ASCOTT RESIDENCE TRUST
A Member of CapitaLand

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ASCOTT REIT'S 2Q 2019 DISTRIBUTION PER UNIT RISES 8% TO 1.98 CENTS

Higher RevPAU and operating performance in the United Kingdom, Belgium, Spain, Japan, Vietnam and Singapore

Singapore, 30 July 2019 – Ascott Residence Trust's (Ascott Reit) 2Q 2019 distribution per unit (DPU) grew 8% to 1.98 cents as compared to 2Q 2018. Unitholders' distribution for the quarter also increased 8% to S$43.1 million, which included a realised exchange gain of S$3.1 million arising from the repayment of foreign currency bank loans with the divestment proceeds from Ascott Raffles Place Singapore.

Revenue for 2Q 2019 increased 2% to S$132.5 million, which was mainly attributed to additional revenue from the acquisition of Citadines Connect Sydney Airport in May 2019 and higher revenue from the existing properties in the Philippines, United Kingdom and Japan. Gross profit for 2Q 2019 climbed 7% from 2Q 2018 to S$67.6 million due to higher revenue and adoption of accounting standard FRS 116 Leases[1] with effect from 1 January 2019. On a same-store basis[2] excluding FRS 116 adjustments, gross profit increased by S$0.2 million.

Mr Bob Tan, Ascott Residence Trust Management Limited's (ARTML) Chairman, said: "Ascott Reit's DPU continued to grow steadily in the second quarter, affirming our proactive efforