health and

safety illustrated in Figure 6. The adoption of such practice allows for prompt identification in lapses as well as areas for continued development or enhancement. Hotel staff are also equipped with the prerequisite knowledge to execute safety practices and management of employees, guests, and all users at the properties.



⁷ World Economic Forum Global Risks Report 2017

SUSTAINABILITY REPORT

ENSURING SECURITY OF INFORMATION

With the rise in big data and cloud computing, there has been increasing pressure on large corporations and companies alike worldwide to place importance on personal data protection for consumers. In Australia, the government has recently rolled out the Notifiable Data Breach (NDB) scheme⁸ that established notification obligations for entities in the event of a data breach. The Managers are aware and recognise that more stringent regulations may gradually be enforced in the local communities where A-HTRUST's portfolios are primarily in to protect users against data leakage or misuse by corporations.



As part of ASB Group that provides best-in-class urban and business space solutions with strong IT practices, the Managers uphold the highest standard enforced across ASB Group in safeguarding the security of information. Guided by the Ascendas-Singbridge Group Integrated Technology Risk Framework (AITRF), data relating to A-HTRUST business is highly protected. In order to maintain the integrity of operating systems, the Managers strictly adhere to relevant laws and

regulations such as the Personal Data Protection Act (PDPA) and MAS Technology Risk Management Guidelines (MAS TRMG).

Vulnerability Assessment and Penetration Testing (VAPT) and Information Technology (IT) audits are also conducted annually and semi-annually, respectively. To further strengthen the security of information, ASB Group continuously reviews evolving threats to establish policies and directives to mitigate such risks. Online training sessions are conducted for new employees and a monthly information security newsletter is circulated to brief employees on internal processes and policies, including:

- ▶ Information Security Policy
- ▶ Bring Your Own Device Directive
- ▶ Personal Data Protection Directive
- ▶ Password Directive
- ▶ Authorised Hardware Directive
- ▶ Authorised Software Directive

Figure 7: Targets and performances of Information Security

| Focus Area | FY 2017/18 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Targets | Performance |
|  Enhancing information security | <ul style="list-style-type: none"> • Zero incidents of hacking, website defacement or loss of data that has a huge negative impact on the corporation in terms of big financial loss or reputational loss • Response & Recovery: Optimal Data Recovery Test Results | <ul style="list-style-type: none"> • Achieved • Achieved by developing a disaster recovery plan and a comprehensive disaster recovery exercise |
|  Substantiated complaints regarding breaches of privacy and losses of data | 0 Cases | 0 Cases |

⁸ Notifiable Data Breaches (NDB) scheme comes into effect from 22 February 2018 for agencies and organisations covered by the Australian Privacy Act 1988.

LOOKING AFTER OUR CUSTOMERS

As a trust with diversified portfolio of income-producing real estate used predominantly for hospitality purposes globally, ensuring pleasant experience and exceeding expectations of the hotel guests are of utmost priority to A-HTRUST. The Managers have worked with respective hotel operators to establish internal controls and periodic monitoring to review customer satisfaction and safety results.

Customer Satisfaction

Customer satisfaction is especially regarded as one of the important matters in hotel operation where it is primarily a “people-business”. A recent survey shared that improvement of ratings by 1 star led to 25% to 29% increase in demand across varied hotel chains. As such, feedback from guests is imperative to continuously enhance the guest experience and is valued strongly by the Managers. The Managers ensure that each hotel operator under the A-HTRUST’s portfolio has an established method to evaluate customer satisfaction and a process to take proactive steps to achieve positive customer experience.

In FY2017/18, the Managers continued to receive 100% response from respective hotels with regard to customer experience. In addition to customer experience results from hotel operators, the Managers reviewed guests’ feedback from third-party websites. The Managers have achieved the target of maintaining satisfactory level in customer experience review.

Customer Safety and Security

Ensuring safety and security of hotel guests is a critical part of every hotel operation. Any safety or security incident can lead to reputational loss and long term economic impact to revenue. The Managers are therefore committed to maintaining zero breaches of compliance and incidents relating to customer safety and security.

In FY2017/18, no incidents of material non-compliance with regulations or voluntary codes were recorded. The Managers monitor results on all aspects of safety and security related incidents, including food safety or physical security.

Select example of processes established are highlighted below:

| Selected customer satisfaction evaluation method reviewed by the Managers | |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accor and Marriott | |
|  Criteria | <ul style="list-style-type: none">• Experience on services relating to arrival, hotel, staff, room, amenities, departure and brand name |
|  Mode | <ul style="list-style-type: none">• Email• Guest feedback hospitality software• Third-party websites |
|  Frequency | <ul style="list-style-type: none">• Upon check-out to all guests with an email address• Monthly |
|  Overall results | <ul style="list-style-type: none">• Satisfactory |

In addition to abiding by local regulations, the Managers ensure that each hotel operator has effective processes and systems in place to identify, mitigate, and manage risks that may threaten the guest safety and security. We encourage our hotel operators to adopt international standards on safety, such as OHSAS 18001 or HACCP.

In safeguarding the guests’ security, the Managers also scrutinize the level of security system implemented by the hotel operators in aspects of physical and cyber security.

SUSTAINABILITY REPORT

GOING GREEN

As it becomes more critical to manage the energy consumption with its direct contribution to cost savings, the Managers continue to play their parts through monthly monitoring of energy and emission performance of hotel operators. The Managers recognise the importance of their roles as responsible corporate citizens and work towards sustainable value creation with its Australian business partners who are forerunners in the hospitality industry in environmental conservation.

Energy and Carbon Emissions⁹

The energy consumption of A-HTRUST's primary hospitality assets, as explained in earlier section under Reporting Scope, that are managed by Accor and Marriott, have been summarized in this report. The Managers monitor and track the environmental impact of the hotels by analysing direct energy consumption, which is derived from use of natural gas liquid mainly for laundry and at the kitchens for cooking purposes, and indirect energy consumption, which relates to the use of electrical energy sourced from the power grid.

Figure 8: Direct Energy Consumption & Intensity¹⁰

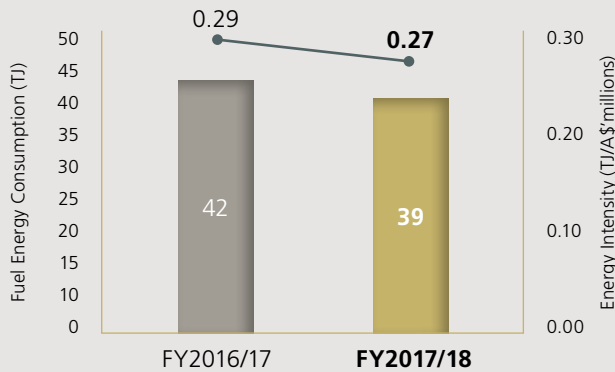


Figure 9: Direct Carbon Emissions (Scope 1) & Intensity¹⁰

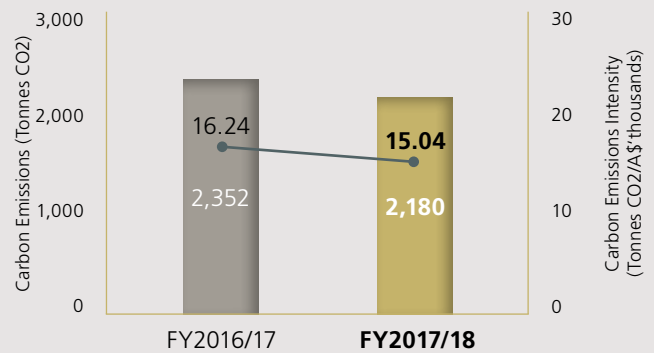


Figure 10: Electricity Consumption & Intensity¹⁰

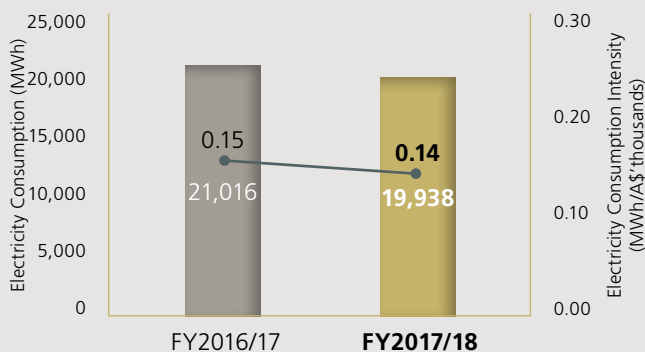
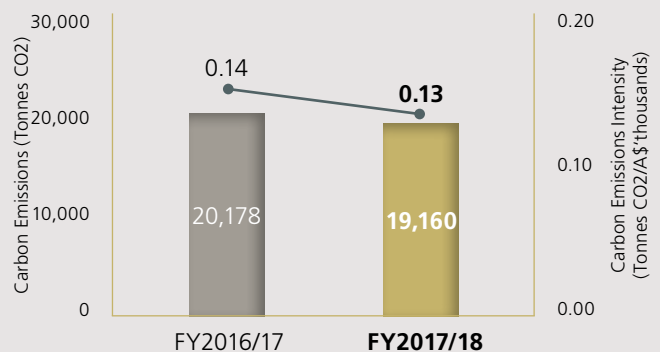


Figure 11: Indirect Carbon Emissions (Scope 2) & Intensity¹⁰



⁹ The energy consumption was calculated based on the data and information provided by the hotel operators in scope for this report. This energy data was also used to derive the carbon emission amounts by using emission factors from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories for the direct energy consumed and the National Greenhouse Accounts Factors, Australian National Greenhouse Accounts for the indirect energy consumed.

¹⁰ Our restatement for FY2016/17 for total energy consumption relates to non-material differences arising out of improved data collection procedures adopted. Corresponding corrections have been made to energy intensity and greenhouse gas emissions.

The direct energy consumption decreased by 7% in FY2017/18. Likewise, the electrical consumption reduced by 5% in FY2017/18, leading to corresponding reduction of energy intensities (Figure 8 and 10). Correspondingly, the decrease was also observed in its direct and indirect

carbon emissions and intensity. This achievement was largely attributed to the continuous efforts put into initiatives towards energy conservation in FY2017/18 by the operators of A-HTRUST's portfolio hotels as highlighted in Figure 12.

Figure 12: Select Energy Conservation Initiatives in FY2017/18

| Name of Properties | Description of Initiatives | Estimated Amounts of Savings |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Pullman Sydney Hyde Park | <ul style="list-style-type: none"> Conversion of ordinary lightbulbs to energy saving Light-emitting diode (LED) lightbulbs and installation of Variable Speed Drive (VSD) in multiple equipment | 127,000 kWh |
| Novotel Sydney Central | <ul style="list-style-type: none"> Conversion of ordinary lightbulbs to energy saving LED lightbulbs and installation of VSD in multiple equipment | 322,000 kWh |
| Novotel Sydney Parramatta | <ul style="list-style-type: none"> Reduction in boiler running times required for Heating, Ventilation, and Air Conditioning (HVAC) Installation of higher efficiency hot water units | 4,051,000 MJ 241,000 kWh |
| Pullman and Mercure Brisbane King George Square | <ul style="list-style-type: none"> Upgrading and retrofitting of equipment Reviewing operational processes to implement improvement actions for enhanced energy efficiency | 236,000 kWh 975,000 MJ |



SUSTAINABILITY REPORT

| Disclosure | | Reference(s) or Reasons for Omission |
|-------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Disclosures | | |
| Organisational Profile | | |
| 102-1 | Name of the organisation | Please refer to the Annual Report FY2017/18 |
| 102-2 | Activities, brands, products, and services | Please refer to the Annual Report FY2017/18 |
| 102-3 | Location of headquarters | 1 Fusionopolis Place #10-10 Galaxis, Singapore 138522 |
| 102-4 | Location of operations | About the Sustainability Report: Reporting Scope, page 73 |
| 102-5 | Ownership and legal form | Please refer to the Annual Report FY2017/18 |
| 102-6 | Markets served | Please refer to the Annual Report FY2017/18 |
| 102-7 | Scale of the organisation | Please refer to the Annual Report FY2017/18 |
| 102-8 | Information on employee and other workers | Keeping up a high standard of corporate governance and Business ethics; Business ethics; Spotlight on Manger's Diversified profile, page 79 |
| 102-9 | Supply chain | Keeping up a high standard of corporate governance and Business ethics: Regulatory compliance: Embedding Sustainability into our supply chain, page 80 |
| 102-10 | Significant changes to the organisation and its supply chain | No significant changes relating to the hotels in sustainability report FY2017/18 scope. |
| 102-11 | Precautionary principle and approach | Keeping up a high standard of corporate governance and Business ethics: Governance, page 78 |
| 102-12 | External initiatives | N.A. |
| 102-13 | Membership of associations | <ul style="list-style-type: none"> REIT Association of Singapore www.reitas.sg Singapore Business Federation www.sbf.org.sg HOFTEL www.hoftel.com |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | Message from CEO, page 73 |
| Ethics and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | Keeping up a high standard of corporate governance and Business ethics, page 78-81 |
| 102-17 | Mechanisms for advice and concerns about ethics | Keeping up a high standard of corporate governance and Business ethics: Business Ethics, page 78-80 |

| Governance | | |
|------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 102-18 | Governance structure | Message from CEO, page 73 Keeping up a high standard of corporate governance and Business ethics: Governance, page 78 |
| 102-22 | Composition of the highest governance body and its committees | Corporate Governance, Annual Report FY2017/18, page 92 |
| 102-23 | Chair of the highest governance body | Corporate Governance, Annual Report FY2017/18, page 93 |
| 102-24 | Nominating and selecting the highest governance body | Corporate Governance, Annual Report FY2017/18, page 94 |
| 102-25 | Conflicts of interest | Corporate Governance, Annual Report FY2017/18, page 105 |
| 102-35 | Remuneration policies | Corporate Governance, Annual Report FY2017/18, page 96 |
| 102-36 | Process for determining remuneration | Corporate Governance, Annual Report FY2017/18, page 96 |
| Stakeholder Engagement | | |
| 102-40 | List of stakeholder groups | Sustainability Approach: Stakeholder engagement, page 74-75 |
| 102-41 | Collective bargaining agreements | All employees within the scope of this report are not covered by collective bargaining agreements, as they are professionals in nature. |
| 102-42 | Identifying and selecting stakeholders | Sustainability Approach: Stakeholder engagement, page 74-75 |
| 102-43 | Approach to stakeholder engagement | Sustainability Approach: Stakeholder engagement, page 74-75 |
| 102-44 | Key topics and concerns raised | Sustainability Approach: Stakeholder engagement, page 74-75 |
| Reporting Practice | | |
| 102-45 | Entities included in the consolidated financial statements | Trust Structure, Annual Report FY2017/18, page 6 |
| 102-46 | Defining report content and topic boundaries | Sustainability Approach: Materiality Assessment, page 76-77 |
| 102-47 | List of material topics | Sustainability Approach: Materiality Assessment, page 77 |
| 102-48 | Restatements of information | N.A. |
| 102-49 | Changes in reporting | Sustainability Approach: Materiality Assessment, page 76-77 |
| 102-50 | Reporting period | About the Sustainability Report: Reporting Scope, page 73 |
| 102-51 | Date of most recent report (if any) | Sustainability Report FY2016/17 |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | Corporate Information, inside back cover |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About the Sustainability Report, page 73 |
| 102-55 | GRI content index | GRI Content Index, page 86-88 |
| 102-56 | External assurance | About the Sustainability Report, page 73 |
| Management Approach | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Approach: Stakeholder engagement and Materiality Assessment, page 74-77 |
| 103-2 | The management approach and its components | Corporate governance, page 78 Security of information, page 82 Energy and carbon footprint, page 84 Customer (guests) satisfaction, page 83 Customer (guests) safety and security, page 83 |
| 103-3 | Evaluation of the management approach | Corporate governance, page 78 Security of information, page 82 Energy and carbon footprint, page 84 Customer (guests) satisfaction, page 83 Customer (guests) safety and security, page 83 |

SUSTAINABILITY REPORT

| Disclosure | | Reference(s) or Reasons for Omission |
|----------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Governance | | |
| 205-1 | Operations assessed for risks related to corruption | Keeping up a high standard of corporate governance and Business ethics: Governance, page 78 Sustainability Approach: Materiality Assessment, page 76-77 |
| 205-3 | Confirmed incidents of corruption and actions taken | Keeping up a high standard of corporate governance and Business ethics : Business Ethics, page 78-80 |
| 307-1 | Non-compliance with environmental laws and regulations | Keeping up a high standard of corporate governance and Business ethics: Business Ethics, page 78-80 |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Keeping up a high standard of corporate governance and Business ethics: Business Ethics, page 78-80 |
| Security of Information | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Ensuring Security Information, page 82 |
| Energy and Carbon Footprint | | |
| 302-1 | Energy Consumption within the organisation | Going Green: Energy and Carbon Emissions, page 84-85 |
| 302-3 | Energy intensity | Going Green: Energy and Carbon Emissions, page 84-85 |
| 302-4 | Reduction of energy consumption | Going Green: Energy and Carbon Emissions, page 84-85 |
| 305-1 | Direct (Scope 1) GHG emissions | Going Green: Energy and Carbon Emissions, page 84-85 |
| 305-2 | Indirect (Scope 2) GHG emissions | Going Green: Energy and Carbon Emissions, page 84-85 |
| 305-4 | GHG emissions intensity | Going Green: Energy and Carbon Emissions, page 84-85 |
| Customer (guests) Safety and Security | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Security, Health and Safety, page 80-81 |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Security, Health and Safety, page 80-81 |

CORPORATE GOVERNANCE

Good corporate governance is ingrained in the core values of Ascendas Hospitality Trust (“A-HTRUST”), and encompasses the implementation of forms of best practices and structures, internal checks and balances, transparency and compliance.

Ascendas Hospitality Fund Management Pte. Ltd., as the Manager of Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) (“REIT Manager”) and Ascendas Hospitality Trust Management Pte. Ltd., as the Trustee-Manager of Ascendas Hospitality Business Trust (“A-HBT”) (“Trustee-Manager”), believe that effective corporate governance is critical to the performance and the success of A-HTRUST. The REIT Manager and the Trustee-Manager (collectively, the “Managers”) remain focused on complying with the principles and requirements of prevailing legislation, regulations and codes (“relevant regulations”), including the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (“Code”) in Singapore. The Managers are committed to regularly improve their corporate governance practices. They develop and maintain adequate policies and practices to meet the specific business needs of A-HTRUST on an ongoing basis.

This section sets out the existing corporate governance practices of A-HTRUST with reference to the Code and relevant regulations. Where there are deviations from the principles and guidelines of the Code and relevant regulations, an explanation has been provided in this section.

THE MANAGERS OF A-HTRUST

A-HTRUST is a stapled trust comprising A-HREIT and A-HBT (collectively, the “Group”). The REIT Manager was appointed the Manager of A-HREIT in accordance with the terms of the Trust Deed constituting A-HREIT dated 13 March 2012 (as amended) (the “A-HREIT Trust Deed”). The Trustee-Manager was appointed the Trustee-Manager of A-HBT in accordance with the terms of the Trust Deed constituting A-HBT dated 13 March 2012 (as amended) (the “A-HBT Trust Deed”). The Managers had executed a Stapling Deed dated 13 March 2012 (the “Stapling Deed”) to create the stapled group of A-HTRUST. Pursuant to the A-HREIT Trust Deed and the A-HBT Trust Deed (collectively, the “Trust Deeds”), the Managers have general powers of management over the assets of A-HTRUST. The Managers’ main responsibility is to manage A-HTRUST’s assets and liabilities for the benefit of Stapled Securityholders of A-HTRUST (“Stapled Securityholders”).

The Managers work closely with the master lessees and appointed hotel managers to implement A-HTRUST’s business and investment strategies. In addition, the REIT Manager sets the strategic direction of A-HREIT and makes recommendations to Perpetual (Asia) Limited, as trustee of A-HREIT (“REIT Trustee”), on acquisitions, divestments and enhancement of A-HREIT’s assets in accordance with its stated investment strategy. The Managers are also responsible for the capital and risk management of A-HTRUST.

Other key functions and responsibilities of the Managers include:

1. conducting all transactions on behalf of A-HTRUST at arm’s length, using best endeavours;
2. developing and implementing A-HTRUST’s business plan and budget;
3. ensuring compliance with prevailing laws and regulations, such as those contained in the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Code on Collective Investment Schemes (“CIS Code”) including the Property Funds Appendix issued by the Monetary Authority of Singapore (the “MAS”), the Capital Markets Services (“CMS”) licence for REIT Management issued by the MAS, the Securities and Futures Act, Chapter 289 of Singapore (“SFA”), the Business Trusts Act, Chapter 31A of Singapore, the Managers’ obligations under the A-HREIT and A-HBT Trust Deeds and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of A-HTRUST and the Stapled Securityholders;

CORPORATE GOVERNANCE

4. ensuring the execution of works by the appointed hotel managers that provide hotel management and marketing services for the properties held by A-HTRUST, pursuant to the relevant hotel management agreements;
5. monitoring and updating a framework of prudent and effective controls which enable financial, operational and compliance risks, to be assessed and managed; and
6. managing regular communications with Stapled Securityholders and any necessary announcements in accordance with the Listing Manual of the SGX-ST (“Listing Manual”).

In executing their responsibilities to A-HTRUST, the Managers have adopted a set of internal guidelines and financial regulations which set out approval limits for, amongst others, capital expenditure, foreign exchange management, new investments and divestments, procurement of goods and services and the operation of bank accounts.

The Managers have also considered sustainability issues (including environmental, social and governance factors) as part of their responsibilities. Please refer to pages 73 to 88 of this Annual Report for A-HTRUST’s Sustainability Report for further details.

The Boards of Directors of the Managers (the “Boards”) comprise competent and experienced individuals who have been recognised as accomplished leaders in their respective fields. The same Directors sit on the Boards of both the REIT Manager and the Trustee-Manager to ensure consistency of approach and decision making, for the benefit of Stapled Securityholders as a whole. The Boards oversee the Managers and ensure primarily, that the interests of the Stapled Securityholders are always upheld above the interests of the Managers and their shareholder/sponsor. The Boards and the Managers are fully committed to maintain a culture of good corporate governance that balances sound business practices and compliance.

The Trust Deeds outline the circumstances under which the Managers can be retired or removed, which include (i) in the case of the REIT Manager, the proposal and passing of a resolution by a majority, being greater than 50.0%, of the total number of votes cast at a meeting of Stapled Securityholders duly convened in accordance with the provisions of A-HREIT Trust Deed, and (ii) in the case of the Trustee-Manager, the proposal and passing of a resolution by a majority of not less than 75.0% of the total number of votes cast at a meeting of Stapled Securityholders duly convened in accordance with the provisions of A-HBT Trust Deed.

(A) BOARD MATTERS

Principle 1: The Boards’ Conduct of Affairs

The Boards of Directors of the Managers are responsible for the overall management and corporate governance of the Managers and A-HTRUST, establishing goals for the management team of the Managers (the “Management”), ensuring that necessary financial and human resources are in place for the Managers to meet their objectives and that Stapled Securityholders’ interests are safeguarded. The Boards have established an oversight framework for the Managers and A-HTRUST, including a system of internal controls which enables risks to be assessed and managed.

The Managers appoint experienced and well-qualified executives to handle its day-to-day operations and administration in accordance with the policies and strategy set by the Boards.

The Boards approve transactions in relation to investments, divestments and capital expenditure exceeding certain limits. The authority for the approval of operating transactions below a certain level is delegated to the Management to facilitate operational efficiency.

CORPORATE GOVERNANCE

The Managers have adopted and documented internal guidelines which include financial regulations, setting out matters that require the Boards' approval. Some of the matters which are reserved for the Boards' approval/endorsement include the following:

- acquisitions and divestments above IC's (defined herein) limits;
- major asset enhancement initiatives;
- all funding transactions;
- corporate and financial transactions that are above the limits set out in the financial regulation guidelines;
- compensation framework and recommendations on the remuneration of the Chief Executive Officer ("CEO") and key executive officers of the Managers to the Managers' shareholders for approval;
- the division of responsibilities and terms of reference of the Boards and Committees;
- annual and quarterly financial reports;
- internal controls, risk management framework and the execution thereof;
- determination of the independence of Directors; and
- performance measures of the Managers.

The Boards meet every quarter to review the performance of A-HTRUST. The Boards also oversee the risks relating to the assets of A-HTRUST, examine liabilities and comments from the auditors of A-HTRUST and ensure that measures are implemented to address recommendations. Where matters requiring the Boards' approval are to be considered, all members of the Boards (with the exception of Directors who are required to recuse himself or herself due to actual or potential conflict of interest) participate in the discussions and deliberations, and approvals are obtained during meetings and minuted, via resolutions or by circulation via electronic means. When necessary, additional Board meetings are held to approve transactions or resolve issues. In addition, the Boards also meet and review A-HTRUST's business strategy, business plan and budget on an annual basis.

The Management monitors changes to regulations, policies and financial reporting standards. Any change that might impact A-HTRUST and its disclosure obligations are promptly brought to the attention of the Boards, either during Board meetings or via circulation of Board papers.

The Boards have established various committees to assist the Boards in discharging their oversight function. These committees have been constituted with written terms of reference and they are actively engaged to ensure that the Managers are in compliance with good corporate governance. The Committees established by the Boards are:

- Audit and Risk Committee ("ARC");
- Investment Committee ("IC");
- Remuneration Committee ("RC"); and
- Nominating Committee ("NC").

CORPORATE GOVERNANCE

Each of these Board committees has its own terms of reference and operates under delegated authority from the Board, with the Board retaining overall oversight.

Board composition and members of the respective Board Committees in FY2017/18 are:

| Board members | Audit and Risk Committee | Investment Committee | Remuneration Committee | Nominating Committee |
|----------------------------------------|--------------------------|----------------------|------------------------|----------------------|
| Mr Miguel Ko | | C | | M |
| Mr Benson Puah Tuan Soon | M | | | C |
| Mr Manohar Khiatani | | M | M | |
| Mr Tan Juay Hiang ** | | | | |
| Mr Chia Kim Huat | M | M | | M |
| Dr Choo Kian Koon, Steven ¹ | | M | C | |
| Dr Ho Kim Wai | C | | | |
| Mr Michael Issenberg | | M | | |
| Ms Deborah Lee Siew Yin ² | M | | M | |
| Mr Willy Shee Ping Yah ³ | | M | C | |
| Mr Tan Chong Huat ⁴ | M | | M | |

C – denotes Chairman; M – denotes Member

¹ Dr Choo Kian Koon, Steven retired from the Boards on 30 September 2017 and relinquished his role as the RC Chairman and Member of the IC on 30 September 2017.

² Ms Deborah Lee Siew Yin joined the Boards on 1 October 2017 and was appointed Member of the ARC and Member of the RC on 1 October 2017.

³ Mr Willy Shee Ping Yah joined the Boards on 1 October 2017 and was appointed Chairman of the RC and Member of the IC on 1 October 2017.

⁴ Mr Tan Chong Huat retired from the Boards on 30 September 2017 and relinquished his role as Member of the ARC and Member of the RC on 30 September 2017.

Members and their respective attendance at the Board, ARC, IC, RC, and NC meetings for FY2017/2018 are set out below:

| | Board | Audit and Risk Committee | Investment Committee | Remuneration Committee | Nominating Committee |
|-----------------------------|----------|--------------------------|----------------------|------------------------|----------------------|
| No of meetings held | 6 | 6 | 6 | 1 | 2 |
| Mr Miguel Ko | 6 | | 6 | | 2 |
| Mr Benson Puah Tuan Soon | 6 | 6 | | | 2 |
| Mr Manohar Khiatani | 6 | | 5 | 1 | |
| Mr Tan Juay Hiang ** | 6 | 6 | 6 | 1 | 1 |
| Mr Chia Kim Huat | 6 | 6 | 6 | | 2 |
| Dr Choo Kian Koon, Steven * | 2 | | 3 | 1 | |
| Dr Ho Kim Wai | 6 | 6 | | | |
| Mr Michael Issenberg | 3 | | 2 | | |
| Ms Deborah Lee Siew Yin * | 4 | 3 | | | |
| Mr Willy Shee Ping Yah * | 3 | | 1 | | |
| Mr Tan Chong Huat * | 2 | 2 | | 1 | |

* Dr Choo Kian Koon, Steven retired as Independent Director with effect from 30 September 2017.

Ms Deborah Lee Siew Yin was appointed as Independent Director with effect from 1 October 2017.

Mr Willy Shee Ping Yah was appointed as Independent Director with effect from 1 October 2017.

Mr Tan Chong Huat retired as Independent Director with effect from 30 September 2017.

** Mr Tan Juay Hiang attended the ARC, IC, RC and NC meetings in his capacity as the CEO of the Managers.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

The Boards presently consist of nine (9) members, five (5) of whom are independent Directors. The composition of the Boards therefore complies with the Code, which requires at least one-third of the Board to be independent, as well as the REIT Regulations which require at least half the Boards to be independent. The Lead Independent Director is Mr Benson Puah Tuan Soon.

The current composition of the Directors as a group provides an appropriate balance and diversity of skills, gender, experience, talent and knowledge relevant to A-HTRUST. The NC annually examines the composition of the Boards to ensure that the Boards have the appropriate mix of expertise and experience. The NC also examines the size of the Boards annually to determine the Boards' effectiveness and makes recommendations to the Boards on what it considers an appropriate size.

The Boards consider that their present size, composition and balance between non-independent and independent Directors are appropriate and allow for a balanced exchange of views, deliberations and debates among members and effective oversight of management. The Boards seek to refresh Board membership progressively and in a systematic manner. The Board succession planning is carried out through the annual review of Board composition and/or when an existing Director gives notice of his/her intention to retire or resign.

The NC has conducted an annual review of the Directors' independence and has made recommendations to the Boards on the independence of the current Boards. Based on the NC's recommendations and subsequent review by the Boards, the Boards are of the view that the following Directors presently on the Boards are independent:

- Mr Benson Puah Tuan Soon (Lead Independent Director)
- Mr Chia Kim Huat
- Dr Ho Kim Wai
- Ms Deborah Lee Siew Yin
- Mr Willy Shee Ping Yah

Mr Miguel Ko, Mr Manohar Khiatani, Mr Tan Juay Hiang and Mr Michael Issenberg are non-independent Directors. Mr Ko is the Group CEO of the Ascendas-Singbridge Group ("ASB") and Mr Khiatani is the Deputy Group CEO of ASB. ASB, through its subsidiaries, is a substantial Stapled Securityholder of A-HTRUST. Mr Tan Juay Hiang is the CEO of the Managers.

As at 31 March 2018, five of the 11 hotels in the portfolio of A-HTRUST (or five out of the six hotels A-HTRUST owns in Australia) are managed by AccorHotels Asia Pacific ("Accor") or its subsidiary. Mr Michael Issenberg, the Chairman and CEO of Accor, is responsible for overseeing Accor's overall development and management activities in the Asia-Pacific region. In view of Accor's commercial relationship with A-HTRUST, Mr Michael Issenberg is considered a non-independent Director.

The Boards comprise Directors with relevant experience and expertise, including real estate, accounting and finance, legal, business, hospitality and management. The Directors actively participate in developing and setting the strategies and goals for the Management and reviewing and monitoring Management's performance in driving agreed goals and objectives. The Management benefits from the Directors' invaluable and objective perspectives on issues brought before the Boards. Members of the Boards engage in open and constructive debate and guide the Management on its proposals. The Managers have put in place processes to ensure that Directors are well supported by accurate, complete and timely information. All Directors have unrestricted access to the Management and have sufficient time and resources to effectively discharge their oversight function. In FY2017/18, the Directors have provided valuable inputs on the business strategies, and also reviewed and evaluated the performance of the Management.

The profiles of the Directors are set out on pages 14 to 19 of the Annual Report.

CORPORATE GOVERNANCE

Principle 3: Chairman and Chief Executive Officer

The Chairman and CEO are two separate persons. This ensures a balance of power and authority, increased accountability and greater capacity of the Boards for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman ensures that the members of the Boards work together with Management in a constructive manner to address strategic, business, operational, capital management, risk, corporate governance and financial issues. At Board meetings, the Chairman ensures that adequate time is available for discussion of all agenda items and strategic issues. At Annual General Meetings, the Chairman ensures there is constructive dialogue between the Stapled Securityholders, the Boards and the Management.

Mr Tan Juay Hiang, as CEO of the Managers, has full executive responsibilities over the business direction and operational decisions in managing A-HTRUST.

Principle 4: Board Membership

The Managers have established the NC which comprises three (3) Directors, the majority of whom, including the Chairman, are independent. The members of the NC are Mr Benson Puah Tuan Soon (Chairman), Mr Miguel Ko and Mr Chia Kim Huat.

The NC has clear terms of reference and is responsible for all Board appointments as well as re-appointments and reviews succession plans for the Boards. In determining whether to re-nominate a Director, the NC considers the following:

- whether the Director has given sufficient time and attention to the affairs of the Managers and A-HTRUST, in particular, when a Director holds multiple directorships; and
- whether the Director is able to and has been adequately carrying out his duties as a Director.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. As a guide, Directors should not have more than six (6) listed company board representations so that they are able to commit time and effort to carry out duties and responsibilities effectively. The NC also took into account the results of the annual assessment of the effectiveness and performance of each Director, as well as his/her actual conduct on the Board, and is satisfied that all Directors have effectively carried out their duties as Directors notwithstanding their other board representations and other principal commitments.

New Directors are appointed by way of a Board resolution. The search for candidates to be appointed as new Directors is conducted through contacts and recommendations. Suitable candidates are evaluated by the NC so that recommendations made on proposed candidates are objective and well supported. In recommending the appointment of new Directors, the NC takes into consideration the current Board size and composition, including diversity of skills, experience, gender and knowledge of matters relating to A-HTRUST which the new Director can provide to the Boards. Appointment of Directors is subject to the approval of the Managers' parent entities.

In the year under review, and upon the recommendation of the Code, none of the independent Directors have served on the Board for more than nine (9) years from the date of their first appointment and no alternate Directors were appointed.

CORPORATE GOVERNANCE

Upon their appointment to the Boards, the newly appointed Directors are given a letter setting out the Director's duties, obligations and responsibilities, together with the Trust Deeds and other relevant information and documentation relating to A-HTRUST and the Managers. They are also briefed on the business activities of A-HTRUST, its business plan, the regulatory environment in which A-HTRUST operates, its corporate governance practices and their statutory duties and responsibilities as Directors. Directors are also kept updated on revisions to relevant laws and regulations as well as on relevant areas that may impact the business, through presentations and briefing sessions. The Managers support the Directors for further relevant training in connection with their duties.

Key information regarding the Directors, such as their academic and professional qualifications, the committees served on, the date of first appointment as a Director, directorships, both present and those held over the last three years in other listed companies, and other major appointments, is disclosed on pages 14 to 19 of the Annual Report.

Principle 5: Board Performance

The Boards' performance is reviewed annually to assess the effectiveness of the Boards as a whole and the contribution by each Director to the effectiveness of the Boards. The review includes assessing the Directors' commitment, attendance and ability to contribute effectively at meetings, the Board composition, access to information, processes, risk management, board committees, strategic planning, accountability and oversight, and standards of conduct. Each Director is required to complete a Board Evaluation Questionnaire (the "Questionnaire") and is allowed to individually express his personal and confidential assessment of the Boards' overall effectiveness in accomplishing its goals and discharging its responsibilities. This provides insights into the functioning of the Boards, while identifying areas that might need strengthening and development. Based on responses to the Questionnaire returned by each Director, a consolidated report is prepared and presented to the NC and the Boards. The NC will evaluate the responses and provide its comments and recommendations to the Boards on any changes that should be made to help the Boards discharge its duties more effectively. Accordingly, the annual review of the Boards' performance was carried out for FY2017/18.

Based on the Board assessment exercise, the Boards are of the view that the Boards have each met its performance objectives, and the members of each Board are contributing to its overall effectiveness.

Principle 6: Access to Information

The Management provides the Boards with information on the business and the operations of A-HTRUST and the Managers on a regular basis.

As a general rule, board papers are sent to the Directors seven (7) days before the board meeting so that the Directors may better assess the matters tabled, and discussion at the Board meeting may be focused on questions and issues that the Directors may raise. Parties who can provide relevant information on matters tabled at Board meetings will be in attendance to provide any further information that may be required.

At the quarterly Board meetings, Directors are updated on developments and changes in the operating environment affecting A-HTRUST.

A one day board strategy meeting is also organized annually for the Boards and the Management to discuss strategic issues and formulate plans pertaining to A-HTRUST and the Managers.

In addition, the Boards have separate and independent access to Management, the Joint Company Secretaries of the Managers (the "Joint Company Secretaries"), as well as internal and external auditors, at all times. Each Director of the Boards has the right to seek independent professional advice on matters relating to A-HTRUST at A-HTRUST's expense, to enable him to discharge his duties.

CORPORATE GOVERNANCE

The Joint Company Secretaries prepare the minutes of Board meetings and proceedings of the ARC, RC and NC. The Managers prepare the minutes of the IC meetings. The Joint Company Secretaries assist the Chairman of the Boards and the Committees in ensuring that proper procedures are followed and that the Managers' Constitution, the Committees' terms of reference, the Trust Deeds, relevant rules, regulations, best practices, and internal policies, including applicable provisions of the Property Funds Appendix, are complied with. Under the direction of the Chairman of the Boards and the Committees, the Joint Company Secretaries are responsible for ensuring information flow within and among the Boards, the Committees and the Management. The Joint Company Secretaries also work with the Management to ensure that Board and Committee papers are provided to each Director ahead of meetings. In the year under review, all Board meetings and proceedings of the ARC, RC and NC were attended by at least one of the Joint Company Secretaries. The appointment and removal of any of the Joint Company Secretaries is subject to the approval of the Board.

The CEO and the Joint Company Secretaries are the primary channels of communication between the Managers and the SGX-ST.

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

All fees and remuneration payable to the Directors, key executive officers and staff of the Managers are paid by the Managers and not by A-HTRUST.

The Managers have established the RC which comprises three (3) Directors, the majority of whom, including the Chairman, are independent. The members of the RC are Mr Willy Shee Ping Yah (Chairman), Mr Manohar Khiatani and Ms Deborah Lee Siew Yin. The RC has clear terms of reference and its primary duty and responsibility is to oversee the establishment of the appropriate remuneration policy and framework, provide oversight on the framework of remuneration for the Board and all key executives, and review and endorse the specific remuneration package for each Director and all the key executives including the CEO. The RC reviews and approves proposals on the remuneration policy and framework of the Managers and has access to independent and expert advice from external consultants whenever required.

The underlying principles governing the Managers' remuneration policy for all its key executives are as follows:

- (i) reward and motivate employees to work towards achieving the strategic goals and business results of A-HTRUST and the Managers; and
- (ii) enhance the retention of key talents to build strong organisational capabilities and ensure competitive remuneration relative to the appropriate external talent markets.

The remuneration policy and framework is reviewed periodically for alignment to industry norm and practices as well as the underlying principles. The Managers advocate a performance-based remuneration system using both financial and non-financial key performance indicators for all the key executives of the Managers. The RC is also responsible for approving all key performance indicators and targets to drive the performance of A-HTRUST and the Managers. The remuneration structure is designed with the objective of retaining, rewarding and motivating each individual to stay competitive and relevant. In arriving at the annual remuneration package for all the key executives including the CEO, the RC takes into consideration the remuneration policy and framework, performance of the Managers in relation to the approved key performance indicators and reference to compensation benchmarks within the industry, as appropriate.

CORPORATE GOVERNANCE

For FY2017/18, the total remuneration mix of all the key executives comprises a fixed annual salary, short-term incentives including benefits-in-kind and long-term incentives as set out below:

- (a) The fixed annual salary includes a base salary, fixed allowances and compulsory employer's CPF contribution;
- (b) The short-term incentive is linked to the performance of A-HTRUST and each individual. The key performance indicators of A-HTRUST include Distribution per Stapled Security ("DPS") and Net Property Income ("NPI"), all of which are aligned to the interests of Stapled Securityholders; and
- (c) The long-term incentive is tied to ASB's performance which is measured by Total Shareholders' Return. As the Managers are wholly-owned subsidiaries of ASB, employees of the Managers are part of a larger group which allows the Managers increased flexibility and effectiveness to reward and motivate them with better career prospects. The Managers will be in an advantageous position to attract and retain qualified key executives and employees. This will also provide continual development of talent and renewal of leadership for sustaining the long term business growth of A-HTRUST. Therefore, the rationale for granting the long-term incentive is aligned with Stapled Securityholders' interests. The long-term incentive payouts are conditional upon the achievement of pre-determined performance targets set by the ASB Board for a performance period of three years, which include the performance and growth of A-HTRUST. The long-term incentive component in the key executives' remuneration package would also be reviewed to ensure compliance with the applicable notices and guidelines issued by the MAS.

The RC is of the view that remuneration is aligned to FY2017/18 performance and that all the performance conditions used to determine the remuneration of Directors and all the key executives of the Managers were met.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives, (ii) the disclosure of the remuneration of at least the top five (5) key executive officers (who are neither Directors nor the CEO) in bands of \$250,000, with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives and (iii) the aggregate total remuneration paid to the top five (5) key executives (who are neither Directors nor the CEO). In the event of non-disclosure, the Managers are also required to provide reasons for such non-disclosure.

The Managers have decided (a) to disclose the CEO's remuneration in bands of \$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Managers in bands of \$250,000, and (c) to disclose the total remuneration of all key executives of the Managers (including the CEO). In arriving at its decision, the Managers took into account the sensitivity and confidential nature of remuneration matters and the importance of the continuity of a stable management team in the competitive environment which the Managers operate. The Managers are of the view that disclosure in such manner is not prejudicial to the interests of the Stapled Securityholders as the indicative range for the CEO's remuneration, as well as the total remuneration for all key executives (including the CEO), is made known to the Stapled Securityholders. In addition, sufficient information is provided on the Managers' remuneration framework to enable the Stapled Securityholders to understand the link between A-HTRUST's performance and the remuneration of all key executives (including the CEO). Lastly, the remuneration of all key executives (including the CEO) of the Managers is paid out of the fees that the Managers receive (of which the quantum and basis have been disclosed), rather than the assets of A-HTRUST.

CORPORATE GOVERNANCE

Remuneration of Directors and all key executives of the Managers is paid in cash. There were no employees of the Managers who were immediate family members of a Director or the CEO in FY2017/18. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

No compensation is payable to any Director, Management or staff of the Managers in the form of options in Stapled Securities or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under the service contracts.

The structure of Directors' fees for non-executive Directors comprises a base fee for serving as a Director and additional fees for serving on Board Committees, as well as for attendance at meetings. The Directors' fee, which is a fixed sum, takes into account the following:

- the size of A-HTRUST and the Managers;
- the Directors' responsibilities and contributions; and
- the industry practices and norms on remuneration, including the guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

Directors' fees are reviewed and endorsed by the RC. The fees paid/payable to the Directors of the Managers for FY2017/18 are as follows:

Directors' Fees¹

| Board Members | FY2017/18 |
|-----------------------------------|-----------|
| Mr Miguel Ko ² | \$127,250 |
| Mr Benson Puah Tuan Soon | \$92,375 |
| Mr Manohar Khiatani ² | \$68,875 |
| Mr Tan Juay Hiang | N.A. |
| Mr Chia Kim Huat | \$96,750 |
| Dr Choo Kian Koon, Steven | \$39,699 |
| Dr Ho Kim Wai | \$88,250 |
| Ms Deborah Lee Siew Yin | \$36,313 |
| Mr Michael Issenberg ³ | \$54,625 |
| Mr Willy Shee Ping Yah | \$33,313 |
| Mr Tan Chong Huat | \$36,893 |

N.A.: Not Applicable.

¹ Inclusive of attendance fees of (a) \$1,000 per meeting attendance in person, (b) \$1,000 per meeting via teleconferencing or video conferencing, (c) \$500 per meeting attendance allowance for ad-hoc meeting with Management, (d) an additional \$500 per day for overseas attendance allowance. Directors' fees are subject to the approval of the Managers' parent entity.

² Mr Miguel Ko and Mr Manohar Khiatani have elected to waive their Directors' fees for the financial year ended 31 March 2018.

³ Directors' fees paid/payable to Mr Michael Issenberg was/will be paid in cash to AHDF Pte Ltd, an indirect wholly owned subsidiary of Accor S.A..

CORPORATE GOVERNANCE

The remuneration of the CEO in bands of \$250,000, and a breakdown of the remuneration of all key executives (including the CEO) of the Managers in percentage terms, are provided below:

Key Executives' Remuneration for FY2017/18

| Total Remuneration Bands | Fixed Compensation and Employer's CPF ¹ | Short-term Incentives and Employer's CPF ² | Long-term Incentives ³ | Total |
|---------------------------------------|----------------------------------------------------|-------------------------------------------------------|-----------------------------------|-------|
| Above \$750,000 to \$1,000,000 | | | | |
| Mr Tan Juay Hiang | 42% | 53% | 5% | 100% |
| Key Executives (excluding CEO) | | | | |
| Ms Lim San San, Susanna | | | | |
| Mr Tan Yoon Peng | | | | |
| Mr Julian Anthony ⁴ | 68% | 28% | 4% | 100% |
| Mr Bernard Teo ⁵ | | | | |

Total for all key executives (including CEO) : \$1,897,708

- 1 The amount disclosed includes base salary, Annual Wage Supplement, allowances, other fixed benefits and employer's CPF contributions accrued for FY2017/18. The Managers moved from a 13-month to a 12-month fixed compensation from 1 July 2017 for its Singapore-based staff.
- 2 The amount disclosed includes bonuses and other variable benefits accrued for FY2017/18.
- 3 This refers to the FY2017/18 grant. The payout will be based on the achievement of pre-determined performance targets over a period of three years.
- 4 Mr Julian Anthony was appointed as Head, Australia Operations with effect from 3 July 2017. The total remuneration disclosed was pro-rated based on his service period.
- 5 Mr Bernard Teo's (Head, Asset Management) last day of service was 31 July 2017. The total remuneration disclosed was pro-rated based on his service period. He was not eligible for FY2017/18 short-term incentive in accordance with the Managers' policy.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Boards are responsible for presenting a balanced and comprehensive assessment of A-HTRUST's performance, position and prospects, including interim and other price sensitive public reports and reporting to the regulators (if required). To assist the Boards in this regard, Management provides timely, complete and adequate information to the Boards through the most expedient means, including emails.

Financial reports and other price sensitive information are disseminated to Stapled Securityholders via SGXNet, press releases, the A-HTRUST website and media and analyst briefings.

Management provides all members of the Boards with management accounts and such explanation and information as the Boards may require on a quarterly basis and from time to time, to enable the Boards to make a balanced and informed assessment of the performance, position and prospects of A-HTRUST.

The Managers have, pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST, received undertakings from all its directors and key management that they each shall, in the exercise of their powers and duties as directors and officers comply to the best of their endeavours with the provisions of the SGX-ST's listing rules, the SFA, the Code on Takeovers & Mergers, and the Companies Act and will also procure the Managers to do so.

CORPORATE GOVERNANCE

Principle 11: Risk Management and Internal Controls

Risk Management

The Boards recognise its responsibility for the governance of risks and ensure that the Managers have in place a sound system of risk management and internal controls for good corporate governance. The ARC assists the Boards in identifying the nature and extent of key risks which the Managers may take in achieving its strategic objectives within the Managers' levels of risk tolerance and risk policies.

Ownership of risks lies with the Management. The Management maintains a structured Enterprise Risk Management ("ERM") framework for the Managers that incorporates a continuous and interactive process for identifying and evaluating risks and formulating risk management policies, controls and procedures to manage and mitigate those risks.

The Boards are assisted by the ARC and Internal Audit in its oversight role in examining the effectiveness of Management's risk management policies and procedures. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and will report the results of such reviews to the ARC including any inadequacies, deficiencies or matters of concern of which Internal Audit becomes aware of or that it suspects, arising from its review of the risk management policies and procedures put in place by Management.

Internal Controls

The Group-wide system of internal controls, which includes a code of conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes, constitute an important part of the ERM system. The Managers have documented procedures and policies that cover financial reporting, new investments, divestments, valuation of properties, bank borrowings, hedging policies, compliance and other risk management issues, as well as insurance coverage and a business continuity plan.

The Managers have implemented a control self-assessment programme to all hotels under management contracts whereby selected process owners will evaluate their respective internal controls via self-assessment questionnaires on an annual basis. Action plans are then drawn up to mitigate the control gaps. The self-assessment exercise is subsequently validated by Internal Audit.

The ARC is assisted by internal and external auditors to assess and to ensure that key internal controls and risk management processes are adequate and effective.

The internal and external auditors will report any material non-compliance or weaknesses in internal controls and make recommendations to further improve the internal controls to the ARC. The ARC will also follow up on the actions taken by Management on the recommendations made by the internal and external auditors.

The Managers recognise that there is a significant amount of risk inherent in making property investment decisions and carefully examine whether the anticipated return on investment is appropriate having regard to the level of risk of the investment. Accordingly, the Managers have set out procedures when making such decisions and ensure that comprehensive due diligence is carried out on each proposed investment. The IC has the authority to approve investments up to certain limits. Beyond the limits, the Boards, assisted by the Management and IC, will review and approve these investment decisions.

CORPORATE GOVERNANCE

The Managers have a Whistleblowing Policy which reflects the Managers' commitment to conduct business within a framework that fosters the highest ethical and legal standards. The Whistleblowing Policy aims to provide an avenue to raise concerns about possible improprieties in matters of financial consequences or other matters. The ARC is kept informed of all concerns raised in whistleblowing channels.

Directors' Opinion on Internal Controls

The CEO and Chief Financial Officer ("CFO") have provided their confirmation to the Boards that to the best of their knowledge, based on outcomes of on-going reviews on risk management and internal controls, and in the absence of contradictory evidence, the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks of A-HTRUST and its subsidiaries were adequate and effective, financial records have been properly maintained and the financial statements give a true and fair view of A-HTRUST's operations and finances.

The Boards recognise the importance of sound internal controls and risk management practices for good corporate governance.

The Boards affirm their overall responsibility for the systems of internal controls and risk management of A-HTRUST, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by key executives of the Managers with oversight by the ARC.

The internal control systems include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practice, and the management of business risks. Such systems are designed taking into account operational efficiency and risks and provide only reasonable, and not absolute, assurance against material misstatement or loss. The Boards also note that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

Based on the system of risk management and internal controls established and maintained by the Managers, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Boards, and the assurance from the CEO and CFO of the Managers, the Boards concur with the ARC and are of the opinion that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks of A-HTRUST and its subsidiaries were adequate and effective as at 31 March 2018 in addressing material risks.

Principle 12: Audit and Risk Committee

The Boards appoint the members of ARC from among the Directors of the Boards, all of whom (including the Chairman of the ARC) are independent Directors. The members of the ARC are Dr Ho Kim Wai (Chairman), Mr Benson Puah Tuan Soon, Mr Chia Kim Huat and Ms Deborah Lee Siew Yin.

The Boards are of the view that the members of the ARC bring with them invaluable recent and relevant managerial and professional expertise in accounting, financial management and legal expertise and experience and hence are appropriately qualified to discharge their responsibilities. Dr Ho Kim Wai, Mr Benson Puah Tuan Soon and Ms Deborah Lee Siew Yin have extensive accounting, real estate and financial management expertise and experience, while Mr Chia Kim Huat is a qualified lawyer with considerable experience and expertise.

CORPORATE GOVERNANCE

The core functions and responsibilities of the ARC are set out in the ARC's written terms of reference and comprise oversight of the integrity of the financial statements and related disclosures, oversight, assessment and review of internal controls, review of the internal and external auditors' findings on internal controls, making recommendations to the Boards on the appointment, reappointment of the external auditor and the remuneration of the external auditor. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports. The ARC is responsible for the nomination of external auditors and reviewing the adequacy of existing audits in respect of cost, scope and performance. The ARC also reviews the quarterly and annual financial statements before submission to the Boards for approval, including any Interested Party Transactions ("IPTs"). The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

For the financial year under review, the ARC met six (6) times and has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC has also met with the external and internal auditors without the presence of Management. The aggregate amount of fees paid and payable by A-HTRUST and its subsidiaries to the external auditors for FY2017/18 was \$790,000, of which audit and non-audit fees amounted to \$570,000 and \$220,000, respectively. In recommending the appointment of the audit firm for A-HTRUST, the ARC is satisfied that A-HTRUST has complied with the requirements of Rules 712 and 715 of the Listing Manual of the SGX-ST.

ARC meetings are generally held after the end of every quarter before the official announcement of results in relation to that quarter.

The ARC members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements of A-HTRUST.

In the review of the financial statements for FY2017/18, the ARC has discussed the following key audit matter identified by the external auditors with Management:

| Key audit matter | Review the ARC |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation of investment properties and property, plant and equipment | <p>The ARC considered the independence and competency of the external valuers, as well as the methodologies applied by them to the valuation of the properties.</p> <p>The ARC reviewed the outcomes of the annual external valuation process and discussed the details of the valuation with the Management and the external auditors.</p> <p>The ARC noted that the valuation of properties was an area of focus for the external auditors as a key audit matter in its auditors' report and also noted their assessment of the appropriateness of the valuation models, data and assumptions used.</p> <p>The ARC concurs with the basis and conclusions included in the auditors' report with respect to the key audit matter.</p> |

CORPORATE GOVERNANCE

External Audit

Ernst & Young LLP (“EY”) was re-appointed as the external auditor for A-HTRUST for FY2017/18.

The ARC approved the scope and audit plans undertaken by the external auditor, reviewed the results of the audits, significant findings and recommendations as well as the Management’s responses.

The ARC assessed the independence and quality of the external auditor throughout the year and also met with the external auditor without the presence of the Management. The external auditor provided regular updates to the ARC on relevant changes to the accounting standards and the implications on the financial statements.

The ARC received a report from the Management on their evaluation of the performance and effectiveness of the external auditor. This report assessed the quality of the external auditor across a number of evaluation criteria, including measures of relevance and quality of its work as well as its level of independence. On the basis of their own interactions with EY and based on the Management’s report, the ARC assessed and concluded that EY fulfilled its responsibilities as external auditor. The Boards concurred with the ARC’s endorsement. Accordingly, the Boards recommend the reappointment of EY at the coming AGM.

Principle 13: Internal Audit

The internal auditors assist the ARC in ensuring that the Management maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their continued effectiveness. A-HTRUST’s internal audit function is outsourced to KPMG LLP (“KPMG”), an international auditing firm. Staffed by qualified executives, KPMG has unrestricted access to the ARC. KPMG reports to the Chairman of the ARC and is guided by the Standards for the Professional Practice of Internal Auditing. These standards cover attributes as well as performance and implementation standards.

(D) STAPLED SECURITYHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Stapled Securityholders’ Rights

Principle 15: Communication with Stapled Securityholders

Principle 16: Conduct of Stapled Securityholders’ Meetings

The Managers have in place a dedicated investor relations function to provide Stapled Securityholders and prospective investors of A-HTRUST with timely information necessary to make well-informed investment decisions and to ensure a level playing field.

The Managers uphold a strong culture of disclosure and transparent communication with Stapled Securityholders and the investing community. The Managers’ disclosure policy requires timely and full disclosure of all material information relating to A-HTRUST by way of public releases or announcements through the SGX-ST via SGXNet at first instance and then including the release on A-HTRUST’s website at www.a-htrust.com.

The Managers also conduct regular quarterly briefings for analysts, which will generally coincide with the release of A-HTRUST’s results. During these briefings, the Managers will review A-HTRUST’s most recent performance as well as discuss the business outlook for A-HTRUST. In line with the Managers’ objective of transparent communication, briefing materials are released to the SGX-ST and also made available on A-HTRUST’s website.

CORPORATE GOVERNANCE

During the year under review, the Managers participated in conferences and non-deal road shows both in Singapore and overseas. The Annual General Meeting of Stapled Securityholders was also held, providing a platform for the Managers to engage with investors, particularly retail investors, allowing them direct access to the Managers to clarify any queries that they might have.

Stapled Securityholders are informed of meetings through notices accompanied by annual reports or circulars sent to them. Stapled Securityholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon.

Any Stapled Securityholders who are not able to attend these meetings are allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Members of the Boards together with the external auditors will be in attendance at these meetings to address questions from Stapled Securityholders.

Stapled Securityholders are also accorded the opportunity to raise relevant questions and to communicate their views at the Stapled Securityholders' meetings. At the Stapled Securityholders' meetings, each matter is proposed as a separate resolution. To ensure transparency, the Managers conduct electronic poll voting for the Stapled Securityholders/proxies present at the meetings for all resolutions proposed at the Stapled Securityholders' meetings. All votes cast for or against and their respective percentages will be displayed "live" immediately at the meeting after the conduct of each poll. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the meeting via SGXNet.

The Joint Company Secretaries prepare the minutes of the Stapled Securityholders' meetings incorporating substantial comments or queries from Stapled Securityholders together with the responses of the Boards and Management. The minutes are available to Stapled Securityholders upon their written request.

(E) ADDITIONAL INFORMATION

Trading of Stapled Securities

The Managers have in place a trading policy which prohibits Directors and employees of the Managers from trading in the Stapled Securities in the following circumstances:

1. during the period commencing two weeks before the public announcement of A-HTRUST's financial statements for each quarter of its financial year, or one month before the full year results, as the case may be, and ending on the date of announcement of the relevant results; and
2. at any time whilst in possession of price sensitive information that is not available in the market.

The Directors and employees of the Managers are reminded on a regular basis through email that they are prohibited from trading in the Stapled Securities while in the possession of inside information concerning A-HTRUST. In addition, while in possession of inside information, the Directors and employees of the Managers must not advise others to trade in the Stapled Securities or communicate such information to another person.

Directors and employees of the Managers are also advised not to deal in the Stapled Securities on short-term considerations.

The Managers have also undertaken that they will not deal in the Stapled Securities of A-HTRUST during the period commencing two weeks before the public announcement of A-HTRUST's quarterly results or one month before the full year results, and if applicable, the announcement of property valuations, and ending on the date of announcement of the relevant results.

CORPORATE GOVERNANCE

Dealing with Conflicts of Interest

The Managers have put in place several procedures to address potential conflicts of interest which the Managers (including their Directors, key executive officers and employees) may encounter in managing A-HTRUST. Examples of these are:

1. the Managers will be dedicated managers to A-HTRUST and will not manage any other real estate investment trust, business trust which invests in the same type of properties as A-HTRUST;
2. all executive officers are employed by the Managers;
3. the entry into any IPT above \$100,000 will be reviewed by the ARC. The review procedures for IPT are set out below;
4. in respect of matters in which Temasek, JTC and/or their subsidiaries (which includes ASB) have a direct or indirect interest, any nominees appointed by Temasek, JTC or any of their subsidiaries to the Boards shall abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors of the Managers and must exclude the representatives or nominees of Temasek, JTC and/or their subsidiaries; and
5. the Managers and its Associates (as defined in the Trust Deeds) are prohibited under the Trust Deeds from voting with their Stapled Securities, or being part of a quorum for, any meeting of Stapled Securityholders convened to approve any matter in which the Managers or any of its Associates has a material interest in the business to be conducted (save for a resolution to remove the Managers as provided in the Trust Deeds).

The Managers have also established a Conflict of Interest Policy for its employees and major service providers to ensure that any conflict of interest or potential conflict of interest is disclosed and approvals are sought where required.

It is also provided in the Trust Deeds that if the Managers are required to decide whether or not to take any action in relation to a breach of any agreement entered into by the REIT Trustee and/or the Trustee-Manager for and on behalf of A-HTRUST with an affiliate of the Managers, the Managers shall be obliged to consult a reputable law firm (acceptable to the REIT Trustee if involving A-HREIT) which shall provide legal advice on the matter. If the appointed law firm is of the opinion that there is sufficient evidence against the party allegedly in breach of such agreements, the Managers shall be obliged to take appropriate action with reference to such agreements. The Boards will have a duty to ensure that the Managers so comply.

Notwithstanding the foregoing, the REIT Manager is obliged to inform the REIT Trustee as soon as it becomes aware of any breach of any agreement entered into for and on behalf of A-HTRUST, with an affiliate of the Managers. The REIT Trustee may take such action as it deems necessary in the interests of Stapled Securityholders. Any decision by the Managers not to take action against an affiliate of the Managers shall not constitute a waiver of the right of the REIT Trustee to take such action as it deems fit.

Dealing with Interested Party Transactions

Review Procedures for Interested Party Transactions

The Managers have established internal control procedures to ensure that all transactions to be entered into by A-HREIT and/or A-HBT with an Interested Party of the Managers are undertaken on arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. The Managers would have to demonstrate this to the ARC, which may include obtaining (where practicable) quotations from parties unrelated to the Managers, or obtaining a valuation from an independent valuer (in accordance with the Property Funds Appendix). In addition, regulatory requirements relating to IPTs, including the need for approvals and disclosure, are strictly observed by the Managers.

CORPORATE GOVERNANCE

Where matters concerning A-HTRUST relate to transactions entered into or to be entered into by the REIT Trustee or Trustee-Manager for and on behalf of A-HREIT or A-HBT with an Interested Party of the REIT Manager or Trustee-Manager, the REIT Trustee or Trustee-Manager is required to ensure that such transactions are conducted at arm's length in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the REIT Trustee, as trustee for A-HREIT, or the Trustee-Manager, as trustee-manager of A-HBT, has the ultimate discretion under the Trust Deeds to decide whether or not to enter into a transaction involving an Interested Party of the REIT Manager or Trustee-Manager. If the REIT Trustee or Trustee-Manager is to sign any contract with an Interested Party of the REIT Trustee, the REIT Manager or the Trustee-Manager, the REIT Trustee or Trustee-Manager will review the contract to ensure that it complies with the requirements relating to IPTs in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to IPTs (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

All IPTs will be subject to regular review by the ARC and any IPTs requiring disclosure are set out in the Annual Report.

In addition, the following procedures have been undertaken:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding \$100,000 in value but less than 3.0% of A-HREIT's or A-HBT's net tangible assets, as the case may be (based on the latest audited accounts) will be subject to review by the ARC at regular intervals;
2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 3.0% of A-HREIT's or A-HBT's net tangible assets, as the case may be or \$15.0 million (whichever is the lower) but below 5.0% of A-HREIT's or A-HBT's net tangible assets, as the case may be (based on the latest audited accounts) will be subject to the review and approval of the ARC; and
3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 5.0% of A-HREIT's or A-HBT's net tangible assets, as the case may be (based on the latest audited accounts) will be reviewed and approved by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from professional valuers. Further, pursuant to the Listing Manual and the Property Funds Appendix, such transactions would be put up to A-HTRUST Stapled Securityholders for approval. An announcement will also be made on SGXNet in accordance with the Listing Manual requirements.

The Managers maintain a register to record all IPTs (and the basis, including, where practicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by A-HTRUST. The Managers incorporate into its internal audit plan a review of all IPTs entered into by A-HTRUST. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the REIT Trustee will also review such audit reports to ascertain that the Property Funds Appendix have been complied with.

The Managers have disclosed in A-HTRUST's Annual Report the aggregate value of IPTs conducted during the relevant financial year.

Confirmations were obtained from the SGX-ST that Rules 905 and 906 are not applicable to A-HTRUST's IPTs if these are made on the basis of, and in accordance with, the terms and conditions set out in the A-HTRUST prospectus dated 18 July 2012. Transactions covered by the A-HTRUST prospectus include fees payable to the REIT Trustee, management fees, acquisition fees, disposal fees, property management fees, and fund management fees.

CORPORATE GOVERNANCE

| Guideline | Questions | How has the Company complied? |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General | <p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p> | <p>Yes, save in respect of the guidelines on disclosure of remuneration where the Managers have provided the reasons under Remuneration Matters on pages 96 to 99 of the Corporate Governance Report in relation to the remuneration of all key executives (including the CEO) of the Managers.</p> <p>The information under Remuneration Matters on pages 96 to 99 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors and key executives, and performance.</p> |
| BOARD RESPONSIBILITY | | |
| Guideline 1.5 | What are the types of material transactions which require approval from the Board? | Please refer to Principle 1 on The Boards' Conduct of Affairs. |
| MEMBERS OF THE BOARD | | |
| Guideline 2.6 | <p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p> | <p>Please refer to Principle 4 on Board Membership.</p> <p>Please refer to Principle 2 on Board Composition and Guidance.</p> <p>Please refer to Principle 2 on Board Composition and Guidance and Principle 4 on Board Membership.</p> |
| Guideline 4.6 | Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors. | Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance. |

CORPORATE GOVERNANCE

| Guideline | Questions | How has the Company complied? |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Guideline 1.6 | (a) Are new directors given formal training? If not, please explain why. | Yes. Please refer to Principle 4 on Board Membership. |
| | (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date? | Please refer to Principle 4 on Board Membership. |
| Guideline 4.4 | (a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? | As a guide, Directors should not have more than six (6) listed company board representations. Please refer to Principle 4 on Board Membership. |
| | (b) If a maximum number has not been determined, what are the reasons? | Not applicable. Please refer to the response to Guideline 4.4(a) above. |
| | (c) What are the specific considerations in deciding on the capacity of directors? | Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance. |
| BOARD EVALUATION | | |
| Guideline 5.1 | (a) What was the process upon which the Board reached the conclusion on its performance for the financial year? | Please refer to Principle 5 on Board Performance. |
| | (b) Has the Board met its performance objectives? | Based on the Board assessment exercise, the Boards are satisfied that the Boards have achieved the performance objectives for FY2017/18 and that all Directors have demonstrated full commitment to their roles and contributed effectively to the discharge of their duties. Please refer to Principle 5 on Board Performance. |
| INDEPENDENCE OF DIRECTORS | | |
| Guideline 2.1 | Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company. | Yes. Please refer to Principle 2 on Board Composition and Guidance. |

CORPORATE GOVERNANCE

| Guideline | Questions | How has the Company complied? |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Guideline 2.3 | (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. | No. |
| | (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation. | Not applicable. |
| Guideline 2.4 | Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent. | Not applicable. None of the Independent Directors have served on the Board for more than nine years from the date of his first appointment. |
| DISCLOSURE ON REMUNERATION | | |
| Guideline 9.2 | Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? | Please refer to Principle 7 on Procedures for Developing Remuneration Policies, Principle 8 on Level and Mix of Remuneration, and Principle 9 on Disclosure on Remuneration. |
| Guideline 9.3 | (a) Has the Company disclosed each key management personnel's remuneration, in bands of \$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? | Please refer to the response to question relating to Guideline 9.2 above. |
| | (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO). | Please refer to the response to question relating to Guideline 9.2 above. |

CORPORATE GOVERNANCE

| Guideline | Questions | How has the Company complied? |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Guideline 9.4 | Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds \$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO. | There were no employees of the Managers who were immediate family members of a Director or the CEO during FY2017/18. |
| Guideline 9.6 | (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. | Please refer to pages 96 to 99 of the Corporate Governance Report on Remuneration Matters. |
| | (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? | Please refer to the response to question relating to Guideline 9.6(a) above. |
| | (c) Were all of these performance conditions met? If not, what were the reasons? | Please refer to the response to question relating to Guideline 9.6(a) above. |

RISK MANAGEMENT AND INTERNAL CONTROLS

| | | |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Guideline 6.1 | What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided? | Please refer to Principle 6 on Access to Information and Principle 11 on Risk Management and Internal Controls. |
| Guideline 13.1 | Does the Company have an internal audit function? If not, please explain why. | Yes. The internal audit function is outsourced to KPMG LLP, an international auditing firm. Please refer to Principle 13 on Internal Audit. |
| Guideline 11.3 | (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. | Please refer to Principle 11 on Risk Management and Internal Controls. |

CORPORATE GOVERNANCE

| Guideline | Questions | How has the Company complied? |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above? | Please refer to the response to question relating to Guideline 11.3(a) above. |
| Guideline 12.6 | (a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. | Please refer to Principle 12 on Audit and Risk Committee. |
| | (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors. | Please refer to Principle 12 on Audit and Risk Committee. |
| COMMUNICATION WITH SHAREHOLDERS | | |
| Guideline 15.4 | (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? | Yes. Please refer to Principle 14 on Stapled Securityholders' Rights, Principle 15 on Communication with Stapled Securityholders, and Principle 16 on Conduct of Stapled Securityholders' Meetings. |
| | (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? | Yes. |
| | (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report? | Please refer to the response to question relating to Guideline 15.4(a) above. |
| Guideline 15.5 | If the Company is not paying any dividends for the financial year, please explain why. | Not applicable. Please refer to the Distribution Statements on page 135 of the Annual Report. |

FINANCIAL STATEMENTS

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REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Directors of Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of Ascendas Hospitality Business Trust (“A-HBT”) (the “Trustee-Manager”), are pleased to present their report to the Stapled Securityholders of Ascendas Hospitality Trust (the “Trust” or “A-HTRUST”) together with the audited financial statements of the A-HBT Group for the financial year ended 31 March 2018.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (a) the consolidated financial statements of A-HTRUST as well as the A-HBT Group as set out on pages 132 to 230 are drawn up so as to give a true and fair view of the financial position of A-HTRUST and of A-HBT Group as at 31 March 2018, and the financial performance, changes in Stapled Securityholders’ funds and cash flows of A-HTRUST and the A-HBT Group, for the financial year ended 31 March 2018 in accordance with the provisions of the Business Trusts Act of Singapore (Chapter 31A) (the “Act”) and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfill, out of the trust property of the A-HBT Group, the liabilities of the A-HBT Group as and when they fall due.

In accordance with Section 86(2) of the Act, the Directors of the Trustee-Manager further certify that:

- the fees or charges paid or payable out of the trust property of the A-HBT Group to the Trustee-Manager are in accordance with the Trust Deed of A-HBT;
- the 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 of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the A-HBT Group or the interest of the Stapled Securityholders as a whole.

DIRECTORS

The Directors of the Trustee-Manager in office at the date of this report are:

Mr Miguel Ko (Chairman)

Mr Benson Puah Tuan Soon

Mr Manohar Khiatani

Mr Tan Juay Hiang (Chief Executive Officer)

Mr Chia Kim Huat

Dr Ho Kim Wai

Mr Michael Issenberg

Ms Deborah Lee Siew Yin

Mr Willy Shee Ping Yah

(Appointed on 1 October 2017)

(Appointed on 1 October 2017)

REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial year 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 in, or debentures of, the Trust.

DIRECTORS' INTERESTS IN STAPLED SECURITIES OR DEBENTURES OF THE TRUST

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Act, particulars of interests of Directors who hold office at the end of the financial year in the Trust 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 1 April 2017 or date of appointment | Deemed At 1 April 2017 or date of appointment | Direct At 31 March 2018 | Deemed At 31 March 2018 | Direct At 21 April 2018 | Deemed At 21 April 2018 |
| Mr Miguel Ko | 2,000,000 | – | 2,000,000 | – | 2,000,000 | – |
| Mr Benson Puah Tuan Soon | 300,000 | – | 300,000 | – | 300,000 | – |
| Mr Manohar Khiatani | 52,000 | – | 52,000 | – | 52,000 | – |
| Mr Tan Juay Hiang | 125,000 | – | 125,000 | – | 125,000 | – |
| Mr Chia Kim Huat | 115,000 | – | 115,000 | – | 115,000 | – |
| Dr Ho Kim Wai | 110,000 | – | 110,000 | – | 110,000 | – |
| Mr Michael Issenberg | – | – | – | – | – | – |
| Ms Deborah Lee Siew Yin ¹ | – | – | – | – | – | – |
| Mr Willy Shee Ping Yah ¹ | – | 162,000 | – | 162,000 | – | 162,000 |

¹ Ms Deborah Lee Siew Yin and Mr Willy Shee Ping Yah were appointed as Directors on 1 October 2017. These reflect their interests in Stapled Securities of the Trust at the date of their appointment.

STAPLED SECURITY OPTIONS

During the financial year, there was:

- (i) no options granted by the Trustee-Manager to any person to take up unissued Stapled Securities in the Trust; and
- (ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities in the Trust.

There were no unissued Stapled Securities of the Trust under option as at the end of the financial year.

REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises four independent Directors. The members at the end of the financial year were as follows:

Dr Ho Kim Wai (Chairman)
Mr Benson Puah Tuan Soon
Mr Chia Kim Huat
Ms Deborah Lee Siew Yin

(Appointed on 1 October 2017)

The Audit and Risk Committee carried out its functions in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations, including the following:

- Review of the audit plan and reports of the external and internal auditors and consideration of the effectiveness of actions/policies carried out by the Management of the Trustee-Manager, including but not limited to evaluation of the system of internal accounting controls, based on the recommendations and observations of the auditors.
- Review of the quarterly and annual financial statements of the Trust and the auditor's report before their submission to the Board of Directors of the Trustee-Manager.
- Review of the assistance given by the Management of the Trustee-Manager to the auditors of the Trust.
- Review of the policies and practices put in place by the Management of the Trustee-Manager to ensure compliance with the applicable laws, regulations, guidelines and constitutional documents of the Trust.
- Review of the procedures put in place to address any conflict that may arise between the interests of the Stapled Securityholders and those of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees and charges payable out of the trust property.
- Review of and report to the Board of Directors of the Trustee-Manager on any inadequacies, deficiencies or matters of concern of which the Audit and Risk Committee becomes aware or that it suspects, arising from its review of the above described.
- Review of and report to the Board of Directors of the Trustee-Manager on any breach of the Act or any breach of the provisions of the Trust Deed of which the Audit and Risk Committee becomes aware or that it suspects.
- Report to the Monetary Authority of Singapore if the Audit and Risk Committee is of the view that the Board of Directors of the Trustee-Manager has not taken, or does not propose to take, appropriate action to deal with a matter reported by the Audit and Risk Committee to the Board of Directors.
- Annual review of the independence and objectivity of the external auditor, including consideration of the nature and extent of the non-audit services performed by them.
- Meet with the external and internal auditors, without the presence of the Management of the Trustee-Manager, at least once annually.
- Nominate the appointment, re-appointment or removal of the external auditors to the Board.

REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

AUDIT AND RISK COMMITTEE (CONT'D)

- Ensure the adequacy of the internal audit function.
- Investigate any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary.
- Undertake such other functions as may be agreed to by the Audit and Risk Committee and the Board of Directors of the Trustee-Manager.

The Audit and Risk Committee, having reviewed all non-audit services provided by the external auditor to the Trust, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit and Risk Committee has also conducted a review of interested person transactions.

INDEPENDENT AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Trustee-Manager,
Ascendas Hospitality Trust Management Pte. Ltd.,

Miguel Ko
Chairman

Tan Juay Hiang
Chief Executive Officer

Singapore
24 May 2018

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

I, the Chief Executive Officer of Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust ("A-HBT") (the "Trustee-Manager"), in my personal capacity, certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the A-HBT Group or on the interests of all the Stapled Securityholders of the Trust as a whole.

Tan Juay Hiang
Chief Executive Officer

Singapore
24 May 2018

REPORT OF THE TRUSTEE OF ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Perpetual (Asia) Limited (the “REIT Trustee”) is under a duty to take into custody and hold the assets of Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) in trust for the Stapled Securityholders of units in A-HREIT. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual, the REIT Trustee shall monitor the activities of Ascendas Hospitality Fund Management Pte. Ltd. (the “REIT Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the Amended and Restated Trust Deed (“Trust Deed”) dated 9 July 2012 between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed A-HREIT during the financial year covered by these financial statements set out on pages 132 to 230, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the REIT Trustee,
Perpetual (Asia) Limited,

Sin Li Choo
Director

Singapore
24 May 2018

REPORT OF THE MANAGER OF ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

In the opinion of the Directors of Ascendas Hospitality Fund Management Pte. Ltd., the manager of Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) (the “REIT Manager”), the financial statements of the A-HREIT Group, set out on pages 132 to 230, comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders’ Funds, Portfolio Statement, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the A-HREIT Group as at 31 March 2018 and the financial performance and movements in Stapled Securityholders’ funds, distributable income and cash flows of the A-HREIT Group for the financial year ended 31 March 2018, 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 the Amended and Restated Trust Deed dated 9 July 2012 between the REIT Manager and Perpetual (Asia) Limited (the “REIT Trustee”). At the date of this statement, there are reasonable grounds to believe that the A-HREIT Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the REIT Manager,
Ascendas Hospitality Fund Management Pte. Ltd.,

Miguel Ko
Chairman

Tan Juay Hiang
Chief Executive Officer

Singapore
24 May 2018

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Board of Directors of the REIT Manager and the Board of Directors of the Trustee-Manager are responsible for safeguarding the interests of the Stapled Securityholders as a whole and managing the business of the Trust. For the financial year ended 31 March 2018, the Directors of the REIT Manager Board are also the Directors of the Trustee-Manager Board (collectively, the Boards of the Managers).

The REIT Manager and Trustee-Manager (collectively, the “Managers”) have general power of management over the business and assets of the Trust and their main responsibility is to manage the Trust’s assets and liabilities for the benefit of the Stapled Securityholders as a whole. In the event of a conflict between the interests of the Stapled Securityholders as a whole and their own respective interests, the Managers will give priority to the interests of the Stapled Securityholders as a whole over their own interests.

The Boards of the Managers, in exercising their power and carrying out their duties as REIT Manager and Trustee-Manager of the Trust, have put in place measures to ensure:

- the property of the Trust is properly accounted for and is kept distinct from the property held by the Managers in their own capacity;
- the business scope of the Trust as set out in the Trust Deeds of A-HREIT and A-HBT has been adhered to;
- potential conflicts between the interests of the Managers and the interests of the Stapled Securityholders of the Trust as a whole are appropriately managed;
- interested person transactions are properly recorded and disclosed;
- expenses and cost allocations payable to the Managers out of the property of the Trust, and the fees and expenses charged to the Trust are appropriate and are made in accordance with the respective Trust Deeds between A-HREIT, A-HBT and the Managers; and
- the Business Trusts Act of Singapore and the Listing Rules of Singapore Exchange Securities Trading Limited have been complied with.

TRUST PROPERTY PROPERLY ACCOUNTED FOR

Towards ensuring that the property of the Trust is properly accounted for and is kept distinct from the property held by the Managers in their own capacity, the accounting records of the Trust are kept separate from the accounting records of the Managers.

ADHERENCE TO BUSINESS SCOPE

The Trust is established to invest in real estate used predominantly for hospitality purposes (which may be by way of direct ownership of real estate or by way of holding shares or units or interests in special purpose vehicles), real estate related assets and/or such other authorised investments and the Managers manage the property of the Trust so that the principal investments of the Trust are real estate. The Investment Committee (“IC”) of the Managers assists the Boards of the Managers in ensuring adherence to the business scope.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

POTENTIAL CONFLICTS OF INTEREST

As the Managers are related companies of Temasek Holdings (Private) Limited, Jurong Town Corporation and/or their subsidiaries (which includes the Ascendas-Singbridge Group) (“Temasek/JTC”), there may be potential conflicts of interest between the Trust, the Managers and Temasek/JTC.

The Managers have instituted, amongst others, the following procedures to deal with issues of conflicts of interest:

- The Boards of the Managers comprise five independent Directors, who form the majority of the Boards;
- All executive officers are directly employed by the Managers;
- All resolutions in writing of the Directors of the Boards of the Managers in relation to matters concerning the Trust must be approved by a majority of the independent Directors;
- There is compliance with the relevant provisions of the Code of Corporate Governance;
- In respect of matters in which Temasek/JTC have an interest, direct or indirect, any nominees appointed by Temasek/JTC to the Boards to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee Directors of Temasek/JTC; and
- Where matters concerning the Trust relate to transactions to be entered into by the Managers for and on behalf of the Trust with a related party of the Managers, the Audit and Risk Committee of the Managers is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Trust and the Stapled Securityholders.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

(i) Exempted Agreements

The fees and charges payable by the Trust to the REIT Manager and to the Trustee-Manager under the respective Trust Deeds are interested person transactions which are deemed to have been specifically approved by the Stapled Securityholders upon their purchase of the Stapled Securities, to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder or the terms thereof as disclosed in the prospectus dated 18 July 2012 issued for the listing of the Trust on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 July 2012, which would adversely affect the Trust.

(ii) Future Interested Person Transactions

Depending on the materiality of the transaction, the Trust may make a public announcement of such transaction or obtain Stapled Securityholders’ prior approval for such a transaction. If necessary, the Boards of the Managers may make a written statement in accordance with the resolution of the Boards and signed by at least two Directors on behalf of the Boards certifying that, inter alia, that such interested person transaction is not detrimental to the interests of the Stapled Securityholders of the Trust as a whole, based on the circumstances at that time of the transaction.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS (CONT'D)

The Managers may, in future, seek an annual general mandate from the Stapled Securityholders for recurrent transactions of revenue or trading nature or those necessary for the day-to-day operations with interested persons, and all transactions will then be conducted under such a general mandate. In seeking such an annual general mandate, the Managers may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the transaction prices contemplated under the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Trust and the Stapled Securityholders.

When the Trust acquires assets from Temasek/JTC in future, the Managers will obtain at least two valuations from independent parties. In any event, interested person transactions entered into by the Trust, depending on the materiality of such transactions, may be publicly announced or, as the case may be, approved by Stapled Securityholders, and will, in addition, be:

- reviewed and recommended by the Audit and Risk Committee of the Managers, which comprises only independent Directors; and
- decided by the Boards of the Managers, of which at least half of the Directors are independent Directors.

INTERESTED PERSON TRANSACTIONS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The interested person transactions for the financial year ended 31 March 2018 are set out below:

| Name of Interested Person | Aggregate value of interested person transactions for transactions not conducted under Stapled Securityholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000 each) \$'000 |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trustee-Manager's fees paid/payable * | |
| – Base fee | 186 |
| – Performance fee | 2,751 |
| – Trustee fee | 162 |
| REIT Manager's fees paid/payable * | |
| – Base fee | 1,511 |
| – Performance fee | 1,064 |
| Ascendas Hospitality Australia Fund Management Pty Ltd Manager's fees paid/payable * | |
| – Management fee | 2,649 |
| Ascendas Japan Kabushiki Kaisha Manager's fees paid/payable * | |
| – Management fee | 459 |

* Refer to "Exempted Agreements" in paragraph (i) above

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

INTERESTED PERSON TRANSACTIONS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

| Name of Interested Person | Aggregate value of interested person transactions for transactions not conducted under Stapled Securityholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000 each) \$'000 |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Perpetual (Asia) Limited – Trustee fee paid/payable to REIT Trustee | 162 |
| The Trust Company (Australia) Limited – Trustee fee paid/payable to Trustee | 188 |
| Oakwood Property Management Services (Tokyo) Co., Ltd ¹ – Hotel management fee paid/payable | 231 |
| Oakwood Asia Pacific Limited ¹ – Marketing fees and trademark licence fees paid/payable | 113 |

¹ Oakwood Property Management Services (Tokyo) Co., Ltd and Oakwood Asia Pacific Limited are companies in which Temasek Holdings (Private) Limited, and/or its subsidiaries when taken together (directly or indirectly) have an interest of 30% or more.

Fees and expenses charged to the Trust are appropriate and in accordance with the Trust Deeds.

FEES PAYABLE TO THE MANAGERS

The REIT Manager and the Trustee-Manager are entitled under their respective Trust Deeds to the following management fees ("Management Fees"):

- a base fee at the rate of 0.3% per annum of the value of the assets of the A-HREIT Group (in the case of REIT Manager) and of the A-HBT Group (in the case of Trustee-Manager); and
- a performance fee at the rate of 4.0% per annum of the Net Property Income of the A-HREIT Group (in the case of REIT Manager) and of the A-HBT Group (in the case of Trustee-Manager) in the relevant financial year (calculated before accounting for the Performance Fee in that financial year).

The REIT Manager and the Trustee-Manager are also entitled under their respective Trust Deeds to appoint or cause to appoint another asset manager, other than themselves, to provide asset management services in respect of any asset of the A-HREIT Group or the A-HBT Group.

In Japan, asset management services for the Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo and Hotel Sunroute Osaka Namba properties are provided by Ascendas Japan Kabushiki Kaisha ("AJKK"), a related entity of the Managers.

In Australia, asset management services for the Ascendas Australia Hotel Trust properties are provided by Ascendas Hospitality Australia Fund Management Pty Ltd ("AHA FM"), a related entity of the Managers.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

FEES PAYABLE TO THE MANAGERS (CONT'D)

A-HREIT and A-HBT pay a portion of the Management Fee directly to AJKK and AHAFM. The Managers will reimburse the Trust for that portion of the Management Fees paid by the Trust to AJKK and AHAFM.

Any increase in the rate or any change in the structure of the Managers' Management Fees must be approved by an extraordinary resolution passed at a Stapled Securityholders' meeting duly convened and held in accordance with the provisions of the Trust Deeds of A-HREIT and A-HBT (unless such change is necessary in order to comply with the requirements of the Property Funds Appendix).

The base fee and the performance fee are payable to the Managers in the form of cash and/or Stapled Securities (as the Managers may elect). The Managers have elected to receive 50% of both the base fee and performance fee in Stapled Securities and the remainder in cash for the financial year ended 31 March 2018.

For transactions, the Managers are entitled to:

- an acquisition fee at 1% of the value of the underlying real estate (after deducting the interest of any co-owners or co-participants) purchased by the Managers on behalf of the Trust, whether directly or indirectly through a special purpose vehicle ("SPV"), or 1% of the acquisition price (plus any other payments in addition to the acquisition price made by the Trust or its SPV to the vendor in connection with the purchase of the real estate) of any authorised investment acquired by the Managers on behalf of the Trust; and
- a divestment fee at 0.5% of the value of the underlying real estate (after deducting the interest of any co-owners or co-participants) sold or divested by the Managers on behalf of the Trust, whether directly or indirectly through an SPV, or 0.5% of the sale price (plus any payments in addition to the sale price received by the Trust or its SPV from the purchaser in connection with the sale or divestment of the real estate) of any authorised investment sold or divested by the Managers on behalf of the Trust.

The acquisition fee and the divestment fee are payable to the Managers in the form of cash and/or Stapled Securities (as the Managers may elect). In accordance with the A-HREIT Trust Deed, when A-HREIT acquires or disposes of real estate from an interested person, the acquisition fee or, as the case may be, the divestment fee, shall be in the form of Stapled Securities issued at the prevailing market price, and such Stapled Securities shall not be sold within one year from the date of issuance. In accordance with the A-HBT Trust Deed, when A-HBT acquires or disposes of real estate from an interested person, the acquisition fee or, as the case may be, the divestment fee, may be in the form of cash and/or Stapled Securities issued at the prevailing market price.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any asset of the Trust shall be paid by the Managers to such persons out of the assets of the Trust or the assets of the relevant SPV, and not out of the acquisition fee or the divestment fee received by the Managers.

Any increase in the maximum permitted level of the Managers' acquisition fee or divestment fee must be approved by an extraordinary resolution passed at a Stapled Securityholders' meeting duly convened and held in accordance with the provisions of the Trust Deeds.

Under the respective Trust Deeds, the REIT Trustee and the Trustee-Manager are entitled to a trustee fee in cash of a minimum amount of \$13,500 per month or up to 0.015% per annum of the value of the property of the A-HREIT Group and the A-HBT Group respectively.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF THE TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

FEES PAYABLE TO THE MANAGERS (CONT'D)

Any increase in the maximum permitted amount or any change in the structure of the trustee fee must be approved by an extraordinary resolution passed at a Stapled Securityholders' meeting duly convened and held in accordance with the provisions of the Trust Deeds.

The table below sets out the fees earned by the Managers and the REIT Trustee for the financial year ended 31 March 2018:

| | REIT Manager \$'000 | REIT Trustee \$'000 | Trustee-Manager \$'000 |
|-----------------------------|------------------------|------------------------|---------------------------|
| Base Fee | 1,511 | – | 186 |
| Performance Fee | 1,064 | – | 2,751 |
| Divestment Fee ¹ | – | – | 24 |
| Trustee Fee | – | 162 | 162 |
| Total | 2,575 | 162 | 3,123 |

¹ This relates to divestment fee payable to Trustee-Manager in connection with the look fee received for the China Group sale (Note 13).

The expenses charged to the Trust for the financial year ended 31 March 2018 are set out below:

| | REIT Manager \$'000 | Trustee-Manager \$'000 |
|-------------------------|------------------------|---------------------------|
| Travel related expenses | 30 | 157 |

COMPLIANCE WITH THE BUSINESS TRUSTS ACT AND LISTING RULES

The Joint Company Secretaries and Compliance Officer monitor A-HBT's compliance with the Business Trusts Act of Singapore and the Trust's compliance with the Listing Rules.

COMPLIANCE WITH THE REPORTING FRAMEWORK FOR UNIT TRUSTS

The REIT Trustee monitors A-HREIT's compliance with Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

STATEMENT ON COMPOSITION OF THE BOARDS OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The Boards of Directors of the Managers have determined that the following Directors are independent from management and business relationship with the REIT Manager and the Trustee-Manager, and independent from every substantial shareholder of the REIT Manager and the Trustee-Manager:

Mr Benson Puah Tuan Soon
Mr Chia Kim Huat
Dr Ho Kim Wai
Ms Deborah Lee Siew Yin
Mr Willy Shee Ping Yah

Mr Miguel Ko, Mr Manohar Khiatani, Mr Michael Issenberg and Mr Tan Juay Hiang are considered non-independent Directors. Mr Ko is the Group Chief Executive Officer (“CEO”) and a Director of Ascendas-Singbridge Group (“ASB”). Mr Khiatani is the Deputy CEO of ASB. ASB, through its subsidiaries, is a substantial Stapled Securityholder of A-HTRUST. Mr Tan is the CEO of the Managers.

As at 31 March 2018, five of the eleven hotels in the portfolio of A-HTRUST (or five out of the six hotels A-HTRUST owns in Australia) are managed by AccorHotels Asia Pacific (“Accor”) or its subsidiary. Mr Michael Issenberg, the Chairman and CEO of Accor, is responsible for overseeing Accor’s overall development and management activities in the Asia-Pacific region. In view of Accor’s commercial relationship with A-HTRUST, Mr Michael Issenberg is considered a non-independent Director.

INDEPENDENT AUDITOR'S REPORT TO THE STAPLED SECURITYHOLDERS OF ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

- (i) the financial statements of Ascendas Hospitality Real Estate Investment Trust (A-HREIT), which comprise the Balance Sheet and Portfolio Statement as at 31 March 2018, the Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year ended 31 March 2018, and Notes to the Financial Statements, including a summary of significant accounting policies;
- (ii) the financial statements of Ascendas Hospitality Business Trust (A-HBT), which comprise the Balance Sheet as at 31 March 2018, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year ended 31 March 2018, and Notes to the Financial Statements, including a summary of significant accounting policies; and
- (iii) the consolidated financial statements of Ascendas Hospitality Trust (A-HTRUST), which comprise the Balance Sheet as at 31 March 2018, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year ended 31 March 2018, and Notes to the Financial Statements, including a summary of significant accounting policies,

as set out on pages 132 to 230. A-HTRUST, which comprises A-HBT and A-HREIT, is hereinafter referred to as the "Stapled Group".

In our opinion,

- (a) the financial statements of A-HREIT present fairly, in all material respects, the financial position and portfolio position of A-HREIT as at 31 March 2018 and the total return, changes in Stapled Securityholders' funds, distributable income and cash flows of A-HREIT for the year ended 31 March 2018 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 the A-HREIT Trust Deed; and
- (b) the financial statements of A-HBT and the Stapled Group are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of A-HBT and the Stapled Group as at 31 March 2018 and the results, changes in Stapled Securityholders' funds and cash flows of A-HBT and the Stapled Group for the year ended 31 March 2018.

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 (ACRA) 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.

INDEPENDENT AUDITOR'S REPORT TO THE STAPLED SECURITYHOLDERS OF ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 period. 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties and property, plant and equipment

The carrying amounts of investment properties and property, plant and equipment are \$843 million and \$732 million (of which \$61 million is classified as property, plant and equipment of the disposal group classified as held for sale for the China Group) respectively as at 31 March 2018. These account for 48% and 42% of total assets respectively. The valuations of the investment properties and property, plant and equipment are significant to our audit due to their magnitude. Their valuations are complex and highly dependent on a range of estimates made by the manager of A-HREIT and Trustee-Manager of A-HBT (collectively, the Managers) and the external appraisers engaged by the Managers. As disclosed in Note 30(d), the investment properties and property, plant and equipment are measured using significant unobservable inputs. The most significant judgements and estimates affecting the valuations are discount rates, terminal yields, capitalisation rates, revenue per available room and occupancy rates used.

The Managers use external appraisers to support their determination of the individual fair value of the investment properties and property, plant and equipment annually. We assessed the Group's process relating to the selection of the external appraisers, the determination of the scope of the work of the external appraisers and the review of the valuation reports issued by the external appraisers. We have considered the objectivity, independence and capability of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity. In addition, we inquired the external appraisers to obtain an understanding of their valuation models. We assessed the appropriateness of the valuation models and property related data such as operating expenses and property taxes used in the valuation process and adopted by the external appraisers and management. Our internal valuation specialists assisted us in evaluating the appropriateness of the property related data by comparing them against historical rates and available industry data, taken into consideration comparability and market factors. We assessed the appropriateness of the movements in fair value of the investment properties, and the surplus of the property, plant and equipment. We considered the appropriateness of Note 30(d) relating to the assumptions used in the valuation process, given the estimation uncertainty and sensitivity of the valuations to these assumptions. We also examined the adequacy of the disclosures on investment properties in Note 15 and property, plant and equipment in Note 17 to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE STAPLED SECURITYHOLDERS OF ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Other Information

The Managers are responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.

The Managers' Responsibilities for the Financial Statements

The manager of A-HREIT (the "REIT Manager") is responsible for the preparation and fair presentation of the financial statements of A-HREIT 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 for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustee-Manager of A-HBT (the "Trustee-Manager") is responsible for the preparation of financial statements of A-HBT and the Stapled Group that give a true and fair view in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards, 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 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, the REIT Manager and Trustee-Manager are responsible for assessing the ability of A-HREIT, A-HBT 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 REIT Manager and Trustee-Manager either intends to liquidate or to cease operations of A-HREIT, A-HBT and the Stapled Group, or have no realistic alternative but to do so.

The Board of Directors of the REIT Manager and the Board of Directors of the Trustee-Manager (collectively, the Boards of the Managers) are responsible for overseeing A-HREIT, A-HBT and the Stapled Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE STAPLED SECURITYHOLDERS OF ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Auditor's 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 auditor's 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 control.
- obtain an understanding of internal control 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 A-HREIT, A-HBT and the Stapled Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on A-HREIT, A-HBT and the Stapled Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause A-HREIT, A-HBT and the Stapled Group to cease to continue as a going concern.
- 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 A-HREIT, A-HBT and the Stapled Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE STAPLED SECURITYHOLDERS OF
ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST
ASCENDAS HOSPITALITY BUSINESS TRUST**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors 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 Directors, 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 auditor's report unless law or regulation precludes 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 Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of A-HBT have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

24 May 2018

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------------------------------------------------------|------|------------------|------------------|----------------|----------------|------------------|------------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Continuing operations | | | | | | | |
| Gross revenue | | 203,259 | 203,634 | 31,453 | 32,628 | 188,767 | 188,745 |
| Gross rental revenue | 4 | 144,361 | 143,310 | 30,735 | 31,542 | 130,336 | 129,253 |
| Food and beverage revenue | | 43,281 | 43,329 | – | – | 43,281 | 43,329 |
| Other income | 5 | 15,617 | 16,995 | 718 | 1,086 | 15,150 | 16,163 |
| Property expenses | | (116,034) | (112,410) | (4,377) | (4,794) | (128,367) | (125,101) |
| Operations and maintenance expenses | 6 | (19,167) | (18,541) | (134) | (129) | (19,033) | (18,412) |
| Hotel management fee | | (6,278) | (6,324) | – | – | (6,278) | (6,324) |
| Property taxes and insurance | | (2,690) | (2,731) | (1,510) | (1,579) | (1,180) | (1,152) |
| Service and other taxes | | (6,567) | (4,693) | (4) | – | (6,563) | (4,693) |
| Administrative and general expenses | | (8,572) | (7,911) | (358) | (343) | (8,214) | (7,568) |
| Sales and marketing expenses | | (8,355) | (7,732) | – | – | (8,355) | (7,732) |
| Staff costs | | (51,453) | (50,524) | – | – | (51,453) | (50,524) |
| Energy and utilities expenses | | (8,195) | (8,113) | (2,368) | (2,719) | (5,827) | (5,394) |
| Other expenses | | (4,757) | (5,841) | (3) | (24) | (21,464) | (23,302) |
| Net property income | | 87,225 | 91,224 | 27,076 | 27,834 | 60,400 | 63,644 |
| Depreciation | 17 | (23,933) | (22,989) | – | – | (23,933) | (22,989) |
| Finance income | 7 | 630 | 635 | 59 | 88 | 571 | 547 |
| Finance costs | 8 | (15,338) | (17,704) | (2,623) | (3,287) | (12,715) | (14,417) |
| Fund management fees | 9(a) | (8,644) | (8,626) | (2,823) | (2,864) | (5,821) | (5,762) |
| Trustees' fees | 9(b) | (674) | (662) | (166) | (166) | (508) | (496) |
| Foreign exchange (loss)/gain, net | 11 | (36,809) | (4,889) | (32,130) | (8,646) | (4,679) | 3,757 |
| Other trust income/(expenses) | 10 | 2,100 | (2,100) | (391) | (485) | 2,491 | (1,615) |
| Net change in fair value of derivative financial instruments | 24 | 571 | 8,115 | (181) | 400 | 752 | 7,715 |
| Net change in fair value of investment properties | 15 | 21,957 | 9,385 | 14,956 | 1,144 | 7,001 | 8,241 |
| Profit before share of results of joint venture from continuing operations | | 27,085 | 52,389 | 3,777 | 14,018 | 23,559 | 38,625 |
| Share of results of joint venture (net of tax) | | – | (3) | – | – | – | (3) |
| Profit before tax from continuing operations | | 27,085 | 52,386 | 3,777 | 14,018 | 23,559 | 38,622 |
| Income tax expense | 12 | (9,807) | (7,299) | (4,706) | (2,205) | (5,101) | (5,094) |
| Profit/(Loss) from continuing operations, net of tax | | 17,278 | 45,087 | (929) | 11,813 | 18,458 | 33,528 |
| Discontinued operations | | | | | | | |
| Profit from discontinued operations, net of tax | 13 | 4,024 | 3,453 | – | – | 4,024 | 3,453 |
| Profit/(Loss) for the year | | 21,302 | 48,540 | (929) | 11,813 | 22,482 | 36,981 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Profit/(Loss) for the year attributable to: Stapled Securityholders of the Trust | | | | | | | |
| Profit/(Loss) from continuing operations, net of tax | | 17,278 | 45,087 | (929) | 11,813 | 18,428 | 33,476 |
| Profit from discontinued operations, net of tax | | 4,024 | 3,453 | – | – | 4,024 | 3,453 |
| | | 21,302 | 48,540 | (929) | 11,813 | 22,452 | 36,929 |
| Non-controlling interests | | | | | | | |
| Profit from continuing operations, net of tax | | – | – | – | – | 30 | 52 |
| Profit from discontinued operations, net of tax | | – | – | – | – | – | – |
| | | – | – | – | – | 30 | 52 |
| Earnings per Stapled Security from continuing operations attributable to Stapled Securityholders of the Trust, expressed in cents per Stapled Security – Basic and diluted (cents) | 14(a) | 1.53 | 4.02 | (0.08) | 1.05 | 1.63 | 2.98 |
| Earnings per Stapled Security from continuing and discontinued operations attributable to Stapled Securityholders of the Trust, expressed in cents per Stapled Security – Basic and diluted (cents) | 14(b) | 1.89 | 4.33 | (0.08) | 1.05 | 1.99 | 3.29 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------------------------------|-------|----------------|----------------|----------------|----------------|-----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Profit/(Loss) for the year | | 21,302 | 48,540 | (929) | 11,813 | 22,482 | 36,981 |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | |
| Cash flow hedges – fair value gain/(loss) | | 823 | 265 | (64) | (207) | 887 | 472 |
| Cash flow hedges – reclassification to profit or loss upon settlement | 27(c) | 59 | 138 | 59 | – | – | 138 |
| Foreign currency translation gain/(loss), net | | 14,188 | 27,872 | 29,740 | 18,827 | (15,552) | 9,045 |
| | | <u>15,070</u> | <u>28,275</u> | <u>29,735</u> | <u>18,620</u> | <u>(14,665)</u> | <u>9,655</u> |
| Item that will not be reclassified to profit or loss: | | | | | | | |
| Revaluation surplus on freehold land and building (net of tax) | | 30,215 | 49,645 | – | – | 30,215 | 49,645 |
| Other comprehensive income for the year, net of tax | | 45,285 | 77,920 | 29,735 | 18,620 | 15,550 | 59,300 |
| Total comprehensive income for the year, net of tax | | 66,587 | 126,460 | 28,806 | 30,433 | 38,032 | 96,281 |
| Total comprehensive income for the year attributable to: | | | | | | | |
| Stapled Securityholders of the Trust | | | | | | | |
| Total comprehensive income from continuing operations, net of tax | | 61,095 | 121,854 | 28,806 | 30,433 | 32,315 | 90,992 |
| Total comprehensive income from discontinued operations, net of tax | | 5,492 | 4,606 | – | – | 5,492 | 4,606 |
| | | <u>66,587</u> | <u>126,460</u> | <u>28,806</u> | <u>30,433</u> | <u>37,807</u> | <u>95,598</u> |
| Non-controlling interests | | | | | | | |
| Total comprehensive income from continuing operations, net of tax | | – | – | – | – | 225 | 683 |
| Total comprehensive income from discontinued operations, net of tax | | – | – | – | – | – | – |
| | | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>225</u> | <u>683</u> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DISTRIBUTION STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------------------------------------------------------------------------|------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Income available for distribution to Stapled Securityholders of Stapled Securities at the beginning of the year | | – | – | – | – | – | – |
| Profit/(Loss) for the year | | 21,302 | 48,540 | (929) | 11,813 | 22,482 | 36,981 |
| Add/(Less): | | | | | | | |
| REIT Manager's management fees paid/payable in Stapled Securities | | 1,412 | 1,431 | 1,412 | 1,431 | – | – |
| Trustee-Manager's management fees paid/payable in Stapled Securities | | 2,898 | 2,881 | – | – | 2,898 | 2,881 |
| Depreciation | 17 | 26,950 | 26,421 | – | – | 26,950 | 26,421 |
| Amortisation of prepaid land leases | 16 | 997 | 1,206 | – | – | 997 | 1,206 |
| Foreign exchange loss/(gain), net | 11 | 37,065 | 4,052 | 32,534 | 8,649 | 4,531 | (4,597) |
| Net change in fair value of derivative financial instruments | | (630) | (8,115) | 122 | (400) | (752) | (7,715) |
| Share of results of/distribution from joint venture (net of tax) | | – | 3 | – | – | – | 3 |
| Loss on disposal of property, plant and equipment | | – | 76 | – | – | – | 76 |
| Change in fair value of investment properties (net of tax) | | (17,753) | (8,613) | (11,466) | (197) | (6,287) | (8,416) |
| Others | | (940) | (686) | (207) | (567) | (733) | (119) |
| Income available for distribution at the end of the year (before deducting income retained for working capital) | | 71,301 | 67,196 | 21,466 | 20,729 | 50,086 | 46,721 |
| Less: | | | | | | | |
| Income retained for working capital | | (5,069) | (3,305) | – | – | (5,069) | (3,305) |
| Income available for distribution at the end of the year (after deducting income retained for working capital) | | 66,232 | 63,891 | 21,466 | 20,729 | 45,017 | 43,416 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF TOTAL RETURN OF A-HREIT GROUP

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | Note | A-HREIT Group | |
|---------------------------------------------------------------------------------------------------|------|-----------------|-----------------|
| | | 2018 \$'000 | 2017 \$'000 |
| Income | | | |
| Rental income | 4 | 30,735 | 31,542 |
| Other income | 5 | 718 | 1,086 |
| | | 31,453 | 32,628 |
| Property expenses | | | |
| | | (4,377) | (4,794) |
| Less: Expenses | | | |
| Finance income | 7 | 59 | 88 |
| Finance costs | 8 | (2,623) | (3,287) |
| Fund management fees | 9(a) | (2,823) | (2,864) |
| Trustees' fees | 9(b) | (166) | (166) |
| Foreign exchange loss, net | 11 | (32,130) | (8,646) |
| Other trust expenses | 10 | (391) | (485) |
| | | (38,074) | (15,360) |
| Net (loss)/income | | | |
| | | (10,998) | 12,474 |
| Net gains or losses on value of investment properties and derivative financial instruments | | | |
| Net change in fair value of investment properties | 15 | 14,956 | 1,144 |
| Net change in fair value of derivative financial instruments | 24 | (181) | 400 |
| Total return for the year before income tax | | | |
| | | 3,777 | 14,018 |
| Income tax expense | 12 | (4,706) | (2,205) |
| Total (deficit)/return for the year | | | |
| | | (929) | 11,813 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------------|------|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Investment properties | 15 | 843,258 | 824,129 | 606,781 | 593,293 | 236,477 | 230,836 |
| Prepaid land lease | 16 | – | 32,665 | – | – | – | 32,665 |
| Property, plant and equipment | 17 | 671,514 | 744,393 | – | – | 671,514 | 744,393 |
| Available-for-sale securities | 18 | – | – | 3,058 | 3,058 | – | – |
| Derivative financial instruments | 24 | 6,819 | 7,556 | 1,421 | 1,227 | 5,398 | 6,329 |
| Deferred tax assets | 12 | 5,174 | 6,059 | – | – | 5,174 | 6,059 |
| Other non-current assets | 19 | 5,113 | 5,394 | 15 | 19 | 5,098 | 5,375 |
| | | <u>1,531,878</u> | <u>1,620,196</u> | <u>611,275</u> | <u>597,597</u> | <u>923,661</u> | <u>1,025,657</u> |
| Current assets | | | | | | | |
| Inventories | | 363 | 431 | – | – | 363 | 431 |
| Trade and other receivables | 19 | 12,749 | 13,819 | 5,108 | 5,778 | 12,574 | 12,696 |
| Prepayments | | 4,012 | 4,542 | 1,160 | 1,198 | 2,852 | 3,344 |
| Cash and cash equivalents | 20 | 67,441 | 86,213 | 17,170 | 23,849 | 50,271 | 62,364 |
| Derivative financial instruments | 24 | 2,102 | 370 | 174 | 188 | 1,928 | 182 |
| Other current assets | 19 | 300 | 337 | – | – | 300 | 337 |
| | | <u>86,967</u> | <u>105,712</u> | <u>23,612</u> | <u>31,013</u> | <u>68,288</u> | <u>79,354</u> |
| Assets of disposal group classified as held for sale | 13 | 120,426 | – | – | – | 120,426 | – |
| | | <u>207,393</u> | <u>105,712</u> | <u>23,612</u> | <u>31,013</u> | <u>188,714</u> | <u>79,354</u> |
| Total assets | | <u>1,739,271</u> | <u>1,725,908</u> | <u>634,887</u> | <u>628,610</u> | <u>1,112,375</u> | <u>1,105,011</u> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------------------------------------------|------|------------------|------------------|----------------|-----------------|-----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Trade and other payables | 21 | 55,937 | 39,817 | 10,756 | 9,604 | 50,115 | 34,869 |
| Deferred income | 22 | 1,818 | 1,904 | 138 | 134 | 1,680 | 1,770 |
| Borrowings | 23 | 155,682 | 64,287 | 3,800 | 64,287 | 151,882 | – |
| Derivative financial instruments | 24 | 2,601 | 624 | 55 | 48 | 2,546 | 576 |
| Income tax payable | | 1,380 | 1,684 | 686 | 680 | 694 | 1,004 |
| | | <u>217,418</u> | <u>108,316</u> | <u>15,435</u> | <u>74,753</u> | <u>206,917</u> | <u>38,219</u> |
| Liabilities directly associated with disposal group classified as held for sale | 13 | 9,887 | – | – | – | 9,887 | – |
| | | <u>227,305</u> | <u>108,316</u> | <u>15,435</u> | <u>74,753</u> | <u>216,804</u> | <u>38,219</u> |
| Net current (liabilities)/assets | | (19,912) | (2,604) | 8,177 | (43,740) | (28,090) | 41,135 |
| Non-current liabilities | | | | | | | |
| Other payables | 21 | 529 | 466 | – | – | 529 | 466 |
| Rental and other deposits | 21 | 12,362 | 11,944 | 5,710 | 5,412 | 6,652 | 6,532 |
| Deferred income | 22 | 6,875 | 9,151 | 585 | 702 | 6,290 | 8,449 |
| Borrowings | 23 | 234,640 | 346,091 | 99,447 | 46,940 | 135,193 | 299,151 |
| Deferred tax liabilities | 12 | 68,726 | 67,394 | 21,040 | 17,679 | 47,686 | 49,715 |
| Derivative financial instruments | 24 | 4,583 | 4,523 | 1,654 | 1,260 | 2,929 | 3,263 |
| Medium term notes | 23 | 144,844 | 144,794 | 49,746 | 49,728 | 95,098 | 95,066 |
| | | <u>472,559</u> | <u>584,363</u> | <u>178,182</u> | <u>121,721</u> | <u>294,377</u> | <u>462,642</u> |
| Total liabilities | | 699,864 | 692,679 | 193,617 | 196,474 | 511,181 | 500,861 |
| NET ASSETS ATTRIBUTABLE TO STAPLED SECURITYHOLDERS | | 1,039,407 | 1,033,229 | 441,270 | 432,136 | 601,194 | 604,150 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2018

| | Note | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------------------------------|-------|------------------|------------------|----------------|----------------|----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Stapled Securityholders' funds | | | | | | | |
| Stapled Securities in issue | 25 | 976,963 | 972,627 | 417,098 | 415,679 | 559,865 | 556,948 |
| Issue costs | 26 | (15,761) | (15,761) | (5,994) | (5,994) | (9,767) | (9,767) |
| Managers' fees payable in Stapled Securities | 25 | 1,446 | 1,472 | 751 | 758 | 695 | 714 |
| Revenue reserve | | (26,976) | 16,858 | 48,014 | 70,027 | (74,092) | (52,492) |
| Asset revaluation reserve | 27(a) | 173,985 | 155,955 | – | – | 172,006 | 154,324 |
| Foreign currency translation reserve | 27(b) | (87,258) | (96,143) | (18,599) | (48,339) | (67,884) | (47,196) |
| Hedging reserve | 27(c) | (1,199) | (2,574) | – | 5 | (1,188) | (2,554) |
| Other reserves | 27(d) | – | 795 | – | – | – | 795 |
| Reserves of disposal group classified as held for sale | 13 | 18,207 | – | – | – | 18,207 | – |
| | | 1,039,407 | 1,033,229 | 441,270 | 432,136 | 597,842 | 600,772 |
| Non-controlling interests | | – | – | – | – | 3,352 | 3,378 |
| | | 1,039,407 | 1,033,229 | 441,270 | 432,136 | 601,194 | 604,150 |
| | | | | | | | |
| Number of Stapled Securities in issue ('000) | 25 | 1,129,839 | 1,124,481 | 1,129,839 | 1,124,481 | 1,129,839 | 1,124,481 |
| Net asset value per Stapled Security (\$) | | 0.92 | 0.92 | 0.39 | 0.38 | 0.53 | 0.54 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| 2018 A-HTRUST | Stapled Securities in issue \$'000 | Issue costs \$'000 | Managers' fees payable in Stapled Securities \$'000 |
|--------------------------------------------------------------------------|---------------------------------------------|--------------------------|--------------------------------------------------------------|
| Balance at 1 April 2017 | 972,627 | (15,761) | 1,472 |
| Profit for the year | – | – | – |
| <u>Other comprehensive income</u> | | | |
| Net fair value gain of cash flow hedges | – | – | – |
| Cash flow hedges – reclassification to profit or loss upon settlement | – | – | – |
| Revaluation surplus on freehold land and building (net of tax) | – | – | – |
| Foreign currency translation gain, net | – | – | – |
| Other comprehensive income for the year, net of tax | – | – | – |
| Total comprehensive income for the year, net of tax | – | – | – |
| <u>Contributions by and distributions to Stapled Securityholders</u> | | | |
| Managers' fees paid in Stapled Securities | 4,336 | – | (4,336) |
| Managers' fees payable in Stapled Securities | – | – | 4,310 |
| Distributions to Stapled Securityholders (Note 34) | – | – | – |
| Total contributions by and distributions to Stapled Securityholders | 4,336 | – | (26) |
| <u>Others</u> | | | |
| Transfer from revenue reserve to other reserves | – | – | – |
| Reserves of disposal group classified as held for sale (Note 13) | – | – | – |
| Total others | – | – | – |
| Balance at 31 March 2018 | 976,963 | (15,761) | 1,446 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| Attributable to Stapled Securityholders of the Trust | | | | | | | |
|------------------------------------------------------|------------------------------------------------|-------------------------------------|---------------------------|--------------------------|------------------------------------------------------------------|------------------|--|
| Revenue reserve \$'000 | Foreign currency translation reserve \$'000 | Asset revaluation reserve \$'000 | Hedging reserve \$'000 | Other reserves \$'000 | Reserves of disposal group classified as held for sale \$'000 | Total \$'000 | |
| 16,858 | (96,143) | 155,955 | (2,574) | 795 | – | 1,033,229 | |
| 21,302 | – | – | – | – | – | 21,302 | |
| – | – | – | 823 | – | – | 823 | |
| – | – | – | 59 | – | – | 59 | |
| – | – | 30,215 | – | – | – | 30,215 | |
| – | 14,188 | – | – | – | – | 14,188 | |
| – | 14,188 | 30,215 | 882 | – | – | 45,285 | |
| 21,302 | 14,188 | 30,215 | 882 | – | – | 66,587 | |
| – | – | – | – | – | – | – | |
| – | – | – | – | – | – | 4,310 | |
| (64,719) | – | – | – | – | – | (64,719) | |
| (64,719) | – | – | – | – | – | (60,409) | |
| (417) | – | – | – | 417 | – | – | |
| – | (5,303) | (12,185) | 493 | (1,212) | 18,207 | – | |
| (417) | (5,303) | (12,185) | 493 | (795) | 18,207 | – | |
| (26,976) | (87,258) | 173,985 | (1,199) | – | 18,207 | 1,039,407 | |

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| 2017 A-HTRUST | Stapled Securities in issue \$'000 | Issue costs \$'000 | Managers' fees payable in Stapled Securities \$'000 |
|--------------------------------------------------------------------------|---------------------------------------------|--------------------------|--------------------------------------------------------------|
| Balance at 1 April 2016 | 968,827 | (15,761) | 960 |
| Profit for the year | – | – | – |
| <u>Other comprehensive income</u> | | | |
| Net fair value gain of cash flow hedges | – | – | – |
| Cash flow hedges – reclassification to profit or loss upon settlement | – | – | – |
| Revaluation surplus on freehold land and building (net of tax) | – | – | – |
| Foreign currency translation gain, net | – | – | – |
| Other comprehensive income for the year, net of tax | – | – | – |
| Total comprehensive income for the year, net of tax | – | – | – |
| <u>Contributions by and distributions to Stapled Securityholders</u> | | | |
| Managers' fees paid in Stapled Securities | 3,800 | – | (3,800) |
| Managers' fees payable in Stapled Securities | – | – | 4,312 |
| Distributions to Stapled Securityholders (Note 34) | – | – | – |
| Total contributions by and distributions to Stapled Securityholders | 3,800 | – | 512 |
| <u>Others</u> | | | |
| Transfer from revenue reserve to other reserves | – | – | – |
| Balance at 31 March 2017 | 972,627 | (15,761) | 1,472 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| Attributable to Stapled Securityholders of the Trust | | | | | |
|------------------------------------------------------|------------------------------------------------|-------------------------------------|---------------------------|--------------------------|------------------|
| Revenue reserve \$'000 | Foreign currency translation reserve \$'000 | Asset revaluation reserve \$'000 | Hedging reserve \$'000 | Other reserves \$'000 | Total \$'000 |
| 29,298 | (124,015) | 106,310 | (2,977) | 612 | 963,254 |
| 48,540 | – | – | – | – | 48,540 |
| – | – | – | 265 | – | 265 |
| – | – | – | 138 | – | 138 |
| – | – | 49,645 | – | – | 49,645 |
| – | 27,872 | – | – | – | 27,872 |
| – | 27,872 | 49,645 | 403 | – | 77,920 |
| 48,540 | 27,872 | 49,645 | 403 | – | 126,460 |
| – | – | – | – | – | – |
| – | – | – | – | – | 4,312 |
| (60,797) | – | – | – | – | (60,797) |
| (60,797) | – | – | – | – | (56,485) |
| (183) | – | – | – | 183 | – |
| 16,858 | (96,143) | 155,955 | (2,574) | 795 | 1,033,229 |

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| 2018 A-HREIT | Attributable to Stapled Securityholders of the Trust | | | | | | |
|----------------------------------------------------------------------------------|------------------------------------------------------|--------------------------|-----------------------------------------------------------------|------------------------------|---------------------------------------------------------|------------------------------|-----------------|
| | Stapled Securities in issue \$'000 | Issue costs \$'000 | Managers' fees payable in Stapled Securities \$'000 | Revenue reserve \$'000 | Foreign currency translation reserve \$'000 | Hedging reserve \$'000 | Total \$'000 |
| Balance at 1 April 2017 | 415,679 | (5,994) | 758 | 70,027 | (48,339) | 5 | 432,136 |
| Loss for the year | – | – | – | (929) | – | – | (929) |
| <u>Other comprehensive income</u> | | | | | | | |
| Net fair value loss of | | | | | | | |
| cash flow hedges | – | – | – | – | – | (64) | (64) |
| Cash flow hedges – reclassification to profit or loss upon settlement | – | – | – | – | – | 59 | 59 |
| Foreign currency translation gain, net | – | – | – | – | 29,740 | – | 29,740 |
| Other comprehensive income for the year, net of tax | – | – | – | – | 29,740 | (5) | 29,735 |
| Total comprehensive income for the year, net of tax | – | – | – | (929) | 29,740 | (5) | 28,806 |
| <u>Contributions by and distributions to Stapled Securityholders</u> | | | | | | | |
| Managers' fees paid in Stapled Securities | 1,419 | – | (1,419) | – | – | – | – |
| Managers' fees payable in Stapled Securities | – | – | 1,412 | – | – | – | 1,412 |
| Distributions to Stapled Securityholders (Note 34) | – | – | – | (21,084) | – | – | (21,084) |
| Total contributions by and distributions to Stapled Securityholders | 1,419 | – | (7) | (21,084) | – | – | (19,672) |
| Balance at 31 March 2018 | 417,098 | (5,994) | 751 | 48,014 | (18,599) | – | 441,270 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| 2017 A-HREIT | Attributable to Stapled Securityholders of the Trust | | | | | | |
|-----------------------------------|------------------------------------------------------|--------------------------|-----------------------------------------------------------------|------------------------------|---------------------------------------------------------|------------------------------|-----------------|
| | Stapled Securities in issue \$'000 | Issue costs \$'000 | Managers' fees payable in Stapled Securities \$'000 | Revenue reserve \$'000 | Foreign currency translation reserve \$'000 | Hedging reserve \$'000 | Total \$'000 |
| Balance at 1 April 2016 | 414,653 | (5,994) | 353 | 78,516 | (67,166) | 212 | 420,574 |
| Profit for the year | – | – | – | 11,813 | – | – | 11,813 |
| <u>Other comprehensive income</u> | | | | | | | |
| Net fair value loss of | | | | | | | |
| cash flow hedges | – | – | – | – | – | (207) | (207) |
| Foreign currency | | | | | | | |
| translation gain, net | – | – | – | – | 18,827 | – | 18,827 |
| Other comprehensive income | | | | | | | |
| for the year, net of tax | – | – | – | – | 18,827 | (207) | 18,620 |
| Total comprehensive income | | | | | | | |
| for the year, net of tax | – | – | – | 11,813 | 18,827 | (207) | 30,433 |
| <u>Contributions by and</u> | | | | | | | |
| <u>distributions to Stapled</u> | | | | | | | |
| <u>Securityholders</u> | | | | | | | |
| Managers' fees paid in | | | | | | | |
| Stapled Securities | 1,026 | – | (1,026) | – | – | – | – |
| Managers' fees payable | | | | | | | |
| in Stapled Securities | – | – | 1,431 | – | – | – | 1,431 |
| Distributions to Stapled | | | | | | | |
| Securityholders (Note 34) | – | – | – | (20,302) | – | – | (20,302) |
| Total contributions by and | | | | | | | |
| distributions to Stapled | | | | | | | |
| Securityholders | 1,026 | – | 405 | (20,302) | – | – | (18,871) |
| Balance at 31 March 2017 | 415,679 | (5,994) | 758 | 70,027 | (48,339) | 5 | 432,136 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| 2018 A-HBT | Stapled Securities in issue \$'000 | Issue costs \$'000 | Managers' fees payable in Stapled Securities \$'000 |
|------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------|--------------------------------------------------------------|
| Balance at 1 April 2017 | 556,948 | (9,767) | 714 |
| Profit for the year | – | – | – |
| <u>Other comprehensive income</u> | | | |
| Net fair value gain of cash flow hedges | – | – | – |
| Revaluation surplus on freehold land and building (net of tax) | – | – | – |
| Foreign currency translation gain, net | – | – | – |
| Other comprehensive income for the year, net of tax | – | – | – |
| Total comprehensive income for the year, net of tax | – | – | – |
| <u>Contributions by and distributions to</u> | | | |
| <u>Stapled Securityholders and non-controlling interests</u> | | | |
| Managers' fees paid in Stapled Securities | 2,917 | – | (2,917) |
| Managers' fees payable in Stapled Securities | – | – | 2,898 |
| Distributions to Stapled Securityholders (Note 34) | – | – | – |
| Dividend paid to non-controlling interests | – | – | – |
| Total contributions by and distributions to Stapled Securityholders and non-controlling interests | 2,917 | – | (19) |
| <u>Others</u> | | | |
| Transfer from revenue reserve to other reserves | – | – | – |
| Reserves of disposal group classified as held for sale (Note 13) | – | – | – |
| Total others | – | – | – |
| Balance at 31 March 2018 | 559,865 | (9,767) | 695 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| Attributable to Stapled Securityholders of the Trust | | | | | | | | | |
|------------------------------------------------------|------------------------------------------------|-------------------------------------|---------------------------|--------------------------|------------------------------------------------------------------|-----------------|-------------------------------------|-------------------------|--|
| Revenue reserve \$'000 | Foreign currency translation reserve \$'000 | Asset revaluation reserve \$'000 | Hedging reserve \$'000 | Other reserves \$'000 | Reserves of disposal group classified as held for sale \$'000 | Total \$'000 | Non-controlling interests \$'000 | Equity, Total \$'000 | |
| (52,492) | (47,196) | 154,324 | (2,554) | 795 | – | 600,772 | 3,378 | 604,150 | |
| 22,452 | – | – | – | – | – | 22,452 | 30 | 22,482 | |
| – | – | – | 873 | – | – | 873 | 14 | 887 | |
| – | – | 29,867 | – | – | – | 29,867 | 348 | 30,215 | |
| – | (15,385) | – | – | – | – | (15,385) | (167) | (15,552) | |
| – | (15,385) | 29,867 | 873 | – | – | 15,355 | 195 | 15,550 | |
| 22,452 | (15,385) | 29,867 | 873 | – | – | 37,807 | 225 | 38,032 | |
| – | – | – | – | – | – | – | – | – | |
| – | – | – | – | – | – | 2,898 | – | 2,898 | |
| (43,635) | – | – | – | – | – | (43,635) | – | (43,635) | |
| – | – | – | – | – | – | – | (251) | (251) | |
| (43,635) | – | – | – | – | – | (40,737) | (251) | (40,988) | |
| (417) | – | – | – | 417 | – | – | – | – | |
| – | (5,303) | (12,185) | 493 | (1,212) | 18,207 | – | – | – | |
| (417) | (5,303) | (12,185) | 493 | (795) | 18,207 | – | – | – | |
| (74,092) | (67,884) | 172,006 | (1,188) | – | 18,207 | 597,842 | 3,352 | 601,194 | |

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| 2017 A-HBT | Stapled Securities in issue \$'000 | Issue costs \$'000 | Managers' fees payable in Stapled Securities \$'000 |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------|--------------------------------------------------------------|
| Balance at 1 April 2016 | 554,174 | (9,767) | 607 |
| Profit for the year | – | – | – |
| <u>Other comprehensive income</u> | | | |
| Net fair value gain of cash flow hedges | – | – | – |
| Cash flow hedges – reclassification to profit or loss upon settlement | – | – | – |
| Revaluation surplus on freehold land and building (net of tax) | – | – | – |
| Foreign currency translation gain, net | – | – | – |
| Other comprehensive income for the year, net of tax | – | – | – |
| Total comprehensive income for the year, net of tax | – | – | – |
| <u>Contributions by and distributions to Stapled Securityholders and non-controlling interests</u> | | | |
| Managers' fees paid in Stapled Securities | 2,774 | – | (2,774) |
| Managers' fees payable in Stapled Securities | – | – | 2,881 |
| Distributions to Stapled Securityholders (Note 34) | – | – | – |
| Dividend paid to non-controlling interests | – | – | – |
| Total contributions by and distributions to Stapled Securityholders and non-controlling interests | 2,774 | – | 107 |
| <u>Others</u> | | | |
| Transfer from revenue reserve to other reserves | – | – | – |
| Balance at 31 March 2017 | 556,948 | (9,767) | 714 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| Attributable to Stapled Securityholders of the Trust | | | | | | | |
|------------------------------------------------------|------------------------------------------------|-------------------------------------|---------------------------|--------------------------|-----------------|-------------------------------------|-------------------------|
| Revenue reserve \$'000 | Foreign currency translation reserve \$'000 | Asset revaluation reserve \$'000 | Hedging reserve \$'000 | Other reserves \$'000 | Total \$'000 | Non-controlling interests \$'000 | Equity, Total \$'000 |
| (48,743) | (56,155) | 105,213 | (3,153) | 612 | 542,788 | 2,949 | 545,737 |
| 36,929 | - | - | - | - | 36,929 | 52 | 36,981 |
| - | - | - | 461 | - | 461 | 11 | 472 |
| - | - | - | 138 | - | 138 | - | 138 |
| - | - | 49,111 | - | - | 49,111 | 534 | 49,645 |
| - | 8,959 | - | - | - | 8,959 | 86 | 9,045 |
| - | 8,959 | 49,111 | 599 | - | 58,669 | 631 | 59,300 |
| 36,929 | 8,959 | 49,111 | 599 | - | 95,598 | 683 | 96,281 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 2,881 | - | 2,881 |
| (40,495) | - | - | - | - | (40,495) | - | (40,495) |
| - | - | - | - | - | - | (254) | (254) |
| (40,495) | - | - | - | - | (37,614) | (254) | (37,868) |
| (183) | - | - | - | 183 | - | - | - |
| (52,492) | (47,196) | 154,324 | (2,554) | 795 | 600,772 | 3,378 | 604,150 |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | | | |
| Profit before tax from continuing operations | 27,085 | 52,386 | 3,777 | 14,018 | 23,559 | 38,622 |
| Profit before tax from discontinued operations | 4,978 | 4,304 | – | – | 4,978 | 4,304 |
| Profit before tax | 32,063 | 56,690 | 3,777 | 14,018 | 28,537 | 42,926 |
| Adjustments for: | | | | | | |
| Depreciation and amortisation | 27,947 | 27,627 | – | – | 27,947 | 27,627 |
| Managers' fees paid/payable in Stapled Securities | 4,310 | 4,312 | 1,412 | 1,431 | 2,898 | 2,881 |
| Foreign exchange loss/(gain) from capital reduction (Note 11) | 32,740 | 7,123 | 32,764 | 7,863 | (24) | (740) |
| Foreign exchange loss/(gain), net | 4,815 | (4,748) | (249) | 860 | 5,064 | (5,608) |
| Effects of recognising rental income on a straight-line basis over lease term | (320) | (764) | (324) | (698) | 4 | (66) |
| Net change in fair value of investment properties | (21,957) | (9,385) | (14,956) | (1,144) | (7,001) | (8,241) |
| Net change in fair value of derivative financial instruments | (630) | (7,707) | 122 | (400) | (752) | (7,307) |
| Share of results of joint venture ¹ | – | 3 | – | – | – | 3 |
| Dividend from available-for-sale securities | – | – | (251) | (254) | – | – |
| Finance costs | 15,338 | 17,704 | 2,623 | 3,287 | 12,715 | 14,417 |
| Finance income | (919) | (897) | (59) | (88) | (860) | (809) |
| Amortisation of deferred income | (1,986) | (1,974) | (137) | (133) | (1,849) | (1,841) |
| Loss on disposal of property, plant and equipment | – | 76 | – | – | – | 76 |
| Operating cash flows before working capital changes | 91,401 | 88,060 | 24,722 | 24,742 | 66,679 | 63,318 |
| Changes in working capital: | | | | | | |
| Inventories | (4) | (52) | – | – | (4) | (52) |
| Trade and other receivables | (76) | (4,066) | 594 | (856) | (1,384) | (2,848) |
| Prepayments | 316 | 222 | 29 | (8) | 287 | 230 |
| Other assets (current and non-current) | (84) | (61) | 4 | 4 | (88) | (65) |
| Trade and other payables | 355 | (11,760) | 1,111 | (277) | (42) | (11,845) |
| Rental and other deposits | 443 | 391 | 164 | 282 | 279 | 109 |
| Cash generated from operations | 92,351 | 72,734 | 26,624 | 23,887 | 65,727 | 48,847 |
| Income tax paid | (6,217) | (6,157) | (1,189) | (1,218) | (5,028) | (4,939) |
| Interest received | 1,050 | 1,007 | 84 | 92 | 966 | 915 |
| Interest paid | (14,470) | (16,688) | (2,109) | (2,368) | (12,361) | (14,320) |
| Net cash generated from operating activities | 72,714 | 50,896 | 23,410 | 20,393 | 49,304 | 30,503 |

¹ Share of results of Notron No. 346 Trust, a 50% owned joint venture by A-HBT which was wound up in the prior year.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from investing activities | | | | | | |
| Acquisition of property, plant and equipment | (13,007) | (10,354) | – | – | (13,007) | (10,354) |
| Subsequent capital expenditures | | | | | | |
| incurred on investment properties | (742) | (863) | (317) | (102) | (425) | (761) |
| Dividend income received from | | | | | | |
| available-for-sale securities | – | – | 251 | 254 | – | – |
| Deposit received for China Group sale | 19,460 | – | – | – | 19,460 | – |
| Net cash generated from/(used in) investing activities | 5,711 | (11,217) | (66) | 152 | 6,028 | (11,115) |
| Cash flows from financing activities | | | | | | |
| Distributions to Stapled Securityholders | (64,719) | (60,797) | (21,084) | (20,302) | (43,635) | (40,495) |
| Dividends paid to non-controlling interests | – | – | – | – | (251) | (254) |
| Proceeds from borrowings, net of | | | | | | |
| transaction costs | 118,203 | 161,459 | 105,729 | 279 | 12,474 | 161,180 |
| Repayment of borrowings | (124,097) | (150,300) | (114,697) | – | (9,400) | (150,300) |
| Net cash used in financing activities | (70,613) | (49,638) | (30,052) | (20,023) | (40,812) | (29,869) |
| Net increase/(decrease) in cash and cash equivalents | 7,812 | (9,959) | (6,708) | 522 | 14,520 | (10,481) |
| Cash and cash equivalents at the beginning of the year | 86,213 | 94,589 | 23,849 | 22,931 | 62,364 | 71,658 |
| Effect of exchange rate changes on cash and cash equivalents | (714) | 1,583 | 29 | 396 | (743) | 1,187 |
| Cash and cash equivalents at the end of the year (Note 20) | 93,311 | 86,213 | 17,170 | 23,849 | 76,141 | 62,364 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT OF A-HREIT GROUP

AS AT 31 MARCH 2018

| Property | Acquisition date | Tenure of land | Term of lease | Remaining term of lease |
|----------------------------------------------------------------------------------------------|------------------|----------------|-----------------------------------|-------------------------|
| Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo ("Sunroute and Oakwood Ariake") | 27 July 2012 | Freehold | – | – |
| Park Hotel Clarke Quay | 28 June 2013 | Leasehold | 99 years from 27 November 2006 | 87 years |

Portfolio of investments

Other assets and liabilities (net)

Net assets

Independent valuations of the investment properties were undertaken by Cushman & Wakefield K.K. and CBRE Limited (2017: Cushman & Wakefield K.K. and DTZ Cushman & Wakefield Limited) based on the discounted cash flow method and capitalisation approach (2017: discounted cash flow method). The independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued.

The fair value gain of the investment properties has been recognised in profit or loss in accordance with the A-HREIT Group's accounting policies.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT OF A-HREIT GROUP

AS AT 31 MARCH 2018

| Location | Existing use | Latest valuation \$'000 | Valuation date | 2018 | | 2017 | |
|---------------------------------------------------------------------|--------------|----------------------------|----------------|-------------------------------------------|-------------------------------|-------------------------------------------|-------------------------------|
| | | | | At valuation/ carrying value \$'000 | Percentage of net assets % | At valuation/ carrying value \$'000 | Percentage of net assets % |
| 3-6-6 Ariake Koto-ku, Tokyo, Japan | Hotel | 292,781 | 31 March 2018 | 292,781 | 66 | 281,293 | 65 |
| 1 Unity Street, Park Hotel Clarke Quay Singapore 237983 | Hotel | 314,000 | 31 March 2018 | 314,000 | 71 | 312,000 | 72 |
| | | | | 606,781 | 137 | 593,293 | 137 |
| | | | | (165,511) | (37) | (161,157) | (37) |
| | | | | 441,270 | 100 | 432,136 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

1. CORPORATE INFORMATION

Ascendas Hospitality Trust (“A-HTRUST”) is a stapled trust comprising Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) and Ascendas Hospitality Business Trust (“A-HBT”) (collectively, the “Group”).

A-HREIT is a Singapore-domiciled real estate investment private trust constituted in Singapore on 13 March 2012 under the A-HREIT Trust Deed, which was originally entered into between Ascendas Hospitality Fund Management Pte. Ltd. (“REIT Manager”, as manager of the private trust) and Ascendas Hospitality Trustee Pte. Ltd. (as trustee of the private trust). The A-HREIT Trust Deed was amended by an amending and restating deed dated 9 July 2012 to comply with the requirements of, among others, the Monetary Authority of Singapore (“MAS”) and the SGX-ST, for a listed REIT. Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited) replaced Ascendas Hospitality Trustee Pte. Ltd. as trustee of A-HREIT on 9 July 2012.

A-HBT is a Singapore-domiciled private business private trust constituted in Singapore on 13 March 2012 under the A-HBT Trust Deed with Ascendas Hospitality Trust Management Pte. Ltd. as the trustee-manager of the private trust (“Trustee-Manager”). The A-HBT Trust Deed was amended by an amending and restating deed dated 9 July 2012 to comply with the requirements of, among others, the MAS and the SGX-ST, for a listed business trust.

The units in A-HREIT and A-HBT are stapled together under the terms of a stapling deed dated 13 March 2012 and subsequently amended and entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately.

A-HTRUST was listed on the Main Board of the SGX-ST on 27 July 2012.

The registered address of the REIT Manager and the Trustee-Manager is at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522.

For financial reporting purposes, A-HTRUST’s holding company is Ascendas Pte Ltd, and its ultimate holding company is Temasek Holdings (Private) Limited. All companies are incorporated in Singapore. Related companies refer to companies within the Temasek Group of companies.

The principal activity of A-HTRUST is owning income producing real estate used predominantly for hospitality purposes, as well as real estate-related assets in connection with the foregoing. The principal activities of the subsidiary companies of A-HREIT and A-HBT are as disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The financial statements of A-HTRUST comprise the A-HREIT Group and the A-HBT Group.

The financial statements of A-HBT Group comprise the A-HBT entity and its subsidiaries. The financial statements of the A-HBT Group and A-HTRUST have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements of the A-HREIT Group comprise the A-HREIT entity and its subsidiaries. The financial statements of the A-HREIT Group have been prepared 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, the applicable requirements of the Code on Collective Investment Schemes ("CIS") issued by the MAS and the provisions of the A-HREIT Trust Deed.

RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under FRS.

The financial statements are presented in Singapore dollars and all values presented are rounded to the nearest thousand (\$'000), except where otherwise indicated. The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The accounting policies set out below have been applied consistently by A-HTRUST, A-HREIT and A-HBT.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)")

On 29 December 2017, the Accounting Standards Council issued SFRS(I), Singapore's equivalent of the International Financial Reporting Standards ("IFRSs"). Singapore-incorporated companies listed on the Singapore Exchange will apply SFRS(I) for annual financial period beginning on or after 1 January 2018.

On transition to the new financial reporting framework, the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 April 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 April 2017. The Group expects to reclassify amounts of \$96,143,000 and \$47,196,000 of foreign currency translation reserve of A-HTRUST and A-HBT respectively to the opening retained earnings as at 1 April 2017.

Other than the effects of the matter as described above and impact on adoption of SFRS(I) 9 and SFRS(I) 16, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9 and SFRS(I) 16 will be similar to the impact on adoption of FRS 109 and FRS 116 as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

FRSs that have been issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Amendments to FRS 102 <i>Classification and Measurement of Share-based Payment Transactions</i> | 1 January 2018 |
| Amendments to FRS 40 <i>Transfers of Investment Property</i> | 1 January 2018 |
| FRS 109 <i>Financial Instruments</i> | 1 January 2018 |
| FRS 115 <i>Revenue from Contracts with Customers</i> | 1 January 2018 |
| FRS 116 <i>Leases</i> | 1 January 2019 |
| Improvements to FRSs (December 2016) | |
| – Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i> | 1 January 2018 |
| INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i> | 1 January 2018 |
| INT FRS 123 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to FRS 109 <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to FRS 28 <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| Improvements to FRSs (March 2018) | |
| – Amendments to FRS 103 <i>Business Combinations</i> | 1 January 2019 |
| – Amendments to FRS 111 <i>Joint Arrangements</i> | 1 January 2019 |
| – Amendments to FRS 12 <i>Income Taxes</i> | 1 January 2019 |
| – Amendments to FRS 23 <i>Borrowing Costs</i> | 1 January 2019 |
| Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be determined ^a |

^a The mandatory effective date of this Amendment will be revised from 1 January 2016 to a date to be determined by the Accounting Standards Council.

The Group adopts SFRS(I) on 1 April 2018. Upon adoption of SFRS(I) on 1 April 2018, the SFRS(I) equivalent of the above standards that are effective on 1 April 2018 will be adopted at the same time.

Except for FRS 109 and FRS 116, the REIT Manager and Trustee-Manager expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 *Basis of preparation (cont'd)*

FRSs that have been issued but not yet effective (cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis.

(a) Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109 except that the available-for-sale securities held by A-HREIT Group (Note 18) will be measured at fair value with change in fair value recognised in the Statement of Total Return. Any difference between the previous carrying amount under FRS 39 and the fair value at the date of initial adoption will be recognised in the opening retained earnings.

Loans and receivables are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a twelve-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

Upon application of the expected credit loss model, the Group does not expect a significant increase in impairment loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 *Basis of preparation (cont'd)*

FRSs that have been issued but not yet effective (cont'd)

FRS 109 Financial Instruments (cont'd)

(c) Hedge accounting

FRS 109 broadly retains the three hedge accounting models, namely, fair value hedges, cash flow hedges and net investment hedges. The main changes are in the qualifying criteria for hedge accounting, including the replacement of the quantitative 80-125% effectiveness test with a new prospective approach which may be qualitative and takes into consideration factors such as the existence of an economic relationship between the hedging instrument and the hedged item, the impact of credit risk changes on the value changes that result from that economic relationship and the consistency of the designated hedge ratio with the risk management objectives for the hedge.

The Group expects all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

Ascendas Ariake Godo Kaisha ("AAGK"), a subsidiary of A-HBT, leases Hotel Sunroute Ariake from Ascendas Hospitality Tokutei Mokuteki Kaisha ("Ascendas Hospitality TMK"), a subsidiary of A-HREIT. FRS 116 requires AAGK to recognise a lease liability and right-of-use asset relating to this operating lease. The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expect the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio of A-HBT Group. This will be eliminated upon consolidation at A-HTRUST.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 using the modified retrospective approach with the cumulative effect of initial application applied as an adjustment to the opening retained earnings as at 1 April 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact on adoption.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Change in accounting policy*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group adopted the following new and revised standards that are relevant and effective for financial years beginning on 1 April 2017:

Amendments to FRS 7: *Disclosure Initiative*

Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of these standards did not have any effect on the financial performance or position of the Group.

2.3 *Currency translation*

(a) **Functional and presentation currency**

Items included in the financial statements as at year end are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to A-HTRUST, the A-HREIT Group and the A-HBT Group (the "functional currency"). The financial statements are presented in Singapore dollars, which is the functional currency of the A-HREIT Group and the A-HBT Group, as the financial statements are meant primarily for users in Singapore.

(b) **Foreign currency transactions and translation**

Transactions in foreign currency are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at foreign exchange rates ruling at that date. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at foreign exchange rates ruling at the dates the fair value was determined.

(c) **Translation of Group entities' financial statements**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations*

(a) **Stapling**

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(b) **Subsidiaries**

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(c) **Consolidation**

Subsidiaries are consolidated from the date of acquisition, being the date on which control is obtained, and continue to be consolidated until the date that such control ceases.

The balance sheets of the subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to align them with the significant accounting policies adopted by A-HTRUST, the A-HREIT Group and the A-HBT Group.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If control over a subsidiary is lost:

- The assets (including goodwill) and liabilities of the subsidiary are de-recognised at their carrying amounts at the date when control is lost;
- The carrying amount of any non-controlling interest is de-recognised;
- The cumulative translation differences recorded in equity is de-recognised;
- The fair value of the consideration received is recognised;
- The fair value of any investment retained is recognised;
- Any surplus or deficit is recognised in profit or loss; and
- The share of components previously recognised in other comprehensive income is re-classified to profit or loss or revenue reserve, as appropriate.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Stapled Securityholders of A-HTRUST, the A-HREIT Group or the A-HBT Group. They are shown separately in the consolidated statements of comprehensive income, statements of changes in Stapled Securityholders' fund and balance sheets of the Group. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations (cont'd)*

(d) **Business combinations**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3.

(e) **Disposals**

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary, including any goodwill, are de-recognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by specific Standard.

Any retained interest in the equity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Investment properties*

Investment properties are properties either owned by the Group to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are measured at cost on initial recognition, including transaction costs and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Fair value is determined at each balance sheet date in accordance with the A-HREIT Trust Deed and the A-HBT Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the CIS issued by the MAS.

Any increase or decrease in valuation on revaluation is credited or charged directly to profit or loss as a net appreciation or depreciation in the value of the investment properties.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

2.6 *Property, plant and equipment*

(a) **Measurement**

All items of property, plant and equipment are initially recorded at cost. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to A-HTRUST and/or the A-HBT Group and the cost of the item can be measured reliably.

Subsequent to recognition, buildings are measured at fair value less accumulated depreciation and any accumulated impairment losses while other plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Fair values of freehold land and buildings are determined at each balance sheet date in accordance with the A-HBT Trust Deed. Any increase in valuation on revaluation shall be credited to equity under the heading of asset revaluation reserve through other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 *Property, plant and equipment (cont'd)*

(b) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Freehold land is subsequently measured at fair value.

Depreciation is computed on a straight-line basis over the estimated useful lives of each item of property, plant and equipment as follows:

| | |
|-----------------------------------|----------------|
| Buildings | 26 to 31 years |
| Computers, furniture and fittings | 2 to 15 years |
| Motor vehicles | 8 years |
| Plant and equipment | 5 to 30 years |

Capital work-in-progress are not depreciated as these assets are not yet available for use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon de-recognition of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.7 *Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Employee benefits*

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.9 *Impairment of non-financial assets*

Prepaid land lease

Property, plant and equipment

Prepaid land lease and property, plant and equipment are reviewed for impairment at balance sheet date or whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised to other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this revised recoverable amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Financial assets*

(a) **Classification**

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as cash and cash equivalents and trade and other receivables on the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

(b) **Recognition and de-recognition**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised where the contractual rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of the assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Financial assets (cont'd)*

(c) **Initial measurement**

Financial assets are initially recognised at fair value, and in the case of financial assets other than at fair value through profit or loss, plus directly attributable transaction costs.

(d) **Subsequent measurement**

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gain and loss on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(e) **Regular way purchase or sale of a financial asset**

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Financial assets (cont'd)*

(f) **Impairment**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment loss is recognised in profit or loss. When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. Subsequent recovery of amounts previously written off is recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Available-for-sale financial assets

A significant or prolonged decline in the fair value of the investment below its cost is considered as indicators of impairment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of available-for-sale financial assets carried at cost, if there is objective evidence that an impairment loss on the financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Financial assets (cont'd)*

(g) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 *Cash and cash equivalents*

For the purpose of presentation in the balance sheets and statements of cash flows, cash and cash equivalents comprise cash at bank and on hand, and fixed deposits with financial institutions which are subject to an insignificant risk of change in value, but exclude balances which are subjected to restriction.

2.12 *Inventories*

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.13 *Borrowings*

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Financial liabilities*

(a) **Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(b) **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

(c) **De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 *Derivative financial instruments and hedging activities*

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. 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 Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative is presented as a non-current asset or liability if the remaining expected life of the hedging instrument is more than 12 months, and as a current asset or liability if the remaining expected life of the hedging instrument is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Cash flow hedge

(i) **Interest rate swaps**

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitled the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of the interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(ii) **Currency swaps**

The Group has entered into currency swaps that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency swaps are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 *Derivative financial instruments and hedging activities (cont'd)*

Net investment hedge

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses loans and currency swaps as hedges of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

2.17 *Provisions for other liabilities and charges*

Provisions for other liabilities and charges are recognised when A-HTRUST, the A-HREIT Group and the A-HBT Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 *Stapled Securityholders' funds*

Stapled Securityholders' funds represent the Stapled Securityholders' residual interest in A-HTRUST, the A-HREIT Group and the A-HBT Group's net assets upon termination.

Expenses incurred in connection with the issuance of Stapled Securities on the SGX-ST are deducted directly against Stapled Securityholders' funds.

2.19 *Leases*

(a) *As lessor – operating lease*

Leases where A-HTRUST, the A-HREIT Group and the A-HBT Group retain substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (cont'd)

(b) As lessee – operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(c) Prepaid land lease

Prepaid land lease are up-front payments to acquire long-term leasehold interests in land. These payments are stated at cost and are amortised on a straight-line basis over the respective period of the leases.

2.20 Distribution policy

Distributions from A-HTRUST comprise distributions from A-HREIT and A-HBT.

A-HTRUST's distribution policy is to distribute at least 90% of its distributable income to the Stapled Securityholders.

For the financial year ended 31 March 2018, A-HTRUST retained 7.1% of its distributable income (2017: 4.9%).

Both A-HREIT and A-HBT distributions will be made on a semi-annual basis for the periods ending 30 September and 31 March. Distributions, when paid, will be in Singapore dollars.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to A-HTRUST, the A-HREIT Group and the A-HBT Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is recognised for the major business activities as follows:

(a) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Contingent rents are recognised as revenue in the period in which they are earned. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) Hotel room revenue and food & beverage ("F&B") revenue

Hotel room revenue and F&B revenue are recognised when the relevant rooms and F&B services have been provided to the customer.

(c) Car park revenue and utilities income

Car park revenue and utilities income are recognised when the relevant services have been rendered.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Expenses

(a) Property expenses

Property expenses are recognised on an accrual basis.

(b) REIT Manager's management fees

REIT Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in the Statement on Policies and Practices in relation to the management and governance of the Trust.

(c) Trustee-Manager's management fees

Trustee-Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in the Statement on Policies and Practices in relation to the management and governance of the Trust.

(d) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses are REIT Trustee's fees and Trustee-Manager's trustee fees which are based on the applicable formulae stipulated in the Statement on Policies and Practices in relation to the management and governance of the Trust.

(e) Borrowing costs

Borrowing costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

2.23 Taxation

(a) Current income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in Stapled Securityholders' funds, in which case it is recognised as part of Stapled Securityholders' funds. The Managers periodically evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 *Taxation (cont'd)*

(b) **Deferred income tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 *Taxation (cont'd)*

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

2.24 *Segment reporting*

An operating segment is a distinguishable component of A-HTRUST, the A-HREIT Group and the A-HBT Group that is engaged either in providing goods or services (business segment), or in providing goods or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed by Chief Operating Decision Makers ("CODMs") that are used to make strategic decisions. CODMs review the internal reporting to assess performance and operations. Management has determined the operating segments based on these assessments. The CODMs consider the operating segments from a geographic perspective as well as a business perspective as it is based on the management and internal reporting structure.

2.25 *Share-based payments*

Managers of the Group receive management fee in the form of units in full or in part as consideration for management services rendered. The cost of these equity-settled transactions is measured by reference to the fair value of the units at the date on which the units are issued or issuable. The charge to profit or loss is correspondingly credited to equity as "Managers' fees payable in Stapled Securities". Upon issuance of the units to the Managers, the "Managers' fees payable in Stapled Securities" is transferred to "Stapled Securities in issue".

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the financial statements requires the Managers to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and the disclosure of contingent liabilities as at the end of the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The Managers on their own or in reliance on third party experts, apply estimates and judgements in the following key areas:

- i. The fair valuations of investment properties, property, plant and equipment and derivative financial instruments (Note 15, 17 and 24);
- ii. The assessment of the adequacy of provision for current and deferred taxation (Note 12); and
- iii. The assessment of impairment of financial and non-financial assets (Note 17, 18 and 31).

4. GROSS RENTAL REVENUE

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--------------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Hotel room revenue | 103,867 | 102,183 | – | – | 103,867 | 102,183 |
| Rental income | 40,494 | 41,127 | 30,735 | 31,542 | 26,469 | 27,070 |
| | <u>144,361</u> | <u>143,310</u> | <u>30,735</u> | <u>31,542</u> | <u>130,336</u> | <u>129,253</u> |

5. OTHER INCOME

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------|---------------|---------------|---------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Car park revenue | 7,898 | 8,415 | – | – | 7,898 | 8,415 |
| Utilities income | 2,405 | 2,585 | – | – | 2,405 | 2,585 |
| Other miscellaneous income | 5,314 | 5,995 | 718 | 1,086 | 4,847 | 5,163 |
| | <u>15,617</u> | <u>16,995</u> | <u>718</u> | <u>1,086</u> | <u>15,150</u> | <u>16,163</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

6. OPERATIONS AND MAINTENANCE EXPENSES

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Costs of food and beverage and other supplies | 11,656 | 11,153 | – | – | 11,656 | 11,153 |
| Repair and maintenance expenses | 6,902 | 6,705 | 75 | 52 | 6,827 | 6,653 |
| Management fees | 389 | 460 | 59 | 77 | 330 | 383 |
| Other expenses | 220 | 223 | – | – | 220 | 223 |
| | <u>19,167</u> | <u>18,541</u> | <u>134</u> | <u>129</u> | <u>19,033</u> | <u>18,412</u> |

7. FINANCE INCOME

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Interest income from: | | | | | | |
| – Financial institutions | 340 | 348 | 58 | 87 | 282 | 261 |
| – Others | 290 | 287 | 1 | 1 | 289 | 286 |
| | <u>630</u> | <u>635</u> | <u>59</u> | <u>88</u> | <u>571</u> | <u>547</u> |

8. FINANCE COSTS

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Interest expense on: | | | | | | |
| – Borrowings | 14,385 | 16,724 | 2,281 | 3,023 | 12,104 | 13,701 |
| – Amortisation of capitalised transaction costs | 677 | 580 | 191 | 127 | 486 | 453 |
| – Others | 276 | 400 | 151 | 137 | 125 | 263 |
| | <u>15,338</u> | <u>17,704</u> | <u>2,623</u> | <u>3,287</u> | <u>12,715</u> | <u>14,417</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

9(a). FUND MANAGEMENT FEES

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>REIT Manager's fees</u> | | | | | | |
| – Base fee ¹ | 1,511 | 1,520 | 1,511 | 1,520 | – | – |
| – Performance fee ¹ | 1,064 | 1,080 | 1,064 | 1,080 | – | – |
| <u>Trustee-Manager's fees</u> | | | | | | |
| – Base fee ¹ | 186 | 220 | – | – | 186 | 220 |
| – Performance fee ¹ | 2,751 | 2,855 | – | – | 2,751 | 2,855 |
| – Divestment fee ² | 24 | – | – | – | 24 | – |
| <u>Others</u> | | | | | | |
| – Management fees paid/payable to related entities of the Managers ³ | 3,108 | 2,951 | 248 | 264 | 2,860 | 2,687 |
| | <u>8,644</u> | <u>8,626</u> | <u>2,823</u> | <u>2,864</u> | <u>5,821</u> | <u>5,762</u> |

¹ For the financial year ended 31 March 2018, the REIT Manager and the Trustee-Manager have agreed to receive 50% of their management fees in Stapled Securities. An aggregate of 5,133,347 Stapled Securities (2017: 6,023,021 Stapled Securities) were issued or are issuable to the managers as satisfaction of the management fees incurred during the financial year. The performance fee component of management fee of the A-HREIT Manager will be crystallised and paid out on an annual basis in accordance with the A-HREIT Trust Deed.

² This relates to divestment fee payable to Trustee-Manager in connection with the look fee received for the China Group sale (Note 13).

³ This relates to management fee paid/payable to Ascendas Japan Kabushiki Kaisha and Ascendas Hospitality Australia Fund Management Pty Ltd for asset management services for the Japan and Australia portfolios respectively.

9(b). TRUSTEES' FEES

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------|------------|------------|---------------|------------|-------------|------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| REIT Trustee's fees | 162 | 162 | 162 | 162 | – | – |
| Trustee-Manager's fees | 162 | 162 | – | – | 162 | 162 |
| Other trustee fees | 350 | 338 | 4 | 4 | 346 | 334 |
| | <u>674</u> | <u>662</u> | <u>166</u> | <u>166</u> | <u>508</u> | <u>496</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

10. OTHER TRUST INCOME/(EXPENSES)

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------|--------------|----------------|---------------|--------------|--------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Loss on disposal of property, plant and equipment | – | (76) | – | – | – | (76) |
| Look fee ¹ | 4,865 | – | – | – | 4,865 | – |
| Trust expenses | (2,765) | (2,024) | (391) | (485) | (2,374) | (1,539) |
| | <u>2,100</u> | <u>(2,100)</u> | <u>(391)</u> | <u>(485)</u> | <u>2,491</u> | <u>(1,615)</u> |

¹ Look fee received in connection to the divestment of the China Group sale (Note 13).

11. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------------------------------------------|---------------|--------------|---------------|--------------|--------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Foreign exchange loss/ (gain) from capital reduction (Note 27 (b)) ¹ | 32,740 | 7,123 | 32,764 | 7,863 | (24) | (740) |
| Foreign exchange loss/ (gain) – others | 4,069 | (2,234) | (634) | 783 | 4,703 | (3,017) |
| Foreign exchange loss/(gain), net | <u>36,809</u> | <u>4,889</u> | <u>32,130</u> | <u>8,646</u> | <u>4,679</u> | <u>(3,757)</u> |
| Audit fees paid/accrued to A-HTRUST auditors ² | 446 | 488 | 103 | 155 | 343 | 333 |
| Non-audit fees paid/accrued to A-HTRUST auditors | 220 | 183 | 96 | 96 | 124 | 87 |
| Non-audit fees paid/accrued to other accounting firms | 317 | 394 | 3 | 68 | 314 | 326 |
| Valuation fees | 151 | 87 | 12 | 25 | 139 | 62 |
| Rental expenses paid to A-HREIT | – | – | – | – | 16,710 | 17,485 |

¹ During the year, the Group reclassified foreign exchange loss of S\$32.8 million, which was accumulated since IPO, from foreign currency translation reserve to profit or loss mainly due to repatriation of JPY7.9 billion from Ascendas Hospitality TMK to Singapore via capital reduction to repay bank borrowings (Note 23 (i)), but adjusted back in determining income available for distribution as the foreign exchange loss was related to a return of capital.

² FY2018 includes a reversal of excess provision made in prior years.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

12. INCOME TAX EXPENSE

The income tax expense is in respect of taxes applicable to A-HTRUST's operations in Australia, China and Japan.

For Singapore income tax purposes, A-HTRUST is not a taxable entity on its own. Instead, A-HREIT and A-HBT are subject to tax separately based on their own characteristics as a REIT and a registered business trust respectively.

A-HREIT and A-HBT have been granted tax exemption under Section 13(12) of the Singapore Income Tax Act in respect of certain foreign-sourced income derived from their respective overseas subsidiaries, subject to meeting certain conditions.

Income tax expense

The major components of income tax expense for the year ended 31 March 2018 and 2017 are:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------------------------------|----------|---------|---------------|---------|-------------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Consolidated income statements: | | | | | | |
| Current income tax expense: | | | | | | |
| – Current income tax | (2,200) | (2,740) | (773) | (790) | (1,427) | (1,950) |
| – (Under)/Over provision in respect of previous years | (92) | (29) | (100) | (13) | 8 | (16) |
| Deferred income tax expense: | | | | | | |
| – Origination and reversal of temporary differences | (4,486) | (1,714) | (3,501) | (1,012) | (985) | (702) |
| – Over provision in respect of previous years | – | 10 | – | – | – | 10 |
| Withholding tax expense | (3,029) | (2,826) | (332) | (390) | (2,697) | (2,436) |
| Income tax expense from continuing operations | (9,807) | (7,299) | (4,706) | (2,205) | (5,101) | (5,094) |
| Current income tax expense: | | | | | | |
| – Current income tax | (870) | (743) | – | – | (870) | (743) |
| – Over provision in respect of previous years | 19 | 5 | – | – | 19 | 5 |
| Deferred income tax expense: | | | | | | |
| – Origination and reversal of temporary differences | (103) | 62 | – | – | (103) | 62 |
| Withholding tax expense | – | (175) | – | – | – | (175) |
| Income tax expense from discontinued operations (Note 13) | (954) | (851) | – | – | (954) | (851) |
| Income tax expense | (10,761) | (8,150) | (4,706) | (2,205) | (6,055) | (5,945) |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

12. INCOME TAX EXPENSE (CONT'D)

The major components of income tax expense for the year ended 31 March 2018 and 2017 are:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--|----------|--------|---------------|--------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Consolidated statements of comprehensive income:

| | | | | | | |
|-------------------------------------------------------------|---------|---------|---|---|---------|---------|
| Deferred tax expense related to other comprehensive income: | | | | | | |
| – Net surplus on revaluation of freehold land and buildings | (5,153) | (9,393) | – | – | (5,153) | (9,393) |

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 March 2018 and 2017 are as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------------------------------------|----------|---------|---------------|---------|-------------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Profit before tax from continuing operations | 27,085 | 52,386 | 3,777 | 14,018 | 23,559 | 38,622 |
| Profit before tax from discontinued operation (Note 13) | 4,978 | 4,304 | – | – | 4,978 | 4,304 |
| Profit before tax | 32,063 | 56,690 | 3,777 | 14,018 | 28,537 | 42,926 |
| Tax at the Singapore income tax rate of 17% (2017: 17%) | 5,451 | 9,637 | 642 | 2,383 | 4,851 | 7,297 |
| Adjustments: | | | | | | |
| Expenses not deductible for tax purpose | 8,886 | 6,796 | 6,896 | 4,338 | 1,990 | 2,458 |
| Income not subject to tax | (4,451) | (7,725) | (1,511) | (3,420) | (2,940) | (4,305) |
| Effect of different tax rates arising from foreign jurisdiction | 177 | (128) | (140) | 341 | 317 | (469) |
| Under/(Over) provision in respect of previous years | 73 | 14 | 100 | 13 | (27) | 1 |
| Effect of previously unrecognised tax losses | (727) | (373) | – | – | (727) | (373) |
| Effect of tax losses not allowed to carry forward | 2 | 4 | 1 | 2 | 1 | 2 |
| Withholding tax expense | 3,029 | 3,001 | 332 | 390 | 2,697 | 2,611 |
| Others | (1,679) | (3,076) | (1,614) | (1,842) | (107) | (1,277) |
| | 10,761 | 8,150 | 4,706 | 2,205 | 6,055 | 5,945 |

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

12. INCOME TAX EXPENSE (CONT'D)

Deferred tax assets/(liabilities)

Deferred tax as at 31 March 2018 and 2017 are shown on the balance sheets as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--|----------|--------|---------------|--------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Deferred tax assets (non-current):

| | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|----------|----------|--------------|--------------|
| Differences in depreciation and accruals for tax purposes and benefits from previously unrecognised tax losses from acquisition of subsidiaries | 6,172 | 6,172 | – | – | 6,172 | 6,172 |
| Origination of temporary differences | 610 | 1,204 | – | – | 610 | 1,204 |
| Translation differences | (1,608) | (1,317) | – | – | (1,608) | (1,317) |
| | <u>5,174</u> | <u>6,059</u> | <u>–</u> | <u>–</u> | <u>5,174</u> | <u>6,059</u> |

Deferred tax liabilities (non-current):

| | | | | | | |
|----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fair value adjustments on acquisition of subsidiaries | (5,351) | (5,351) | (1,288) | (1,288) | (4,063) | (4,063) |
| Fair value gain on investment properties | (40,042) | (34,646) | (19,274) | (15,785) | (20,768) | (18,861) |
| Revaluation to fair value of freehold land and buildings | (29,618) | (25,657) | – | – | (29,618) | (25,657) |
| Translation differences | 978 | (327) | (349) | (491) | 1,327 | 164 |
| Attributable to discontinued operations (Note 13) | 6,513 | – | – | – | 6,513 | – |
| Others | (1,206) | (1,413) | (129) | (115) | (1,077) | (1,298) |
| | <u>(68,726)</u> | <u>(67,394)</u> | <u>(21,040)</u> | <u>(17,679)</u> | <u>(47,686)</u> | <u>(49,715)</u> |
| | <u>(63,552)</u> | <u>(61,335)</u> | <u>(21,040)</u> | <u>(17,679)</u> | <u>(42,512)</u> | <u>(43,656)</u> |

The movements in the deferred tax assets/(liabilities) are as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--|----------|--------|---------------|--------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | | | |
|---------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| At beginning of the financial year | (61,335) | (48,416) | (17,679) | (15,852) | (43,656) | (32,564) |
| Tax charged to profit or loss | (4,589) | (1,642) | (3,501) | (1,012) | (1,088) | (630) |
| Tax charged to asset revaluation reserve | (5,153) | (9,393) | – | – | (5,153) | (9,393) |
| Attributable to discontinued operations (Note 13) | 6,513 | – | – | – | 6,513 | – |
| Translation differences | 1,012 | (1,884) | 140 | (815) | 872 | (1,069) |
| At end of the financial year | <u>(63,552)</u> | <u>(61,335)</u> | <u>(21,040)</u> | <u>(17,679)</u> | <u>(42,512)</u> | <u>(43,656)</u> |

NOTES TO THE FINANCIAL STATEMENTS

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13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 29 January 2018, the Trustee-Manager on behalf of A-HBT, entered into a conditional share purchase agreement to divest A-HBT's entire interests in Ascendas China Hotel Investment Limited and Ascendas Hospitality China Pte. Ltd. (collectively, the "China Group"), which were previously reported in the hotels under management segment. The decision is consistent with the Group's active asset management strategy under which the Managers periodically evaluate asset plans for the portfolio and, where appropriate, free up or recycle capital for more productive use. As at 31 March 2018, the assets, liabilities and reserves related to the China Group have been presented in the balance sheet as "Assets of disposal group classified as held for sale", "Liabilities directly associated with disposal group classified as held for sale", and "Reserves of disposal group classified as held for sale" respectively and its results are presented separately on income statements as "Profit from discontinued operations, net of tax". The sale transaction was completed on 18 May 2018 (Note 36(b)).

Balance sheet disclosures

The major classes of assets, liabilities and reserves of the China Group classified as held for sale as at 31 March 2018 are as follows:

| | A-HTRUST and A-HBT Group 2018 \$'000 |
|---------------------------------------------------------------------------------|---------------------------------------------------------|
| Assets | |
| Prepaid land lease | 32,389 |
| Property, plant and equipment | 60,706 |
| Inventories | 53 |
| Trade and other receivables | 1,212 |
| Prepayments | 78 |
| Cash and cash equivalents | 25,870 |
| Other current assets | 118 |
| Assets of disposal group classified as held for sale | <u>120,426</u> |
| Liabilities | |
| Trade and other payables | 3,035 |
| Income tax payable | 224 |
| Rental and other deposits | 115 |
| Deferred tax liabilities | <u>6,513</u> |
| Liabilities directly associated with disposal group classified as held for sale | <u>9,887</u> |
| Net assets directly associated with disposal group classified as held for sale | <u>110,539</u> |
| Reserves | |
| Asset revaluation reserve | 12,185 |
| Foreign currency translation reserve | 5,303 |
| Hedging reserve | (493) |
| Other reserves | 1,212 |
| Reserves of disposal group classified as held for sale | <u>18,207</u> |

NOTES TO THE FINANCIAL STATEMENTS

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13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Income statement disclosures

The results of the China Group for the years ended 31 March 2018 and 2017 are as follows:

| | A-HTRUST and A-HBT Group 2018 \$'000 | A-HTRUST and A-HBT Group 2017 \$'000 |
|--------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Gross revenue | 21,471 | 20,798 |
| Gross rental revenue | 19,243 | 18,450 |
| Food and beverage revenue | 1,863 | 2,007 |
| Other income | 365 | 341 |
| Property expenses | (12,980) | (12,855) |
| Operations and maintenance expenses | (2,894) | (2,799) |
| Hotel management fee | (1,250) | (1,158) |
| Property taxes and insurance | (934) | (940) |
| Service and other taxes | (117) | (228) |
| Administrative and general expenses | (758) | (874) |
| Sales and marketing expenses | (1,332) | (1,485) |
| Staff costs | (4,147) | (4,122) |
| Energy and utilities expenses | (846) | (881) |
| Other expenses | (702) | (368) |
| Net property income | 8,491 | 7,943 |
| Depreciation | (3,017) | (3,432) |
| Amortisation of prepaid land leases | (997) | (1,206) |
| Finance income | 289 | 262 |
| Foreign exchange gain, net | 222 | 737 |
| Other trust expenses | (10) | - |
| Profit before tax from discontinued operations | 4,978 | 4,304 |
| Income tax expense | (954) | (851) |
| Profit from discontinued operations, net of tax | 4,024 | 3,453 |

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13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Statement of cash flow disclosures

The cash flows attributable to the China Group are as follows:

| | A-HTRUST and A-HBT Group 2018 \$'000 | A-HTRUST and A-HBT Group 2017 \$'000 |
|------------------|-----------------------------------------------|-----------------------------------------------|
| Operating | 7,137 | 7,476 |
| Investing | (630) | (330) |
| Net cash inflows | <u>6,507</u> | <u>7,146</u> |

Earnings per Stapled Security disclosures

| | A-HTRUST and A-HBT Group 2018 \$'000 | A-HTRUST and A-HBT Group 2017 \$'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Earnings per Stapled Security from discontinued operations attributable to Stapled Securityholders of the Trust, expressed in cents per Stapled Security – Basic (cents) | <u>0.36</u> | <u>0.31</u> |

The basic earnings per Stapled Security from discontinued operation are calculated by dividing the profit from discontinued operations, net of tax, attributable to Stapled Securityholders of the Trust by the weighted average number of Stapled Securities for basic earnings per Stapled Security computation. Diluted earnings per Stapled Securities from discontinued operations are the same as the basic earnings per stapled security from discontinued operations as there are no dilutive instrument in issue during the financial year. These profit and Stapled Security data are presented in the tables in Note 14.

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14. EARNINGS PER STAPLED SECURITY

Basic earnings per Stapled Security are calculated by dividing profit, net of tax, attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the financial year.

The calculation of basic earnings per Stapled Security is based on:

(a) Profit from continuing operations

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Profit/(Loss) from continuing operations, net of tax, attributable to Stapled Securityholders of the Trust | 17,278 | 45,087 | (929) | 11,813 | 18,428 | 33,476 |
| Weighted average number of Stapled Securities outstanding during the year ('000) | 1,127,540 | 1,121,844 | 1,127,540 | 1,121,844 | 1,127,540 | 1,121,844 |
| Basic earnings per Stapled Security (cents) | 1.53 | 4.02 | (0.08) | 1.05 | 1.63 | 2.98 |

Diluted earnings per Stapled Security are the same as the basic earnings per Stapled Security as there are no dilutive instruments issued during the financial year.

(b) From continuing and discontinued operations

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Profit/(Loss) for the year, net of tax, attributable to Stapled Securityholders of the Trust | 21,302 | 48,540 | (929) | 11,813 | 22,452 | 36,929 |
| Weighted average number of Stapled Securities outstanding during the year ('000) | 1,127,540 | 1,121,844 | 1,127,540 | 1,121,844 | 1,127,540 | 1,121,844 |
| Basic earnings per Stapled Security (cents) | 1.89 | 4.33 | (0.08) | 1.05 | 1.99 | 3.29 |

Diluted earnings per Stapled Security are the same as the basic earnings per Stapled Security as there are no dilutive instruments issued during the financial year.

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15. INVESTMENT PROPERTIES

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Consolidated balance sheets: | | | | | | |
| At beginning of the financial year | 824,129 | 788,303 | 593,293 | 577,491 | 230,836 | 210,812 |
| Subsequent capital expenditures incurred on investment properties | 780 | 1,127 | 355 | 366 | 425 | 761 |
| Fair value gain on revaluation | 22,281 | 10,083 | 15,280 | 1,842 | 7,001 | 8,241 |
| Translation differences | (3,932) | 24,616 | (2,147) | 13,594 | (1,785) | 11,022 |
| At end of the financial year | <u>843,258</u> | <u>824,129</u> | <u>606,781</u> | <u>593,293</u> | <u>236,477</u> | <u>230,836</u> |
| Consolidated income statements: | | | | | | |
| Gross rental revenue from investment properties: | | | | | | |
| – Minimum lease payments | 34,016 | 33,793 | 29,563 | 29,963 | 21,164 | 21,315 |
| – Contingent rent based on tenant's turnover | 4,515 | 5,445 | 1,172 | 1,579 | 4,332 | 5,445 |
| | <u>38,531</u> | <u>39,238</u> | <u>30,735</u> | <u>31,542</u> | <u>25,496</u> | <u>26,760</u> |
| Fair value gain on revaluation | 22,281 | 10,083 | 15,280 | 1,842 | 7,001 | 8,241 |
| Effect of recognising rental income on a straight-line basis over lease term | (324) | (698) | (324) | (698) | – | – |
| Net change in fair value of investment properties | <u>21,957</u> | <u>9,385</u> | <u>14,956</u> | <u>1,144</u> | <u>7,001</u> | <u>8,241</u> |

Total property expenses, recognised in the consolidated profit or loss, represent direct operating expenses arising from investment properties that generate rental income.

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15. INVESTMENT PROPERTIES (CONT'D)

The investment properties held by A-HTRUST as at 31 March 2018 are as follows:

| Description of property | Held by | Title | Location | Existing use | Carrying value as at 31.3.2018 \$'000 | Date of valuation |
|-----------------------------------------------------------|---------|---------------------------------------------|--------------------------------------------------------|--------------|---------------------------------------|-------------------|
| Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo | A-HREIT | Freehold | 3-6-6 Ariake Koto-ku, Tokyo | Hotel | 292,781 | 31.3.2018 |
| Hotel Sunroute Osaka Namba | A-HBT | Freehold | 1-1-13 Nipponbashi Chuo-ku Osaka | Hotel | 236,477 | 31.3.2018 |
| Park Hotel Clarke Quay | A-HREIT | 99-year leasehold expiring in November 2105 | 1 Unity Street Park Hotel Clarke Quay Singapore 237983 | Hotel | 314,000 | 31.3.2018 |

Investment properties are carried at fair value, with change in fair values being recognised in consolidated profit or loss.

The Group has no restrictions on the realisability of its investment properties.

Investment properties are valued at balance sheet date by independent professional valuers, Cushman & Wakefield K.K. and CBRE Limited (2017: Cushman & Wakefield K.K. and DTZ Cushman & Wakefield Limited), having appropriate recognised professional qualification and experience in the location and category of properties being valued. Details of valuation methodologies and inputs used are disclosed in Note 30(d).

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16. PREPAID LAND LEASE

This relates to prepayment for the land use rights of the land on which Novotel Beijing Sanyuan and Ibis Beijing Sanyuan were erected. The land use rights have a remaining period of 26 years (2017: 27 years) and will expire on 29 August 2044, and is classified as discontinued operations (Note 13) as at 31 March 2018.

| | A-HTRUST \$'000 | A-HREIT Group \$'000 | A-HBT Group \$'000 |
|---------------------------------------------------|--------------------|----------------------------|--------------------------|
| Cost: | | | |
| At 1 April 2016 | 38,874 | – | 38,874 |
| Translation differences | (1,338) | – | (1,338) |
| At 31 March 2017 | 37,536 | – | 37,536 |
| Translation differences | 962 | – | 962 |
| Attributable to discontinued operations (Note 13) | (38,498) | – | (38,498) |
| At 31 March 2018 | – | – | – |
| Accumulated amortisation: | | | |
| At 1 April 2016 | (3,952) | – | (3,952) |
| Charge for the year | (1,206) | – | (1,206) |
| Translation differences | 287 | – | 287 |
| At 31 March 2017 | (4,871) | – | (4,871) |
| Charge for the year | (997) | – | (997) |
| Translation differences | (241) | – | (241) |
| Attributable to discontinued operations (Note 13) | 6,109 | – | 6,109 |
| At 31 March 2018 | – | – | – |
| Net carrying amount: | | | |
| At 31 March 2017 | 32,665 | – | 32,665 |
| At 31 March 2018 | – | – | – |

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Amount to be amortised: | | | | | | |
| – Not later than one year | – | 1,192 | – | – | – | 1,192 |
| – Later than one year but not later than five years | – | 4,768 | – | – | – | 4,768 |
| – Later than five years | – | 26,705 | – | – | – | 26,705 |

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17. PROPERTY, PLANT AND EQUIPMENT

| 2018 A-HTRUST and A-HBT Group | At valuation | | At cost | | | | Total \$'000 |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|---------------------------------------------------|-----------------------------|----------------------------------|-------------------------------------------|-----------------|
| | Freehold land \$'000 | Buildings \$'000 | Computers, furniture and fittings \$'000 | Motor vehicles \$'000 | Plant and equipment \$'000 | Capital work-in- progress \$'000 | |
| Cost or valuation: | | | | | | | |
| At 1 April 2017 | 171,751 | 493,860 | 31,923 | 20 | 71,058 | 5,075 | 773,687 |
| Additions | – | 1,038 | 1,665 | – | 1,146 | 9,158 | 13,007 |
| Disposals/write-off | – | – | (149) | – | (70) | – | (219) |
| Revaluation surplus | 23,178 | 12,220 | – | – | – | – | 35,398 |
| Translation differences | (8,975) | (21,322) | (2,411) | (2) | (4,997) | (579) | (38,286) |
| Elimination of accumulated depreciation on revaluation Attributable to discontinued operations (Note 13) | – | (16,674) | – | – | – | – | (16,674) |
| | – | (53,412) | (14,521) | (7) | (443) | – | (68,383) |
| At 31 March 2018 | 185,954 | 415,710 | 16,507 | 11 | 66,694 | 13,654 | 698,530 |
| Accumulated depreciation: | | | | | | | |
| At 1 April 2017 | – | – | (8,211) | (20) | (21,063) | – | (29,294) |
| Charge for the year ¹ | – | (17,186) | (4,598) | – | (5,166) | – | (26,950) |
| Disposals/write-off | – | – | 149 | – | 70 | – | 219 |
| Translation differences | – | 512 | 1,525 | 2 | 2,619 | – | 4,658 |
| Elimination of accumulated depreciation on revaluation Attributable to discontinued operations (Note 13) | – | 16,674 | – | – | – | – | 16,674 |
| | – | – | 7,391 | 7 | 279 | – | 7,677 |
| At 31 March 2018 | – | – | (3,744) | (11) | (23,261) | – | (27,016) |
| Net carrying amount: | | | | | | | |
| At 31 March 2018 | 185,954 | 415,710 | 12,763 | – | 43,433 | 13,654 | 671,514 |

¹ Includes depreciation for discontinued operations and disposal group classified as held for sale of \$3,017,000 (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

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17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| 2017 A-HTRUST and A-HBT Group | At valuation | | At cost | | | | Total \$'000 |
|-----------------------------------------------------------|----------------------------|---------------------|---------------------------------------------------|-----------------------------|----------------------------------|-------------------------------------------|-----------------|
| | Freehold land \$'000 | Buildings \$'000 | Computers, furniture and fittings \$'000 | Motor vehicles \$'000 | Plant and equipment \$'000 | Capital work-in- progress \$'000 | |
| Cost or valuation: | | | | | | | |
| At 1 April 2016 | 150,001 | 453,350 | 35,427 | 20 | 68,200 | 3,700 | 710,698 |
| Additions | – | 3,225 | 3,814 | – | 2,294 | 1,021 | 10,354 |
| Disposals/write-off | – | (124) | (8,045) | – | (2,431) | – | (10,600) |
| Revaluation surplus | 17,004 | 42,098 | – | – | – | – | 59,102 |
| Translation differences | 4,746 | 11,252 | 727 | – | 2,995 | 354 | 20,074 |
| Elimination of accumulated depreciation on revaluation | – | (15,941) | – | – | – | – | (15,941) |
| At 31 March 2017 | 171,751 | 493,860 | 31,923 | 20 | 71,058 | 5,075 | 773,687 |
| Accumulated depreciation: | | | | | | | |
| At 1 April 2016 | – | – | (10,140) | (20) | (16,522) | – | (26,682) |
| Charge for the year ¹ | – | (15,738) | (5,193) | – | (5,490) | – | (26,421) |
| Disposals/write-off | – | 111 | 7,999 | – | 2,414 | – | 10,524 |
| Translation differences | – | (314) | (877) | – | (1,465) | – | (2,656) |
| Elimination of accumulated depreciation on revaluation | – | 15,941 | – | – | – | – | 15,941 |
| At 31 March 2017 | – | – | (8,211) | (20) | (21,063) | – | (29,294) |
| Net carrying amount: | | | | | | | |
| At 31 March 2017 | 171,751 | 493,860 | 23,712 | – | 49,995 | 5,075 | 744,393 |

¹ Included depreciation for discontinued operations and disposal group classified as held for sale of \$3,432,000 (Note 13).

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17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain property, plant and equipment held by A-HTRUST and the A-HBT Group are revalued to their fair values at the end of each reporting period, with changes in fair values being recognised in the asset revaluation reserve in the balance sheet.

Revaluation of freehold land and buildings

The Group engaged independent valuers, Knight Frank Valuations and CBRE Limited (2017: Jones Lang LaSalle Advisory Services Pty Limited and DTZ Cushman & Wakefield Limited) to determine the fair value of the freehold land and buildings. The valuers have the appropriate professional qualification and recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 30(d).

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

| | A-HTRUST | |
|------------------------------|----------|----------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Freehold land at 31 March | | |
| Cost and net carrying amount | 117,926 | 124,234 |
| Buildings at 31 March | | |
| Cost | 365,555 | 429,405 |
| Accumulated depreciation | (65,744) | (62,861) |
| Net carrying amount | 299,811 | 366,544 |

Asset pledged as security

Property, plant and equipment with a carrying amount of \$671,514,000 (2017: \$683,200,000) are mortgaged as security for the bank facilities obtained from financial institutions (Note 23).

18. AVAILABLE-FOR-SALE SECURITIES

A-HREIT Group owns 1% interest in Ascendas Hospitality Australia Investment Fund No. 1 ("AHAIF1"). A-HREIT 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% (2017: 100%) equity interest in Ascendas Australia Hotel Trust, which owns the hotel properties in Australia.

Investment in available-for-sale securities whose fair value cannot be reliably measured are measured at cost less impairment loss. As at 31 March 2018, the carrying amount of A-HREIT Group's 1% (2017: 1%) interest in AHAIF1 is \$3,058,000 (2017: \$3,058,000).

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19. TRADE AND OTHER RECEIVABLES

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------|---------------|----------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | | | |
| Trade receivables | 8,338 | 9,566 | 1,353 | 1,811 | 6,985 | 7,755 |
| Sundry debtors | 4,274 | 4,180 | 3,755 | 3,967 | 5,452 | 4,868 |
| GST/ VAT receivables | 137 | 73 | – | – | 137 | 73 |
| Total trade and other receivables | 12,749 | 13,819 | 5,108 | 5,778 | 12,574 | 12,696 |
| Cash and cash equivalents (Note 20) | 67,441 | 86,213 | 17,170 | 23,849 | 50,271 | 62,364 |
| Other current assets | 300 | 337 | – | – | 300 | 337 |
| Non-current | | | | | | |
| Other non-current assets | 5,113 | 5,394 | 15 | 19 | 5,098 | 5,375 |
| Less: | | | | | | |
| Deferred expenditure | (335) | (316) | (15) | (19) | (320) | (297) |
| Non-refundable deposit | (5,066) | (5,338) | – | – | (5,066) | (5,338) |
| GST/ VAT receivables | (137) | (73) | – | – | (137) | (73) |
| Total loans and receivables | 80,065 | 100,036 | 22,278 | 29,627 | 62,720 | 75,064 |

Trade receivables are non-interest bearing and are generally on 30 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Information regarding financial assets that are impaired is disclosed in Note 31(b).

20. CASH AND CASH EQUIVALENTS

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank and on hand | 51,441 | 64,511 | 17,170 | 15,949 | 34,271 | 48,562 |
| Fixed deposits | 16,000 | 21,702 | – | 7,900 | 16,000 | 13,802 |
| | 67,441 | 86,213 | 17,170 | 23,849 | 50,271 | 62,364 |

Fixed deposits are placed for 3 months (2017: varying periods of between 1 month and 6 months) at interest rate of 1.17% (2017: ranging from 1.05% to 1.69%) per annum.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents: | | | | | | |
| – Continuing operations | 67,441 | 86,213 | 17,170 | 23,849 | 50,271 | 62,364 |
| – Discontinued operations (Note 13) | 25,870 | – | – | – | 25,870 | – |
| | 93,311 | 86,213 | 17,170 | 23,849 | 76,141 | 62,364 |

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21. TRADE AND OTHER PAYABLES

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Trade payables | 3,709 | 3,006 | 167 | 64 | 3,542 | 2,942 |
| Sundry creditors | 11 | 226 | 6 | 21 | 5 | 205 |
| Amounts due to related companies | 80 | 36 | 2,688 | 2,102 | 2,326 | 2,544 |
| GST/VAT payables | 1,434 | 1,491 | 532 | 573 | 902 | 918 |
| Other payables | 4,173 | 4,483 | 965 | 759 | 3,208 | 3,770 |
| Accrued employee benefits | 3,676 | 4,264 | – | – | 3,676 | 4,264 |
| Accrued operating expenses | 14,061 | 16,262 | 3,120 | 3,209 | 10,941 | 13,053 |
| Accrued management fees | 616 | 654 | 641 | 639 | (25) | 15 |
| Other deposits | 19,460 | – | – | – | 19,460 | – |
| Rental received in advance | 8,717 | 9,395 | 2,637 | 2,237 | 6,080 | 7,158 |
| Total trade and other payables (current) | 55,937 | 39,817 | 10,756 | 9,604 | 50,115 | 34,869 |
| Add: | | | | | | |
| Other payables (non-current) | 529 | 466 | – | – | 529 | 466 |
| Borrowings (current) (Note 23) | 155,682 | 64,287 | 3,800 | 64,287 | 151,882 | – |
| Rental and other deposits (non-current) | 12,362 | 11,944 | 5,710 | 5,412 | 6,652 | 6,532 |
| Borrowings (non-current) (Note 23) | 379,484 | 490,885 | 149,193 | 96,668 | 230,291 | 394,217 |
| Less: | | | | | | |
| GST/VAT payables | (1,434) | (1,491) | (532) | (573) | (902) | (918) |
| Other deposits | (19,460) | – | – | – | (19,460) | – |
| Rental received in advance | (8,717) | (9,395) | (2,637) | (2,237) | (6,080) | (7,158) |
| Total financial liabilities at amortised cost | 574,383 | 596,513 | 166,290 | 173,161 | 413,027 | 428,008 |

Trade and other payables are non-interest bearing. Trade payables are normally settled on 30 days' term.

Amounts due to related companies are non-trade related, unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

Other deposits (current) relate to deposit received from the buyer in connection with the China Group sale (Note 13).

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22. DEFERRED INCOME

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| At beginning of the financial year | 11,055 | 12,664 | 836 | 941 | 10,219 | 11,723 |
| Additions during the financial year | 44 | 28 | 24 | 28 | 20 | – |
| Amount amortised during the financial year | (1,986) | (1,974) | (137) | (133) | (1,849) | (1,841) |
| Translation differences | (420) | 337 | – | – | (420) | 337 |
| At end of the financial year | <u>8,693</u> | <u>11,055</u> | <u>723</u> | <u>836</u> | <u>7,970</u> | <u>10,219</u> |
| This comprises: | | | | | | |
| Current | 1,818 | 1,904 | 138 | 134 | 1,680 | 1,770 |
| Non-current | 6,875 | 9,151 | 585 | 702 | 6,290 | 8,449 |
| At end of the financial year | <u>8,693</u> | <u>11,055</u> | <u>723</u> | <u>836</u> | <u>7,970</u> | <u>10,219</u> |

Deferred income mainly relates to the cash reimbursement received from Accor for its 50% share of the A\$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.

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23. BORROWINGS

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | | | |
| TMK Bond | – | 1,261 | – | 1,261 | – | – |
| Secured bank loans | 151,995 | – | – | – | 151,995 | – |
| Less: Transaction costs capitalised | (113) | – | – | – | (113) | – |
| | 151,882 | – | – | – | 151,882 | – |
| Unsecured bank loans | 3,800 | 63,071 | 3,800 | 63,071 | – | – |
| Less: Transaction costs capitalised | – | (45) | – | (45) | – | – |
| | 3,800 | 63,026 | 3,800 | 63,026 | – | – |
| Total current | 155,682 | 64,287 | 3,800 | 64,287 | 151,882 | – |
| Non-current | | | | | | |
| TMK Bonds | 101,347 | 1,261 | 100,096 | – | 1,251 | 1,261 |
| Less: Transaction costs capitalised | (649) | – | (649) | – | – | – |
| | 100,698 | 1,261 | 99,447 | – | 1,251 | 1,261 |
| Secured bank loans | 87,144 | 248,729 | – | – | 87,144 | 248,729 |
| Less: Transaction costs capitalised | (377) | (852) | – | – | (377) | (852) |
| | 86,767 | 247,877 | – | – | 86,767 | 247,877 |
| Medium term notes | 145,000 | 145,000 | 49,780 | 49,780 | 95,220 | 95,220 |
| Less: Transaction costs capitalised | (156) | (206) | (34) | (52) | (122) | (154) |
| | 144,844 | 144,794 | 49,746 | 49,728 | 95,098 | 95,066 |
| Unsecured bank loans | 47,419 | 97,382 | – | 47,000 | 47,419 | 50,382 |
| Less: Transaction costs capitalised | (244) | (429) | – | (60) | (244) | (369) |
| | 47,175 | 96,953 | – | 46,940 | 47,175 | 50,013 |
| Total non-current | 379,484 | 490,885 | 149,193 | 96,668 | 230,291 | 394,217 |
| Total borrowings | 535,166 | 555,172 | 152,993 | 160,955 | 382,173 | 394,217 |

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23. BORROWINGS (CONT'D)

(i) TMK Bonds

The TMK bond in A-HREIT Group as at 31 March 2017 related to JPY100 million bond issued by Ascendas Hospitality TMK in November 2013 which carried a fixed interest rate of 1.333% per annum and matured on 15 November 2017. The TMK bond was fully repaid on 15 September 2017.

A new JPY8.0 billion TMK bond was issued by Ascendas Hospitality TMK on 4 October 2017 which carries a fixed rate of 0.714% per annum and matures on 4 October 2022. JPY7.9 billion of the proceeds from the bond issuance were repatriated to Singapore via capital reduction to repay bank borrowings.

The TMK bond in A-HBT Group relates to JPY100 million bond issued by Ascendas Japan Namba Tokutei Mokuteki Kaisha ("Ascendas Japan Namba TMK") on 24 March 2017. The bond carries a floating interest rate of 3 Month JPY LIBOR + 1.50% per annum and matures on 23 March 2023.

A-HTRUST's interests in the Sunroute and Oakwood Ariake and Osaka Namba properties in Japan are held via Tokutei Mokuteki Kaisha ("TMK") structures, and such TMK structures are required to issue preferred shares and bonds to fund the acquisition of assets.

(ii) Secured bank loans

A-HBT Group's subsidiaries, Ascendas Australia Hotel Trust ("AAHF Trust") and Ascendas Hotel Investment Company Pty Limited ("AAHF Company") have a combined A\$260 million variable rate term loan and revolving credit facility ("AAHF Facility"), of which A\$236 million remains outstanding as at 31 March 2018. The AAHF Facility comprises A\$150 million tranche due in December 2018 and A\$110 million tranche due in August 2020, and the outstanding loans under this facility bear interest at the relevant BBSY rate plus an average margin of 1.43% (2017: 1.43%) per annum. Part of the sales proceeds from the China Group sale will be used to repay the loans (Note 36 (b)).

The securities for the AAHF Facility include (i) first registered mortgage over each property in the AAHF Trust portfolio, (ii) charges over cash, receivables and chattels in AAHF Trust, AAHF Company and Lodging Logistics Pty Ltd (a company associated with the Courtyard by Marriott Sydney - North Ryde), and (iii) a first registered mortgage over each hotel lease between AAHF Company and AAHF Trust. Under the facility, The Trust Company (RE Services) Limited as the trustee for the AAHF Trust and AAHF Company shall be subject to certain financial covenants including loan to value ratio not exceeding 50%.

(iii) Unsecured bank loans and medium term notes

Two tranches of medium term notes were issued pursuant to the \$1 billion multi-currency stapled debt issuance programme. The first tranche of 5-year \$75.0 million (\$49.5 million under A-HREIT and \$25.5 million under A-HBT) 3.3% notes are due in April 2020. The second tranche of 6-year \$70.0 million (\$0.28 million under A-HREIT and \$69.72 million under A-HBT) 3.325% notes are due in September 2022.

As at 31 March 2018, A-HREIT and A-HBT have outstanding bank loans of \$3.8 million (2017: \$110.0 million) and \$47.4 million (2017: \$50.4 million) respectively, of which \$3.8 million (2017: \$63.1 million) of A-HREIT's bank loans will be due for repayment within the next 12 months.

A-HREIT and A-HBT have in place \$50.0 million and \$70.0 million (2017: Nil and \$30.0 million) revolving credit facility, of which \$46.2 million and \$70.0 million (2017: Nil and \$30.0 million) were unutilised as at 31 March 2018. A-HREIT and A-HBT also have a joint revolving credit facility of \$60.0 million (2017: Nil), of which \$60.0 million (2017: Nil) was unutilised as at 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

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23. BORROWINGS (CONT'D)

Terms and debt repayment schedule

| 2018 | Currency | Nominal interest rate % | Year of maturity | Carrying value \$'000 |
|-------------------------------------|----------|-------------------------------|---------------------|-----------------------------|
| A-HREIT Group | | | | |
| TMK fixed rate bond | JPY | 0.714% | 2022 | 100,096 |
| Unsecured variable rate term loan | SGD | 0.65% + SOR | 2018 | 3,800 |
| Medium term note | SGD | 3.30% | 2020 | 49,500 |
| Medium term note | SGD | 3.325% | 2022 | 280 |
| A-HBT Group | | | | |
| TMK variable rate bond | JPY | 1.50% + JPY LIBOR | 2023 | 1,251 |
| Unsecured variable rate term loan | USD | 1.20% + USD LIBOR | 2022 | 47,419 |
| Secured variable rate term loans | AUD | 1.43% + BBSY | 2018 – 2020 | 239,139 |
| Medium term note | SGD | 3.30% | 2020 | 25,500 |
| Medium term note | SGD | 3.325% | 2022 | 69,720 |
| Gross borrowings | | | | 536,705 |
| Less: Transaction costs capitalised | | | | (1,539) |
| Total borrowings | | | | 535,166 |

| 2017 | Currency | Nominal interest rate % | Year of maturity | Carrying value \$'000 |
|-------------------------------------|----------|-------------------------------|---------------------|-----------------------------|
| A-HREIT Group | | | | |
| TMK fixed rate bond | JPY | 1.333% | 2017 | 1,261 |
| Unsecured fixed rate term loan | JPY | 1.099% | 2017 | 63,071 |
| Unsecured variable rate term loan | SGD | 1.20% + SOR | 2018 | 47,000 |
| Medium term note | SGD | 3.30% | 2020 | 49,500 |
| Medium term note | SGD | 3.325% | 2022 | 280 |
| A-HBT Group | | | | |
| TMK variable rate bond | JPY | 1.50% + JPY LIBOR | 2023 | 1,261 |
| Unsecured variable rate term loan | USD | 1.20% + USD LIBOR | 2022 | 50,382 |
| Secured variable rate term loans | AUD | 1.43% + BBSY | 2018 – 2020 | 248,729 |
| Medium term note | SGD | 3.30% | 2020 | 25,500 |
| Medium term note | SGD | 3.325% | 2022 | 69,720 |
| Gross borrowings | | | | 556,704 |
| Less: Transaction costs capitalised | | | | (1,532) |
| Total borrowings | | | | 555,172 |

NOTES TO THE FINANCIAL STATEMENTS

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23. BORROWINGS (CONT'D)

A reconciliation of liabilities arising from financing activities are as follows:

| | 2017 | | Non-cash changes | | | 2018 |
|-----------------------------|------------|-----------|---------------------------|-------------------------------|------------------|---------|
| | Cash flows | | Foreign exchange movement | Transaction costs capitalised | Reclassification | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Loans and medium term notes | | | | | | |
| – Current | 64,287 | (104,697) | (4,693) | 256 | 200,529 | 155,682 |
| – Non-current | 490,885 | 98,803 | (10,096) | 421 | (200,529) | 379,484 |
| Total | 555,172 | (5,894) | (14,789) | 677 | – | 535,166 |

A-HREIT Group

Included in the borrowings as at 31 March 2018 are medium term notes of \$49.5 million (2017: bank borrowings of JPY5 billion, approximately \$63,071,000 and medium term notes of \$32.0 million), which together with currency swaps, have been designated as hedge of the net investment in a subsidiary in Japan, Ascendas Hospitality TMK (Note 24). These borrowings are being used to hedge the Group's exposure to foreign exchange risk on this investment.

A-HBT Group

Included in the borrowings at 31 March 2018 are bank borrowings of \$47.4 million and medium term notes of \$94.5 million (2017: bank borrowings of \$50.4 million and medium term notes of \$91.0 million), which together with certain currency swaps have been designated as hedge of the net investment in the subsidiaries in China and Japan, namely, Ascendas (Beijing) Hotel Co., Ltd., Ascendas 2 (Beijing) Hotel Co., Ltd., and Ascendas Japan Namba TMK (Note 24).

Gains or losses on the translation of borrowings designated as hedges of net investment in the subsidiaries are transferred to other comprehensive income to offset any gains or losses on translation of the net investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

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24. DERIVATIVE FINANCIAL INSTRUMENTS

| 2018 | A-HREIT Group | | | |
|-------------------------------------------------|------------------|-------------------------------------------|------------------|-----------------------|
| | Year of maturity | Contract/ Notional amount \$'000 | Fair values | |
| | | | Assets \$'000 | Liabilities \$'000 |
| <i>Non-hedging instrument</i> | | | | |
| Currency forwards (buy) | 2018 – 2019 | 9,128 | 174 | (98) |
| <i>Cash flow hedge and net investment hedge</i> | | | | |
| Currency swaps | 2020 | 49,500 | 1,421 | (1,611) |
| Total | | | <u>1,595</u> | <u>(1,709)</u> |
| Current | | | 174 | (55) |
| Non-current | | | 1,421 | (1,654) |
| Total | | | <u>1,595</u> | <u>(1,709)</u> |

| 2017 | A-HREIT Group | | | |
|-------------------------------------------------|------------------|-------------------------------------------|------------------|-----------------------|
| | Year of maturity | Contract/ Notional amount \$'000 | Fair values | |
| | | | Assets \$'000 | Liabilities \$'000 |
| <i>Non-hedging instrument</i> | | | | |
| Currency forwards (buy) | 2017 – 2018 | 10,884 | 247 | (48) |
| <i>Cash flow hedge and net investment hedge</i> | | | | |
| Interest rate swaps | 2018 | 47,000 | 6 | – |
| Currency swaps | 2020 | 32,000 | 1,162 | (1,260) |
| Total | | | <u>1,415</u> | <u>(1,308)</u> |
| Current | | | 188 | (48) |
| Non-current | | | 1,227 | (1,260) |
| Total | | | <u>1,415</u> | <u>(1,308)</u> |

NOTES TO THE FINANCIAL STATEMENTS

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24. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

| 2018 | A-HBT Group | | | |
|-------------------------------------------------|------------------|-------------------------------------------|------------------|-----------------------|
| | Year of maturity | Contract/ Notional amount \$'000 | Fair values | |
| | | | Assets \$'000 | Liabilities \$'000 |
| <i>Non-hedging instrument</i> | | | | |
| Currency forwards (buy) | 2018 – 2019 | 140,395 | 956 | (736) |
| <i>Cash flow hedge and net investment hedge</i> | | | | |
| Interest rate swaps | 2018 – 2020 | 121,596 | – | (931) |
| Currency swaps | 2018 – 2022 | 141,919 | 6,370 | (3,808) |
| Total | | | <u>7,326</u> | <u>(5,475)</u> |
| Current | | | 1,928 | (2,546) |
| Non-current | | | 5,398 | (2,929) |
| Total | | | <u>7,326</u> | <u>(5,475)</u> |

| 2017 | A-HBT Group | | | |
|-------------------------------------------------|------------------|-------------------------------------------|------------------|-----------------------|
| | Year of maturity | Contract/ Notional amount \$'000 | Fair values | |
| | | | Assets \$'000 | Liabilities \$'000 |
| <i>Non-hedging instrument</i> | | | | |
| Currency forwards (buy) | 2017 – 2018 | 31,765 | 241 | (616) |
| <i>Cash flow hedge and net investment hedge</i> | | | | |
| Interest rate swaps | 2018 – 2020 | 128,100 | – | (2,166) |
| Currency swaps | 2020 – 2022 | 141,382 | 6,270 | (1,057) |
| Total | | | <u>6,511</u> | <u>(3,839)</u> |
| Current | | | 182 | (576) |
| Non-current | | | 6,329 | (3,263) |
| Total | | | <u>6,511</u> | <u>(3,839)</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

A-HREIT Group

During the financial year, interest rate swaps which exchanged floating rate interest on SGD loan of \$47.0 million into fixed rate interest at rate of 1.16% per annum, were fully settled when the underlying SGD loan was fully repaid.

A-HREIT has entered into currency swaps to exchange \$49.5 million (2017: \$32.0 million) fixed rate medium term notes for fixed rate JPY obligation.

There is no hedge ineffectiveness in the financial years ended 31 March 2018 and 2017.

A-HBT Group

A-HBT has entered into currency swaps to exchange floating rate interest on USD loan of USD6.0 million (approximately \$7.9 million) (2017: USD6.0 million, approximately \$8.4 million) and \$22.0 million (2017: \$22.0 million) fixed rate medium term notes for fixed rate RMB obligation.

A-HBT has also entered into currency swap to exchange floating rate interest on USD loan of USD30.0 million (approximately \$39.5 million) (2017: USD30.0 million, approximately \$42.0 million) and \$72.5 million (2017: \$69.0 million) fixed rate medium term notes for fixed rate JPY obligation.

There is no hedge ineffectiveness in the financial years ended 31 March 2018 and 2017.

A-HBT's subsidiary, AAHF Trust, has entered into interest rate swaps to exchange floating rate interest on A\$120.0 million into fixed rate interest at an average rate of 2.90% per annum.

There is no hedge ineffectiveness in the financial year ended 31 March 2018 and 2017.

During the financial year, the Group recorded a net gain on derivative financial instruments of \$571,000 (2017: net gain of \$8,115,000) in the profit or loss, a net gain on cash flow hedge of \$882,000 (2017: \$403,000) in hedging reserve and a net gain on net investment hedge in foreign operations of \$3,745,000 (2017: net loss of \$4,091,000) in foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

25. STAPLED SECURITIES IN ISSUE

| 2018 | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------------------------------------------------------|------------------------|---------|------------------------|---------|------------------------|---------|
| | No. of units ('000) | \$'000 | No. of units ('000) | \$'000 | No. of units ('000) | \$'000 |
| Balance at 1 April 2017 | 1,124,481 | 972,627 | 1,124,481 | 415,679 | 1,124,481 | 556,948 |
| Managers' fees paid in Stapled Securities | 5,358 | 4,336 | 5,358 | 1,419 | 5,358 | 2,917 |
| Balance at 31 March 2018 | 1,129,839 | 976,963 | 1,129,839 | 417,098 | 1,129,839 | 559,865 |
| Stapled Securities to be issued: Managers' fees payable in Stapled Securities | 1,731 | 1,446 | 1,731 | 751 | 1,731 | 695 |
| Total issued and to be issued Stapled Securities | 1,131,570 | 978,409 | 1,131,570 | 417,849 | 1,131,570 | 560,560 |

| 2017 | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------------------------------------------------------|------------------------|---------|------------------------|---------|------------------------|---------|
| | No. of units ('000) | \$'000 | No. of units ('000) | \$'000 | No. of units ('000) | \$'000 |
| Balance at 1 April 2016 | 1,119,142 | 968,827 | 1,119,142 | 414,653 | 1,119,142 | 554,174 |
| Managers' fees paid in Stapled Securities | 5,339 | 3,800 | 5,339 | 1,026 | 5,339 | 2,774 |
| Balance at 31 March 2017 | 1,124,481 | 972,627 | 1,124,481 | 415,679 | 1,124,481 | 556,948 |
| Stapled Securities to be issued: Managers' fees payable in Stapled Securities | 1,956 | 1,472 | 1,956 | 758 | 1,956 | 714 |
| Total issued and to be issued Stapled Securities | 1,126,437 | 974,099 | 1,126,437 | 416,437 | 1,126,437 | 557,662 |

Each unit in A-HREIT is stapled together with a unit in A-HBT under the terms of a stapling deed dated 13 March 2012 and subsequently amended and entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in A-HREIT and A-HBT.

A holder of the Stapled Securities has no equitable or proprietary interest in the underlying assets of A-HTRUST 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 A-HTRUST.

Under the A-HREIT Trust Deed, every A-HREIT unit carries the same voting rights. Similarly, under the A-HBT Trust Deed, every A-HBT unit carries the same voting rights. Each unit carries one vote.

The holders of units of the Stapled Securities are entitled to receive distributions as and when declared by A-HTRUST.

All issued Stapled Securities are fully paid.

A further 5,358,131 (2017: 5,339,066) Stapled Securities were issued as settlement of management fees during the financial year. The performance fee component of management fee of the A-HREIT Manager will be crystallised and paid out on an annual basis in accordance with the A-HREIT Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

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26. ISSUE COSTS

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------------------------------|----------|--------|---------------|--------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning and end of the financial year | 15,761 | 15,761 | 5,994 | 5,994 | 9,767 | 9,767 |

Apart from the issuance of Stapled Securities as settlement of management fees (refer to Note 25), there is no other issuance of Stapled Securities in the financial years ended 31 March 2018 and 2017.

27. RESERVES

(a) Asset revaluation reserve

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------|----------|---------|---------------|--------|-------------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning of the financial year | 155,955 | 106,310 | – | – | 154,324 | 105,213 |
| Fair value gain, net of tax | 30,215 | 49,645 | – | – | 29,867 | 49,111 |
| Attributable to discontinued operations (Note 13) | (12,185) | – | – | – | (12,185) | – |
| Balance at end of the financial year | 173,985 | 155,955 | – | – | 172,006 | 154,324 |

The asset revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

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27. RESERVES (CONT'D)

(b) Foreign currency translation reserve

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning of the financial year | (96,143) | (124,015) | (48,339) | (67,166) | (47,196) | (56,155) |
| Disposal of subsidiary | – | (3,260) | – | – | – | (3,260) |
| Reclassification to profit or loss upon capital reduction in subsidiaries (Note 11) | 32,740 | 7,123 | 32,764 | 7,863 | (24) | (740) |
| Net currency translation differences during the year | (18,552) | 24,009 | (3,024) | 10,964 | (15,361) | 12,959 |
| Attributable to discontinued operations (Note 13) | (5,303) | – | – | – | (5,303) | – |
| Balance at end of the financial year | <u>(87,258)</u> | <u>(96,143)</u> | <u>(18,599)</u> | <u>(48,339)</u> | <u>(67,884)</u> | <u>(47,196)</u> |

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The foreign currency translation reserve is also used to record the effect of net investment hedge in foreign operations.

(c) Hedging reserve

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------------------------------|----------------|----------------|---------------|----------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning of the financial year | (2,574) | (2,977) | 5 | 212 | (2,554) | (3,153) |
| Net fair value gain/(loss) of cash flow hedges | 823 | 265 | (64) | (207) | 873 | 461 |
| Reclassification to profit or loss upon settlement | 59 | 138 | 59 | – | – | 138 |
| Attributable to discontinued operations (Note 13) | 493 | – | – | – | 493 | – |
| Balance at end of the financial year | <u>(1,199)</u> | <u>(2,574)</u> | <u>–</u> | <u>5</u> | <u>(1,188)</u> | <u>(2,554)</u> |

Hedging reserve represents the cumulative fair value changes, net of tax, of derivative financial instruments until they are disposed of.

NOTES TO THE FINANCIAL STATEMENTS

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27. RESERVES (CONT'D)

(d) Other reserves

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Balance at beginning of the financial year | 795 | 612 | – | – | 795 | 612 |
| Transfer from revenue reserve | 417 | 183 | – | – | 417 | 183 |
| Attributable to discontinued operations (Note 13) | (1,212) | – | – | – | (1,212) | – |
| Balance at end of the financial year | – | 795 | – | – | – | 795 |

Other reserves comprise mainly the statutory reserve fund in the People's Republic of China ("PRC"). In accordance with the Foreign Enterprise Law applicable to an A-HBT's subsidiary in the PRC, the subsidiary is required to make appropriation to a statutory reserve fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to Stapled Securityholders.

28. INVESTMENT IN SUBSIDIARIES

The subsidiaries of A-HTRUST, the A-HREIT Group and the A-HBT Group are as follows:

| Name of subsidiary | Country of constitution | Principal activities / place of business | Effective equity held by A-HTRUST | |
|-----------------------------------------------------|-------------------------|------------------------------------------|-----------------------------------|-----------|
| | | | 2018 % | 2017 % |
| Held by A-HREIT | | | | |
| Ascendas Hospitality Japan 1 Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Hospitality MTN Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

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28. INVESTMENT IN SUBSIDIARIES (CONT'D)

| Name of subsidiary | Country of constitution | Principal activities / place of business | Effective equity held by A-HTRUST | |
|-------------------------------------------------------------------|-------------------------|------------------------------------------|-----------------------------------|-----------|
| | | | 2018 % | 2017 % |
| Held through A-HREIT subsidiaries | | | | |
| Ascendas Hospitality Japan 2 Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Hospitality Japan 3 Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Hospitality Tokutei Mokuteki Kaisha ² | Japan | Hotel investment Japan | 100 | 100 |
| Held by A-HBT | | | | |
| Ascendas Hospitality Australia Investments Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Hospitality China Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Hospitality Operations Pty Ltd ² | Australia | Investment holding Australia | 100 | 100 |
| Ascendas Hospitality Australia Investment Fund No.1 ² | Australia | Investment holding Australia | 100 | 100 |
| Ascendas China Hotel Investment Limited ² | Hong Kong | Investment holding Hong Kong | 100 | 100 |
| Ascendas Ariake Godo Kaisha ² | Japan | Hotel operations Japan | 100 | 100 |
| Ascendas Namba 1 Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Namba Godo Kaisha ² | Japan | Hotel operations Japan | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

28. INVESTMENT IN SUBSIDIARIES (CONT'D)

| Name of subsidiary | Country of constitution | Principal activities / place of business | Effective equity held by A-HTRUST | |
|------------------------------------------------------------------|-------------------------|------------------------------------------|-----------------------------------|-----------|
| | | | 2018 % | 2017 % |
| Held through A-HBT subsidiaries | | | | |
| Ascendas Hospitality Australia Investment Fund No.2 ² | Australia | Investment holding Australia | 100 | 100 |
| Ascendas Australia Hotel Trust ² | Australia | Hotel investment Australia | 100 | 100 |
| Ascendas Hotel Investment Company Pty Limited ² | Australia | Hotel operations Australia | 100 | 100 |
| Ascendas (Beijing) Hotel Co., Ltd. ² | PRC | Hotel operations PRC | 100 | 100 |
| Ascendas 2 (Beijing) Hotel Co., Ltd. ² | PRC | Hotel operations PRC | 100 | 100 |
| Ascendas Namba 2 Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Namba 3 Pte. Ltd. ¹ | Singapore | Investment holding Singapore | 100 | 100 |
| Ascendas Japan Namba Tokutei Mokuteki Kaisha ² | Japan | Hotel investment Japan | 100 | 100 |

¹ Audited by Ernst & Young LLP, Singapore

² Audited by member firms of Ernst & Young Global in the respective countries

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence or control. Related parties may be individuals or entities. The REIT Manager and the Trustee Manager are related entities of a substantial Stapled Securityholder of A-HTRUST.

In relation to the management of the Trust, management fees have been paid or are payable to the Managers and entities related to the Managers and trustee fees have been paid or are payable to the Trustee-Manager. In addition, hotel management fees have been paid or are payable to a related entity, Oakwood Property Management Services (Tokyo) Co., Ltd for managing the operations of the Oakwood Ariake serviced apartments.

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29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, in addition to the transactions disclosed in Notes 9(a), 9(b) and 11 in the financial statements, the following were significant related party transactions which were carried out in the normal course of business on arm's length commercial terms:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Management fees paid/payable to: | | | | | | |
| – REIT Manager | 2,575 | 2,600 | 2,575 | 2,600 | – | – |
| – Trustee-Manager | 2,937 | 3,075 | – | – | 2,937 | 3,075 |
| – Related entities of the Managers | 3,108 | 2,951 | 248 | 264 | 2,860 | 2,687 |
| Divestment fee payable to: | | | | | | |
| – Trustee-Manager | 24 | – | – | – | 24 | – |
| Total fund management fees (Note 9 (a)) | <u>8,644</u> | <u>8,626</u> | <u>2,823</u> | <u>2,864</u> | <u>5,821</u> | <u>5,762</u> |
| Trustee fees paid/payable to: | | | | | | |
| – Trustee-Manager (Note 9 (b)) | 162 | 162 | – | – | 162 | 162 |
| Hotel management fees paid/payable to a related entity of the Group | 231 | 244 | – | – | 231 | 244 |
| Marketing and trademark licence fees paid/payable to a related entity of the Group | <u>113</u> | <u>114</u> | <u>–</u> | <u>–</u> | <u>113</u> | <u>114</u> |

Details of the fee arrangements are set out on pages 123 to 125.

30. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

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30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year:

| 2018 Group | Fair value measurements at the end of the reporting year using | | Total \$'000 |
|---------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------|
| | Significant observable inputs other than quoted prices (Level 2) \$'000 | Significant unobservable inputs (Level 3) \$'000 | |
| Recurring fair value measurements: | | | |
| Assets | | | |
| <i>Financial assets</i> | | | |
| <u>Derivatives</u> | | | |
| <i>Currency forwards</i> | 1,130 | – | 1,130 |
| <i>Currency swaps</i> | 7,791 | – | 7,791 |
| Total derivatives | 8,921 | – | 8,921 |
| Financial assets as at 31 March 2018 | 8,921 | – | 8,921 |
| <u>Non-financial assets</u> | | | |
| <u>Property, plant and equipment</u> | | | |
| <i>Freehold land</i> | – | 185,954 | 185,954 |
| <i>Buildings</i> | – | 415,710 | 415,710 |
| Total property, plant and equipment | – | 601,664 | 601,664 |
| Investment properties | – | 843,258 | 843,258 |
| <u>Disposal group classified as held for sale</u> | | | |
| <u>Property, plant and equipment</u> | | | |
| <i>Buildings</i> | – | 53,412 | 53,412 |
| Non-financial assets as at 31 March 2018 | – | 1,498,334 | 1,498,334 |
| Liabilities | | | |
| <i>Financial liabilities</i> | | | |
| <u>Derivatives</u> | | | |
| <i>Currency forwards</i> | 834 | – | 834 |
| <i>Interest rate swaps</i> | 931 | – | 931 |
| <i>Currency swaps</i> | 5,419 | – | 5,419 |
| Total derivatives | 7,184 | – | 7,184 |
| Financial liabilities as at 31 March 2018 | 7,184 | – | 7,184 |

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30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value (cont'd)

| 2017 Group | Fair value measurements at the end of the reporting year using | | Total \$'000 |
|-------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------|
| | Significant observable inputs other than quoted prices (Level 2) \$'000 | Significant unobservable inputs (Level 3) \$'000 | |
| Recurring fair value measurements: | | | |
| Assets | | | |
| <i>Financial assets</i> | | | |
| <u>Derivatives</u> | | | |
| <i>Currency forwards</i> | 488 | – | 488 |
| <i>Interest rate swaps</i> | 6 | – | 6 |
| <i>Currency swaps</i> | 7,432 | – | 7,432 |
| Total derivatives | 7,926 | – | 7,926 |
| Financial assets as at 31 March 2017 | 7,926 | – | 7,926 |
| <u>Non-financial assets</u> | | | |
| <u>Property, plant and equipment</u> | | | |
| <i>Freehold land</i> | – | 171,751 | 171,751 |
| <i>Buildings</i> | – | 493,860 | 493,860 |
| Total property, plant and equipment | – | 665,611 | 665,611 |
| Investment properties | – | 824,129 | 824,129 |
| Non-financial assets as at 31 March 2017 | – | 1,489,740 | 1,489,740 |
| Liabilities | | | |
| <i>Financial liabilities</i> | | | |
| <u>Derivatives</u> | | | |
| <i>Currency forwards</i> | 664 | – | 664 |
| <i>Interest rate swaps</i> | 2,166 | – | 2,166 |
| <i>Currency swaps</i> | 2,317 | – | 2,317 |
| Total derivatives | 5,147 | – | 5,147 |
| Financial liabilities as at 31 March 2017 | 5,147 | – | 5,147 |

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Currency forwards, interest rate swaps and currency swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

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30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

| 2018 Group Description | Fair value at 31 March 2018 \$'000 | Valuation Methodologies | Unobservable inputs | Range |
|---------------------------------------------------|------------------------------------------|----------------------------|-------------------------------------------------------------|------------------------------------------------------------------|
| Recurring fair value measurements: | | | | |
| Property, plant and equipment | | | | |
| Freehold land | 185,954 | Discounted cash flow | Discount rate Terminal yield | 8.00% to 9.50% 6.25% to 7.50% |
| | | Capitalisation approach | Capitalisation rate | 6.25% to 7.50% |
| Buildings | 415,710 | Discounted cash flow | Discount rate Terminal yield Occupancy rate RevPAR | 8.00% to 9.50% 6.25% to 7.50% 77% to 95% \$110 to \$290 |
| | | Capitalisation approach | Capitalisation rate | 6.25% to 7.50% |
| Investment properties | | | | |
| Hotels and serviced apartments | 843,258 | Discounted cash flow | Discount rate terminal yield Occupancy rate RevPAR | 4.20% to 6.50% 4.50% to 5.00% 81% to 97% \$109 to \$253 |
| | | Capitalisation approach | Capitalisation rate | 4.00% |
| Disposal group classified as held for sale | | | | |
| Property, plant and equipment | | | | |
| Buildings | 53,412 | Discounted cash flow | Discount rate Terminal yield Occupancy rate RevPAR | 8.50% to 8.75% 5.75% to 6.00% 85% to 93% \$60 to \$126 |
| | | Capitalisation approach | Capitalisation rate | 5.25% to 5.50% |

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30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

| 2017 Group | Fair value at 31 March 2017 \$'000 | Valuation Methodologies | Unobservable inputs | Range |
|-------------------------------------------|------------------------------------------|----------------------------|-------------------------------------------------------------|------------------------------------------------------------------|
| Recurring fair value measurements: | | | | |
| Property, plant and equipment | | | | |
| Freehold land | 171,751 | Discounted cash flow | Discount rate Terminal yield | 9.50% to 10.75% 7.00% to 8.50% |
| Buildings | 493,860 | Discounted cash flow | Discount rate Terminal yield Occupancy rate RevPAR | 9.00% to 10.75% 5.00% to 8.50% 76% to 95% \$59 to \$274 |
| Investment properties | | | | |
| Hotels and serviced apartments | 824,129 | Discounted cash flow | Discount rate Terminal yield Occupancy rate RevPAR | 4.40% to 6.75% 4.40% to 5.20% 80% to 93% \$114 to \$224 |

The fair value varies inversely against the discount rate, terminal yield and capitalisation rate and increases with higher occupancy rates and revenue per available room ("RevPAR").

NOTES TO THE FINANCIAL STATEMENTS

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30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 March 2018 and 2017 but for which fair value is disclosed:

| 2018 Group | Fair value using significant unobservable inputs (Level 3) \$'000 | Carrying amount \$'000 |
|-----------------------------------------|-------------------------------------------------------------------------------|------------------------------|
| Assets | | |
| Other non-current assets | | |
| – Non-refundable deposit | 5,385 | 5,066 |
| Liabilities | | |
| Rental and other deposits (non-current) | 12,437 | 12,362 |
| Borrowings (non-current) | | |
| – Fixed rate TMK bonds | 101,832 | 100,096 |
| – Fixed rate medium term notes | 149,387 | 145,000 |

| 2017 Group | Fair value using significant unobservable inputs (Level 3) \$'000 | Carrying amount \$'000 |
|-----------------------------------------|-------------------------------------------------------------------------------|------------------------------|
| Assets | | |
| Other non-current assets | | |
| – Non-refundable deposit | 5,898 | 5,338 |
| Liabilities | | |
| Rental and other deposits (non-current) | 12,298 | 11,944 |
| Borrowings (non-current) | | |
| – Fixed rate medium term notes | 153,989 | 145,000 |

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments such as currency forwards, interest rate swaps and currency swaps to hedge certain financial risk exposures.

The Managers are responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Managers' organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Boards of the Managers, assisted by the Audit and Risk Committee and Internal Audit, oversee how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee. The Audit and Risk Committee then reports to the Boards of Directors on any inadequacies, deficiencies or matters of concern of which Internal Audit becomes aware or that it suspects, arising from its review of the Group's risk management policies and procedures.

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents, receivables and payables that are denominated in a currency other than the functional currency of A-HTRUST, the A-HREIT Group and the A-HBT Group. The currencies giving rise to this risk are primarily RMB, JPY, AUD and USD.

The Group's exposures to foreign currencies (excluding functional currency) as at 31 March 2018 and 2017 are as follows:

| 2018 Group | RMB \$'000 | JPY \$'000 | AUD \$'000 | USD \$'000 |
|-----------------------------------------|---------------|---------------|---------------|---------------|
| Financial assets | | | | |
| Cash and cash equivalents | 897 | 6,616 | 136 | 133 |
| Related party receivables (current) | – | 4,057 | 2,507 | 9,220 |
| Trade and other receivables (current) | – | 1,363 | – | 150 |
| Related party receivables (non-current) | – | 62,388 | 111,666 | – |
| | 897 | 74,424 | 114,309 | 9,503 |
| Financial liabilities | | | | |
| Related party payables (current) | – | (4,057) | – | (9,220) |
| Trade and other payables (current) | (589) | (217) | (288) | (155) |
| Related party payables (non-current) | – | (62,388) | (20,266) | – |
| | (589) | (66,662) | (20,554) | (9,375) |
| Net financial assets | 308 | 7,762 | 93,755 | 128 |

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

| 2017 Group | RMB \$'000 | JPY \$'000 | AUD \$'000 | USD \$'000 | HKD \$'000 |
|-----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 2,507 | 5,905 | 500 | 56 | 7 |
| Related party receivables (current) | – | 4,176 | 2,647 | 9,797 | – |
| Trade and other receivables (current) | – | 1,233 | – | 118 | – |
| Related party receivables (non-current) | – | 105,263 | 117,638 | – | – |
| | 2,507 | 116,577 | 120,785 | 9,971 | 7 |
| Financial liabilities | | | | | |
| Related party payables (current) | – | (4,176) | – | (9,797) | – |
| Trade and other payables (current) | (584) | (283) | (265) | – | – |
| Related party payables (non-current) | – | (105,263) | (21,350) | – | – |
| | (584) | (109,722) | (21,615) | (9,797) | – |
| Net financial assets | 1,923 | 6,855 | 99,170 | 174 | 7 |

If SGD changes against AUD, JPY and RMB by 5%, 1% and 2% (2017: 3%, 5% and 3%) respectively with all other variables being held constant, the effects from the net financial asset position will be as follows:

| Group | Profit before tax | |
|-----------------|-------------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| SGD against AUD | | |
| – strengthened | (4,688) | (2,975) |
| – weakened | 4,688 | 2,975 |
| SGD against JPY | | |
| – strengthened | (78) | (343) |
| – weakened | 78 | 343 |
| SGD against RMB | | |
| – strengthened | (6) | (58) |
| – weakened | 6 | 58 |

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

In addition, the Group's foreign operations expose it to foreign currency risk in relation to its net investment. Natural hedging is preferred as far as possible by matching assets and liabilities of the same currency. Derivative financial instruments are only used when necessary to reduce exposure to fluctuation in foreign exchange rates. To manage the currency risk involved in having borrowings denominated in currencies that are different from the underlying assets, the Group entered into currency swaps to convert a portion of the borrowings to match the currency of the asset investment as a natural currency hedge.

The Group hedges its exposure to fluctuations on the translation into SGD of its foreign operations by using currency swaps and loan denominated in the same currency and designated them as net investment hedge in the foreign operations.

The Group's distribution to Stapled Securityholders is in SGD. To enhance the stability of distribution to Stapled Securityholders, the Group entered into currency forwards to hedge a substantial portion of the cash flows it expects to receive. The hedging of JPY cash flows receivable from the subsidiary companies of A-HREIT and AUD and JPY cash flows receivable from the subsidiary companies of A-HBT are effected through forward sale of the JPY and AUD and purchase of SGD.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable rate borrowings. The Group borrows at variable rates mainly in SGD, USD, JPY and AUD. The Group manages its interest rate risk by converting a significant portion of its floating rate interest into fixed rate interest using interest rate swaps. If interest rates increase/decrease by 60 basis points (2017: 65 basis points) with all other variables including tax rate being held constant, the Group's profit after tax will be lower/higher by \$499,000 (2017: \$658,000) as a result of higher/lower interest expense on these borrowings.

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed by the REIT Manager and the Trustee-Manager before lease agreements are entered into with customers. The risk is also mitigated by having customers place security deposits for the lease.

The hotel operators which manage the hotels under hotel management contracts with the Group perform credit evaluations on customers before accepting customers and monitor their balances on an on-going basis.

Cash and short term bank deposits are placed with financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheets.

The credit risk for trade receivables based on the information provided to the Managers is as follows:

(i) Financial assets that are neither past due nor impaired

Bank deposits are placed with banks which are regulated. Trade and other receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group. The Group's trade receivables that are neither past due nor impaired include amounts of \$7,683,000 (2017: \$8,671,000).

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The Group has trade receivables amounting to \$655,000 (2017: \$895,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------|----------|--------|---------------|--------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Past due 0 to 30 days | 640 | 696 | – | – | 640 | 696 |
| Past due 31 to 60 days | 15 | 31 | – | – | 15 | 31 |
| Past due more than 60 days | – | 168 | – | – | – | 168 |
| | 655 | 895 | – | – | 655 | 895 |

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

The carrying amounts of trade receivables determined to be impaired and the movement in the related allowance for impairment is as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Allowance for impairment | | | | | | |
| Balance at beginning | | | | | | |
| of financial year | (11) | (23) | – | – | (11) | (23) |
| Allowance made | (67) | (4) | – | – | (67) | (4) |
| Allowance written off | 75 | – | – | – | 75 | – |
| Allowance written back | – | 16 | – | – | – | 16 |
| Translation differences | 3 | – | – | – | 3 | – |
| Balance at end of financial year | – | (11) | – | – | – | (11) |

The Group establishes an allowance for impairment that represents its estimate of incurred losses of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

(iii) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and segment profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting year is as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| By country: | | | | | | |
| Australia | 4,626 | 5,062 | – | – | 4,626 | 5,062 |
| China | – | 425 | – | – | – | 425 |
| Japan | 3,712 | 4,079 | 1,353 | 1,811 | 2,359 | 2,268 |
| | 8,338 | 9,566 | 1,353 | 1,811 | 6,985 | 7,755 |
| By segment: | | | | | | |
| Master leases | 3,712 | 4,079 | 1,353 | 1,811 | 2,359 | 2,268 |
| Hotels under management | 4,626 | 5,487 | – | – | 4,626 | 5,487 |
| | 8,338 | 9,566 | 1,353 | 1,811 | 6,985 | 7,755 |

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds.

The Managers monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the Managers monitor and observe the bank covenants imposed by the banks on the various borrowings.

The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows:

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Later than 5 years \$'000 |
|----------------------------------------------------|-------------------------------|---------------------------------------|---------------------------------|
| A-HTRUST | | | |
| As at 31 March 2018 | | | |
| Net-settled interest rate swaps | 851 | (126) | – |
| Gross-settled currency forwards | | | |
| – Receipts | (143,297) | (6,206) | – |
| – Payments | 143,012 | 6,199 | – |
| Gross-settled currency swaps | | | |
| – Receipts | (6,196) | (208,657) | – |
| – Payments | 3,161 | 209,603 | – |
| Trade and other payables (current and non-current) | 26,326 | 529 | – |
| Borrowings (including interest) | 169,423 | 401,603 | – |
| Rental and deposits (non-current) | – | – | 13,957 |
| | <u>193,280</u> | <u>402,945</u> | <u>13,957</u> |
| As at 31 March 2017 | | | |
| Net-settled interest rate swaps | 1,419 | 671 | – |
| Gross-settled currency forwards | | | |
| – Receipts | (35,751) | (6,898) | – |
| – Payments | 35,764 | 6,582 | – |
| Gross-settled currency swaps | | | |
| – Receipts | (5,205) | (121,436) | (70,125) |
| – Payments | 3,060 | 113,426 | 69,369 |
| Trade and other payables (current and non-current) | 28,931 | 466 | – |
| Borrowings (including interest) | 80,498 | 537,381 | 72,383 |
| Rental and deposits (non-current) | – | – | 13,746 |
| | <u>108,716</u> | <u>530,192</u> | <u>85,373</u> |
| A-HREIT | | | |
| As at 31 March 2018 | | | |
| Gross-settled currency forwards | | | |
| – Receipts | (7,363) | (1,765) | – |
| – Payments | 7,232 | 1,815 | – |
| Gross-settled currency swaps | | | |
| – Receipts | (1,448) | (51,944) | – |
| – Payments | 529 | 52,773 | – |
| Trade and other payables (current and non-current) | 7,587 | – | – |
| Borrowings (including interest) | 6,162 | 154,172 | – |
| Rental and deposits (non-current) | – | – | 6,472 |
| | <u>12,699</u> | <u>155,051</u> | <u>6,472</u> |

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 | Later than 5 years \$'000 |
|----------------------------------------------------|-------------------------------|---------------------------------------|---------------------------------|
| A-HREIT (cont'd) | | | |
| As at 31 March 2017 | | | |
| Net-settled interest rate swaps | 131 | 31 | – |
| Gross-settled currency forwards | | | |
| – Receipts | (8,713) | (2,171) | – |
| – Payments | 8,849 | 2,040 | – |
| Gross-settled currency swaps | | | |
| – Receipts | (1,056) | (34,135) | – |
| – Payments | 360 | 32,726 | – |
| Trade and other payables (current and non-current) | 6,794 | – | – |
| Borrowings (including interest) | 67,458 | 100,068 | 284 |
| Rental and deposits (non-current) | – | – | 6,283 |
| | 73,823 | 98,559 | 6,567 |
| A-HBT | | | |
| As at 31 March 2018 | | | |
| Net-settled interest rate swaps | 851 | (126) | – |
| Gross-settled currency forwards | | | |
| – Receipts | (135,934) | (4,441) | – |
| – Payments | 135,780 | 4,384 | – |
| Gross-settled currency swaps | | | |
| – Receipts | (4,748) | (156,713) | – |
| – Payments | 2,632 | 156,830 | – |
| Trade and other payables (current and non-current) | 23,673 | 529 | – |
| Borrowings (including interest) | 163,261 | 247,431 | – |
| Rental and deposits (non-current) | – | – | 7,485 |
| | 185,515 | 247,894 | 7,485 |
| As at 31 March 2017 | | | |
| Net-settled interest rate swaps | 1,288 | 640 | – |
| Gross-settled currency forwards | | | |
| – Receipts | (27,038) | (4,727) | – |
| – Payments | 26,915 | 4,542 | – |
| Gross-settled currency swaps | | | |
| – Receipts | (4,149) | (87,301) | (70,125) |
| – Payments | 2,700 | 80,700 | 69,369 |
| Trade and other payables (current and non-current) | 26,793 | 466 | – |
| Borrowings (including interest) | 13,040 | 437,313 | 72,099 |
| Rental and deposits (non-current) | – | – | 7,463 |
| | 39,549 | 431,633 | 78,806 |

A-HTRUST, the A-HREIT Group and the A-HBT Group manage the liquidity risk by maintaining sufficient cash from borrowings and cash generated from operations to enable them to meet their capital expenditure and operating commitments.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital management

The Managers' objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the A-HREIT Trust Deed and the A-HBT Trust Deed to fund future acquisitions and asset enhancement works at the Group's properties. To maintain or achieve an optimal capital structure, the Managers may issue new stapled securities or source additional borrowing from both financial institutions and capital markets.

The Managers monitor capital based on gearing ratio, which is total borrowings divided by total assets. The Group's policy is to cap the gearing ratio to no more than 45%, which is in line with the revised guideline for aggregate leverage set out in Appendix 6: Investment Property Funds under the CIS (effective from 1 January 2016).

The gearing ratio is calculated as total borrowings divided by total assets.

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------|-----------|-----------|---------------|---------|-------------|-----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Total borrowings | 535,166 | 555,172 | 152,993 | 160,955 | 382,173 | 394,217 |
| Total assets | 1,739,271 | 1,725,908 | 634,887 | 628,610 | 1,112,375 | 1,105,011 |
| Gearing ratio | 31% | 32% | 24% | 26% | 34% | 36% |

A-HTRUST, the A-HREIT Group and the A-HBT Group are in compliance with the borrowing limit requirements imposed by the relevant Trust Deeds and all externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

32. SEGMENT REPORTING

The Boards of the Managers decide on strategic resource allocation and assess the performance of A-HTRUST based on operating segments.

Segment information is presented in respect of the Group's operating segments from two dimensions: (a) by geography; and (b) by business.

The operations of each of the Group's geographical segments are separately managed because of the different economic environments in which they operate. This forms the basis of identifying the geographical segments of the Group.

There are four reportable geographical segments, as described below:

- Australia – the six hotels in Sydney, Melbourne and Brisbane that are being operated under management contracts
- China – the two hotels in Beijing that are being operated under management contracts, and classified as discontinued operations (Note 13)
- Japan – the investment properties in Tokyo and Osaka that are being leased and operated primarily as hotels
- Singapore – the investment property that is being leased and operated as a hotel

NOTES TO THE FINANCIAL STATEMENTS

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32. SEGMENT REPORTING (CONT'D)

The operations of the Group under master leases and management contracts have different risks and returns. This forms the basis of identifying the business segments of the Group.

There are two reportable business segments, as described below:

- Master leases – the properties are leased to tenants to operate as hotels for which the Group earns rental income
- Hotels under management – the properties are managed by third party operators, who are paid a management fee to run the hotel operations for the Group

(a) Segmental information by geographical segment

| 2018 Group | Australia \$'000 | Japan \$'000 | Singapore \$'000 | Total for continuing operations \$'000 | Discontinued operations \$'000 |
|-----------------------------------------------------------------|---------------------|-----------------|---------------------|-------------------------------------------------|--------------------------------------|
| Segment revenue | 155,736 | 34,030 | 13,493 | 203,259 | 21,471 |
| Segment net property income | 48,946 | 24,833 | 13,446 | 87,225 | 8,491 |
| Depreciation and amortisation | | | | (23,933) | (4,014) |
| Net change in fair value of derivative financial instruments | | | | 571 | – |
| Net change in fair value of investment properties | | | | 21,957 | – |
| Finance costs | | | | (15,338) | – |
| Finance income | | | | 630 | 289 |
| Foreign exchange (loss)/gain, net | | | | (36,809) | 222 |
| Others | | | | (7,218) | (10) |
| Profit before tax | | | | 27,085 | 4,978 |
| Income tax expense | | | | (9,807) | (954) |
| Profit after tax | | | | 17,278 | 4,024 |
| Non-current assets ¹ | 671,514 | 529,258 | 314,000 | 1,514,772 | – |
| Segment assets | 712,767 | 557,131 | 348,947 | 1,618,845 | 120,426 |
| Segment liabilities | 272,500 | 161,631 | 255,846 | 689,977 | 9,887 |

¹ Non-current assets information presented above consist of investment properties and property, plant and equipment as presented in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

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32. SEGMENT REPORTING (CONT'D)

(a) Segmental information by geographical segment (cont'd)

| 2017 Group | Australia \$'000 | China \$'000 | Japan \$'000 | Singapore \$'000 | Total for continuing operations \$'000 | Discontinued operations \$'000 |
|--------------------------------------------------------------------|---------------------|-----------------|-----------------|---------------------|-------------------------------------------------|--------------------------------------|
| Segment revenue | 154,720 | – | 35,604 | 13,310 | 203,634 | 20,798 |
| Segment net property income | 51,987 | – | 25,968 | 13,269 | 91,224 | 7,943 |
| Share of results of joint venture | | | | | (3) | – |
| Depreciation and amortisation | | | | | (22,989) | (4,638) |
| Net change in fair value of derivative financial instruments | | | | | 8,115 | – |
| Net change in fair value of investment properties | | | | | 9,385 | – |
| Finance costs | | | | | (17,704) | – |
| Finance income | | | | | 635 | 262 |
| Foreign exchange (loss)/gain, net | | | | | (4,889) | 737 |
| Others | | | | | (11,388) | – |
| Profit before tax | | | | | 52,386 | 4,304 |
| Income tax expense | | | | | (7,299) | (851) |
| Profit after tax | | | | | 45,087 | 3,453 |
| Non-current assets ¹ | 683,200 | 93,858 | 512,129 | 312,000 | 1,601,187 | – |
| Segment assets | 732,775 | 116,737 | 537,718 | 338,678 | 1,725,908 | – |
| Segment liabilities | 283,845 | 10,447 | 57,032 | 341,355 | 692,679 | – |

¹ Non-current assets information presented above consist of investment properties, prepaid land lease and property, plant and equipment as presented in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

32. SEGMENT REPORTING (CONT'D)

(b) Segmental information by business segment

| 2018 Group | Master leases \$'000 | Hotels under management \$'000 | Elimination \$'000 | Total for continuing operations \$'000 | Discontinued operations \$'000 |
|-----------------------------------------------------------------|----------------------------|--------------------------------------|-----------------------|-------------------------------------------------|--------------------------------------|
| Segment revenue | 43,946 | 176,274 | (16,961) | 203,259 | 21,471 |
| Segment net property income | 38,511 | 48,965 | (251) | 87,225 | 8,491 |
| Depreciation and amortisation | | | | (23,933) | (4,014) |
| Net change in fair value of derivative financial instruments | | | | 571 | – |
| Net change in fair value of investment properties | | | | 21,957 | – |
| Finance costs | | | | (15,338) | – |
| Finance income | | | | 630 | 289 |
| Foreign exchange (loss)/gain, net | | | | (36,809) | 222 |
| Others | | | | (7,218) | (10) |
| Profit before tax | | | | 27,085 | 4,978 |
| Income tax expense | | | | (9,807) | (954) |
| Profit after tax | | | | 17,278 | 4,024 |
| Additions to non-current assets ¹ | 780 | 12,377 | – | 13,157 | 630 |
| Segment assets | 880,153 | 746,684 | (7,992) | 1,618,845 | 120,426 |
| Segment liabilities | 203,639 | 491,271 | (4,933) | 689,977 | 9,887 |

¹ Additions to non-current assets consist of additions to investment properties and property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

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32. SEGMENT REPORTING (CONT'D)

(b) Segmental information by business segment (cont'd)

| 2017 Group | Master leases \$'000 | Hotels under management \$'000 | Elimination \$'000 | Total for continuing operations \$'000 | Discontinued operations \$'000 |
|-----------------------------------------------------------------|----------------------------|--------------------------------------|-----------------------|-------------------------------------------------|--------------------------------------|
| Segment revenue | 45,271 | 176,101 | (17,738) | 203,634 | 20,798 |
| Segment net property income | 39,337 | 52,141 | (254) | 91,224 | 7,943 |
| Share of results of joint venture | | | | (3) | – |
| Depreciation and amortisation | | | | (22,989) | (4,638) |
| Net change in fair value of derivative financial instruments | | | | 8,115 | – |
| Net change in fair value of investment properties | | | | 9,385 | – |
| Finance costs | | | | (17,704) | – |
| Finance income | | | | 635 | 262 |
| Foreign exchange (loss)/gain, net | | | | (4,889) | 737 |
| Others | | | | (11,388) | – |
| Profit before tax | | | | 52,386 | 4,304 |
| Income tax expense | | | | (7,299) | (851) |
| Profit after tax | | | | 45,087 | 3,453 |
| Additions to non-current assets ¹ | 1,127 | 10,354 | – | 11,481 | – |
| Segment assets | 866,035 | 867,589 | (7,716) | 1,725,908 | – |
| Segment liabilities | 206,353 | 490,982 | (4,656) | 692,679 | – |

¹ Additions to non-current assets consist of additions to investment properties and property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

33. COMMITMENTS

(a) Operating lease commitments

The investment properties and certain property, plant and equipment are under non-cancellable operating lease agreements. The future minimum lease payments receivable/payable under non-cancellable operating leases contracted for but not recognised as receivables/payables are as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Receivable | | | | | | |
| – Within 1 year | 39,554 | 37,089 | 27,877 | 25,242 | 26,316 | 24,237 |
| – After 1 year but within 5 years | 154,706 | 157,295 | 115,600 | 104,939 | 97,663 | 101,913 |
| – After 5 years | 175,479 | 48,508 | 150,017 | 39,174 | 171,852 | 29,983 |
| | <u>369,739</u> | <u>242,892</u> | <u>293,494</u> | <u>169,355</u> | <u>295,831</u> | <u>156,133</u> |

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-----------------------------------|----------|----------|---------------|----------|----------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Payable | | | | | | |
| – Within 1 year | – | – | – | – | 14,639 | 12,390 |
| – After 1 year but within 5 years | – | – | – | – | 58,557 | 49,557 |
| – After 5 years | – | – | – | – | 146,390 | 20,649 |
| | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>219,586</u> | <u>82,596</u> |

(b) Capital commitments

Capital expenditure approved as at the end of reporting period but not recognised in the financial statements are as follows:

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|---------------------------------------------------|----------------|----------------|---------------|----------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Capital commitments | | | | | | |
| – Amount approved and contracted for ¹ | 124,117 | 135,023 | – | – | 124,117 | 135,023 |
| – Amount approved but not contracted for | 760 | 801 | – | – | 760 | 801 |
| | <u>124,877</u> | <u>135,824</u> | <u>–</u> | <u>–</u> | <u>124,877</u> | <u>135,824</u> |

¹ Included in the amount of capital commitments approved and contracted for is the purchase consideration of A\$115.0 million for the acquisition of the serviced apartment component of Aurora Melbourne Central, which is currently under construction. A deposit of A\$5.0 million has been paid in December 2015 and the remaining balance is expected to be paid in the second half of 2019 upon completion of the construction of the property.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

34. DISTRIBUTIONS TO STAPLED SECURITYHOLDERS

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| <u>Distribution declared and paid during the financial year:</u> | | | | | | |
| <i>Paid on 17 June 2016:</i> | | | | | | |
| Capital distribution of 0.48 cents per Stapled Security | – | 5,378 | – | 5,378 | – | – |
| Exempt distribution of 1.78 cents per Stapled Security | – | 19,943 | – | – | – | 19,943 |
| Taxable income distribution of 0.49 cents per Stapled Security | – | 5,490 | – | 5,490 | – | – |
| <i>Paid on 15 December 2016:</i> | | | | | | |
| Capital distribution of 0.37 cents per Stapled Security | – | 4,155 | – | 4,155 | – | – |
| Exempt distribution of 1.83 cents per Stapled Security | – | 20,552 | – | – | – | 20,552 |
| Taxable income distribution of 0.47 cents per Stapled Security | – | 5,279 | – | 5,279 | – | – |
| <i>Paid on 16 June 2017:</i> | | | | | | |
| Capital distribution of 0.69 cents per Stapled Security | 7,772 | – | 7,772 | – | – | – |
| Exempt distribution of 2.01 cents per Stapled Security | 22,641 | – | – | – | 22,641 | – |
| Taxable income distribution of 0.31 cents per Stapled Security | 3,492 | – | 3,492 | – | – | – |
| <i>Paid on 12 December 2017:</i> | | | | | | |
| Capital distribution of 0.47 cents per Stapled Security | 5,305 | – | 5,305 | – | – | – |
| Exempt distribution of 1.86 cents per Stapled Security | 20,994 | – | – | – | 20,994 | – |
| Taxable income distribution of 0.40 cents per Stapled Security | 4,515 | – | 4,515 | – | – | – |
| Total | 64,719 | 60,797 | 21,084 | 20,302 | 43,635 | 40,495 |

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

34. DISTRIBUTIONS TO STAPLED SECURITYHOLDERS (CONT'D)

| | A-HTRUST | | A-HREIT Group | | A-HBT Group | |
|-------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| <u>Proposed but not recognised as liability</u> as at end of the financial year: | | | | | | |
| <i>Paid on 16 June 2017:</i> | | | | | | |
| Capital distribution of 0.69 cents per Stapled Security | – | 7,772 | – | 7,772 | – | – |
| Exempt distribution of 2.01 cents per Stapled Security | – | 22,641 | – | – | – | 22,641 |
| Taxable income distribution of 0.31 cents per Stapled Security | – | 3,492 | – | 3,492 | – | – |
| <i>Payable on 19 June 2018:</i> | | | | | | |
| Capital distribution of 0.62 cents per Stapled Security | 7,016 | – | 7,016 | – | – | – |
| Exempt distribution of 2.10 cents per Stapled Security | 23,763 | – | – | – | 23,763 | – |
| Taxable income distribution of 0.41 cents per Stapled Security | 4,639 | – | 4,639 | – | – | – |
| Total | 35,418 | 33,905 | 11,655 | 11,264 | 23,763 | 22,641 |

35. FINANCIAL RATIOS

| | A-HREIT Group 2018 | A-HREIT Group 2017 |
|-----------------------------------------------------------------------|--------------------------|--------------------------|
| Expenses to weighted average net assets ¹ | | |
| – including performance component of REIT Manager's management fees | 0.01 | 0.01 |
| – excluding performance component of REIT Manager's management fees | 0.01 | 0.01 |
| Total operating expenses ² to net asset value ² | 0.02 | 0.02 |
| Taxation (\$'000) ² | 4,706 | 2,205 |
| Turnover ratio ³ | – | – |

¹ The annualised ratio is computed in accordance with the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to the expenses of A-HREIT Group and do not include (where applicable) transaction costs associated with the purchase and sales of investments, property expenses, interest expense, distribution paid out to the Stapled Securityholders, foreign exchange gains/losses and taxes incurred.

² Total operating expenses of A-HREIT Group include property expenses, all fees and charges paid to the Manager and interested parties for the financial year. The total operating expenses to net asset value ratio is based on total operating expenses as a percentage of net asset value as at the end of the financial year. Taxation refers to taxes incurred by A-HREIT Group for the financial year.

³ The annualised ratio is calculated in accordance with the formula stated in the Code on Collective Investment Scheme. The calculation is based on the lesser of purchases or sales of underlying investment properties of the A-HREIT Group expressed as a percentage of weighted average net asset value.

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36. SUBSEQUENT EVENTS

- (a) On 27 April 2018, A-HBT through its newly established subsidiary, Ascendas Korea Hospitality No 1 Professional Investors Private Real Estate Investment LLC ("AKHF1"), entered into a conditional sale and purchase agreement with a third-party vendor to acquire a hotel in Seoul, Korea ("Acquisition") for a consideration of KRW73 billion (or approximately \$90.1 million).

AKHF1 was incorporated on 24 April 2018 for the purpose of the Acquisition, and is owned by A-HBT (98.6%) and Ascendas (Korea) Pte Ltd ("AKPL") (1.4%). Upon completion of the Acquisition, AKHF1 will be owned by A-HBT (98.7%) and AKPL (1.3%). AKPL is a wholly-owned subsidiary of Ascendas Land International Pte Ltd ("ALI"). ALI is a controlling stapled securityholder of A-HTRUST and also the Sponsor of A-HTRUST.

The Acquisition has been completed on 21 May 2018.

- (b) On 18 May 2018, the Group completed the disposal of its entire interests in Ascendas China Hotel Investment Limited and Ascendas Hospitality China Pte. Ltd. (collectively, the "China Group"), which has been classified as discontinued operations (Note 13) as at 31 March 2018, for a cash consideration of RMB1,176.5 million (or approximately \$248.3 million).

The cash consideration includes the balance agreed purchase price of RMB1,062.0 million net of deposit received (Note 21), and the consolidated working capital of RMB114.5 million as at 31 March 2018. Consolidated working capital from 1 April 2018 to 17 May 2018 will be settled post completion.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with resolutions of the Boards of Directors of the Managers on 24 May 2018.

STATISTICS OF STAPLED SECURITYHOLDINGS

AS AT 15 MAY 2018

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

Number of Stapled Securities issued: 1,131,570,456

Voting Rights: One (1) vote per Stapled Security

| Size of Stapled Securityholders | No. of Stapled Securityholders | % | No. of Stapled Securities | % |
|---------------------------------|--------------------------------|---------------|---------------------------|---------------|
| 1 – 99 | 22 | 0.17 | 1,177 | 0.00 |
| 100 – 1,000 | 1,805 | 13.82 | 1,750,106 | 0.16 |
| 1,001 – 10,000 | 6,400 | 48.99 | 34,286,479 | 3.03 |
| 10,001 – 1,000,000 | 4,803 | 36.77 | 214,685,835 | 18.97 |
| 1,000,001 AND ABOVE | 33 | 0.25 | 880,846,859 | 77.84 |
| TOTAL | 13,063 | 100.00 | 1,131,570,456 | 100.00 |

TWENTY LARGEST STAPLED SECURITYHOLDERS

| No. | Name | No. of Stapled Securities | % |
|-----|-------------------------------------------------|---------------------------|--------------|
| 1 | ASCENDAS LAND INTERNATIONAL PTE LTD | 313,607,403 | 27.71 |
| 2 | DBS NOMINEES (PRIVATE) LIMITED | 182,998,063 | 16.17 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 113,452,605 | 10.03 |
| 4 | RAFFLES NOMINEES (PTE) LIMITED | 74,206,510 | 6.56 |
| 5 | AHDF PTE LTD | 46,160,000 | 4.08 |
| 6 | HSBC (SINGAPORE) NOMINEES PTE LTD | 31,359,181 | 2.77 |
| 7 | NTUC FAIRPRICE CO-OPERATIVE LTD | 14,395,000 | 1.27 |
| 8 | PHILLIP SECURITIES PTE LTD | 13,281,506 | 1.17 |
| 9 | DBSN SERVICES PTE. LTD. | 12,186,061 | 1.08 |
| 10 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 9,295,560 | 0.82 |
| 11 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 7,388,890 | 0.65 |
| 12 | HENG SIEW ENG | 6,064,200 | 0.54 |
| 13 | DB NOMINEES (SINGAPORE) PTE LTD | 5,916,600 | 0.52 |
| 14 | NOMURA SINGAPORE LIMITED | 4,687,000 | 0.41 |
| 15 | OCBC SECURITIES PRIVATE LIMITED | 4,100,800 | 0.36 |
| 16 | YIM CHEE CHONG | 4,000,000 | 0.35 |
| 17 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 3,909,122 | 0.35 |
| 18 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 3,890,246 | 0.34 |
| 19 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 3,804,283 | 0.34 |
| 20 | UOB KAY HIAN PRIVATE LIMITED | 3,432,200 | 0.30 |
| | TOTAL | 858,135,230 | 75.82 |

STATISTICS OF STAPLED SECURITYHOLDINGS

AS AT 15 MAY 2018

STATISTICS OF SUBSTANTIAL STAPLED SECURITYHOLDINGS

| Name of Substantial Stapled Securityholders | Direct Interest | | Indirect Interest | | Total No. of Stapled Securities | |
|-------------------------------------------------|---------------------------|-------|---------------------------|-------|---------------------------------|-------|
| | No. of Stapled Securities | % | No. of Stapled Securities | % | No. of Stapled Securities | % |
| Temasek Holdings (Private) Limited ¹ | – | – | 327,471,903 | 28.93 | 327,471,903 | 28.93 |
| Tembusu Capital Pte. Ltd. ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| Bartley Investments Pte. Ltd. ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| Mawson Peak Holdings Pte. Ltd. ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| Glenville Investments Pte. Ltd. ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| TJ Holdings (III) Pte. Ltd. ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| Ascendas-Singbridge Pte. Ltd. ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| JTC Corporation ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| Ascendas Pte Ltd ¹ | – | – | 313,607,403 | 27.71 | 313,607,403 | 27.71 |
| Ascendas Land International Pte Ltd | 313,607,403 | 27.71 | – | – | 313,607,403 | 27.71 |
| Tang Gordon @ Tang Yigang @ Tang Gordon | 86,998,900 | 7.69 | – | – | 86,998,900 | 7.69 |

¹ Temasek Holdings (Private) Limited (“Temasek”), Tembusu Capital Pte. Ltd., Bartley Investments Pte. Ltd., Mawson Peak Holdings Pte. Ltd., Glenville Investments Pte. Ltd., TJ Holdings (III) Pte. Ltd., Ascendas-Singbridge Pte. Ltd., JTC Corporation and Ascendas Pte Ltd are deemed to have an interest in the Stapled Securities held by Ascendas Land International Pte Ltd. Temasek is also deemed to have an interest in the Stapled Securities in which other subsidiaries and associated companies of Temasek hold or have deemed interests.

PUBLIC STAPLED SECURITYHOLDERS

Pursuant to Rule 1207(9) of the SGX-ST Listing Manual, based on the information available to the Managers as at 15 May 2018, approximately 63.12% of the total number of Stapled Securities is held by public. Therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

GLOSSARY

| | |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| A-HBT | Ascendas Hospitality Business Trust |
| A-HREIT | Ascendas Hospitality Real Estate Investment Trust |
| A-HTRUST | Ascendas Hospitality Trust |
| ADR | Average daily rate, which is the room revenue divided by the total number of rooms occupied |
| AUD, A\$ | Australian Dollar |
| Boards / Directors | The directors of the REIT Manager and the directors of the Trustee-Manager |
| CAGR | Compounded Annual Growth Rate |
| CBD | Central Business District |
| Distributable Income | The distributable income of A-HTRUST, A-HREIT or A-HBT, as the case may be, in relation to a distribution period |
| DPS | Distribution per Stapled Security |
| FY | The financial year ended or (as the case may be) ending 31 March |
| F&B | Food and beverage |
| Gearing | Ratio of total debt over total assets |
| Gross Revenue | Comprises hotel room revenue, rental income, F&B revenue and other income |
| JLL | Jones Lang LaSalle Property Consultants Pte Ltd / Jones Lang LaSalle Hotels & Hospitality Group |
| JPY | Japanese Yen |
| KRW | Korean Won |
| Managers / Management | The REIT Manager and the Trustee-Manager |
| MICE | Meetings, incentives, conventions and exhibitions |
| NPI | Net Property Income: Gross Revenue less property expenses |
| REIT Manager, AHFM | Ascendas Hospitality Fund Management Pte. Ltd., as manager of A-HREIT |
| REIT Trustee | Perpetual (Asia) Limited, as trustee of A-HREIT |
| RevPAR | Revenue per available room |
| Renminbi | China Renminbi |
| SGD, \$ | Singapore Dollar |
| Stapled Securityholder | The holder of a Stapled Security |
| Stapled Securities | Stapled securities of A-HTRUST, each comprising one unit in A-HREIT and one unit in A-HBT stapled together under the terms of the Stapling Deed |
| Stapling Deed | The stapling deed dated 13 March 2012 and subsequently amended and entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager |
| Substantial Stapled Securityholders | Any Stapled Securityholder with an interest of not less than 5.0% of all the Stapled Securities in issue |
| Trustee-Manager, AHTM | Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of A-HBT |
| y-o-y | year-on-year |

NOTICE OF ANNUAL GENERAL MEETING



ASCENDAS HOSPITALITY TRUST

A stapled group comprising:

Ascendas Hospitality Real Estate Investment Trust

(a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore)

Ascendas Hospitality Business Trust

(a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of Stapled Securities of Ascendas Hospitality Trust ("**A-HTRUST**") will be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Friday, 29 June 2018 at 2.30 p.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust ("**A-HBT**") (the "**Trustee-Manager**"), the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of Perpetual (Asia) Limited, as trustee for Ascendas Hospitality Real Estate Investment Trust ("**A-HREIT**") (the "**REIT Trustee**"), the Report of Ascendas Hospitality Fund Management Pte. Ltd., as manager of A-HREIT (the "**REIT Manager**"); and the Audited Financial Statements of A-HBT, A-HREIT and A-HTRUST for the financial year ended 31 March 2018 and the Auditors' Report thereon. (Ordinary Resolution 1)
2. To re-appoint Ernst & Young LLP as Independent Auditors of A-HTRUST, comprising A-HBT and A-HREIT, to hold office until the conclusion of the next AGM of A-HTRUST and to authorise the Trustee-Manager and REIT Manager to fix their remuneration. (Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolution as Ordinary Resolution:

3. That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to (Ordinary Resolution 3)
 - (a) (i) issue new units in A-HREIT ("**A-HREIT Units**") and new units in A-HBT ("**A-HBT Units**", together, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities.

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the Trustee-Manager may in their absolute discretion deem fit; and

- (b) issue Stapled Securities in pursuant of any Instrument made or granted by the REIT Manager and the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force).

Provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuant of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Stapled Securities to be issued other than on a pro rata basis to Stapled Securityholders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) as calculated in accordance with sub-paragraph (2) below.
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the purpose of determining the aggregate number of Stapled Securities that may be issued under subparagraph (1) above, the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the REIT Manager and the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trust Act, Chapter 31A of Singapore for the time being in force, the trust deed constituting A-HREIT (as amended) (the “**A-HREIT Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the trust deed constituting A-HBT (as amended) (the “**A-HBT Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Stapled Securityholders in a general meeting the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of A-HTRUST or (ii) the date by which the next AGM of A-HTRUST is required by law to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and
- (6) the REIT Manager, the REIT Trustee and the Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager may consider expedient or necessary or in the interest of A-HTRUST, A-HREIT and A-HBT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes)

By Order of the Board

Mary Judith de Souza
Company Secretary

Mary Judith de Souza
Company Secretary

Ascendas Hospitality Fund Management Pte. Ltd.
(Company Registration No. 201133966D),
as Manager of A-HREIT

Ascendas Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201135524E),
as Trustee-Manager of A-HBT

12 June 2018

Important Notice:

1. A Stapled Securityholder of A-HTRUST entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder of A-HTRUST.
2. Where a Stapled Securityholder of A-HTRUST appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her Stapled Securityholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The proxy form must be lodged at the Stapled Security Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the Trustee-Manager from the date of this AGM until the date of the next AGM of A-HTRUST, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) may be issued other than on a pro rata basis to Stapled Securityholders.

The Ordinary Resolution 3 above, if passed, will also empower the REIT Manager and the Trustee-Manager from the date of this AGM until the date of the next AGM of A-HTRUST, to issue Stapled Securities as either full or partial payment of fees which the REIT Manager and the Trustee-Manager are entitled to receive for their own accounts pursuant to the A-HREIT Trust Deed and the A-HBT Trust Deed, respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the total number of issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of SGX-ST, the A-HREIT Trust Deed and the A-HBT Trust Deed or any applicable laws and regulations in such instances, the REIT Manager and the Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) for the purpose of the processing and administration by the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and the compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the REIT Manager and the Trustee-Manager and the REIT Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

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PROXY FORM
ANNUAL GENERAL MEETING



| |
|-----------------------------------------|
| Total number of Stapled Securities held |
| |

1. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
 2. **PLEASE READ THE NOTES TO THE PROXY FORM**
 By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 June 2018.

ASCENDAS HOSPITALITY TRUST

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST (a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by Ascendas Hospitality Fund Management Pte. Ltd.</p> | <p>ASCENDAS HOSPITALITY BUSINESS TRUST (a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by Ascendas Hospitality Trust Management Pte. Ltd.</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

I/We _____ (Name)

of _____ (Address)

being a Stapled Securityholder/Stapled Securityholders of Ascendas Hospitality Trust ("**A-HTRUST**"), hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Stapled Securityholdings | |
|------|---------|----------------------|----------------------------------------|---|
| | | | No. of Stapled Securities | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Stapled Securityholdings | |
|------|---------|----------------------|----------------------------------------|---|
| | | | No. of Stapled Securities | % |
| | | | | |

or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of A-HTRUST to be held on 29 June 2018, Friday at 2.30 p.m. at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

| | Resolution | No. of Votes For * | No. of Votes Against * |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------|
| 1. | To receive and adopt the Report of Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust (" A-HBT ") (the " Trustee-Manager "), the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of Perpetual (Asia) Limited, as trustee for Ascendas Hospitality Real Estate Investment Trust (" A-HREIT ") (the " REIT Trustee "), the Report of Ascendas Hospitality Fund Management Pte. Ltd., as manager of A-HREIT (the " REIT Manager "); and the Audited Financial Statements of A-HBT, A-HREIT and A-HTRUST for the financial year ended 31 March 2018 and the Auditors' Report thereon. | | |
| 2. | To re-appoint Ernst & Young LLP as Independent Auditors of A-HTRUST, comprising A-HBT and A-HREIT, to hold office until the conclusion of the next Annual General Meeting of A-HTRUST and to authorise the Trustee-Manager and the REIT Manager to fix their remuneration. | | |
| 3. | To authorise the Trustee-Manager and the REIT Manager to issue Stapled Securities and to make or grant convertible instruments. | | |

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018.

Signature(s) of Stapled Securityholder(s)/Common Seal



Affix
Postage
Stamp

Ascendas Hospitality Fund Management Pte. Ltd.
(as manager of Ascendas Hospitality Real Estate Investment Trust)

&

Ascendas Hospitality Trust Management Pte. Ltd.
(as trustee-manager of Ascendas Hospitality Business Trust)

c/o: Stapled Security Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

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Notes:

1. Please insert at the top of this Proxy Form the number of Stapled Securities in Ascendas Hospitality Trust ("A-HTRUST") registered in your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") in respect of the Stapled Securities in your securities account with CDP. If no number is inserted, this Proxy Form shall be deemed to relate to all the Stapled Securities held by you.
2. A Stapled Securityholder of A-HTRUST entitled to attend and vote at the meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder of A-HTRUST.
3. A Stapled Securityholder is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Stapled Securityholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her Stapled Securityholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The sending of a Proxy Form by a Stapled Securityholder does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.
5. To be effective, this Proxy Form must be deposited at the registered office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for holding the meeting.
6. This Proxy Form must be signed by the appointor or by his/her attorney. In the case of a corporation, this form must be executed under its common seal or signed by its duly authorised attorney or officer.
7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof, must (failing previous registration with A-HTRUST), be lodged with this Proxy Form, failing which the instrument may be treated as invalid.
8. Any alteration made in this Proxy Form should be initialled by the person who signs it.
9. The Managers shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor specified in the Proxy Form. In the case of Stapled Securityholders whose Stapled Securities are entered against their names in the Depository Register, the Managers may reject any Proxy Form lodged if such Stapled Securityholders are not shown to have the corresponding number of Stapled Securities in A-HTRUST entered against their names in the Depository Register as at 48 hours before the time set for holding the meeting or the adjourned meeting, as appropriate.
10. Agent banks acting on the request of CPF/SRS Investors who wish to attend the meeting as observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of Stapled Securities held. The list, signed by an authorised signatory of the agent bank, should reach the Stapled Security Registrar's office not less than 48 hours before the time appointed for holding the meeting.

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CORPORATE INFORMATION

MANAGER OF A-HREIT

Ascendas Hospitality Fund Management Pte. Ltd.

(Co. Reg. No. 201133966D)

Registered Address:

1 Fusionopolis Place

#10-10 Galaxis

Singapore 138522

Tel : (65) 6774 1033

Fax : (65) 6778 0985

TRUSTEE-MANAGER OF A-HBT

Ascendas Hospitality Trust Management Pte. Ltd.

(Co. Reg. No. 201135524E)

Registered Address:

1 Fusionopolis Place

#10-10 Galaxis

Singapore 138522

Tel : (65) 6774 1033

Fax : (65) 6778 0985

DIRECTORS OF THE MANAGERS

Mr Miguel Ko, Chairman and Non-Executive Director

Mr Benson Puah Tuan Soon, Lead Independent Director

Mr Manohar Khatani, Non-Executive Director

Mr Tan Juay Hiang, Chief Executive Officer

Mr Chia Kim Huat, Independent Director

Dr Ho Kim Wai, Independent Director

Mr Michael Issenberg, Non-Executive Director

Ms Deborah Lee Siew Yin, Independent Director

Mr Willy Shee Ping Yah, Independent Director

AUDIT AND RISK COMMITTEE

Dr Ho Kim Wai (Chairman)

Mr Benson Puah Tuan Soon

Mr Chia Kim Huat

Ms Deborah Lee Siew Yin

INVESTMENT COMMITTEE

Mr Miguel Ko (Chairman)

Mr Manohar Khatani

Mr Chia Kim Huat

Mr Michael Issenberg

Mr Willy Shee Ping Yah

NOMINATING COMMITTEE

Mr Benson Puah Tuan Soon (Chairman)

Mr Miguel Ko

Mr Chia Kim Huat

REMUNERATION COMMITTEE

Mr Willy Shee Ping Yah (Chairman)

Mr Manohar Khatani

Ms Deborah Lee Siew Yin

TRUSTEE OF A-HREIT

Perpetual (Asia) Limited

8 Marina Boulevard #05-02

Marina Bay Financial Centre Tower 1

Singapore 018981

AUDITORS

Ernst & Young LLP

Public Accountants and Certified Public Accountants

One Raffles Quay

North Tower, Level 18

Singapore 048583

Audit Partner-in-charge:

Mr Lee Wei Hock

Appointed with effect from the financial period ended 31 March 2018

STAPLED SECURITY REGISTRAR AND STAPLED SECURITY TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

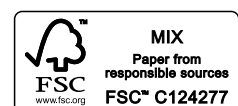
Singapore Land Tower, #32-01

Singapore 048623

COMPANY SECRETARIES

Ms Mary Judith de Souza

Mr Hon Wei Seng





Ascendas Hospitality Trust
1 Fusionopolis Place #10-10
Galaxis, Singapore 138522

www.a-htrust.com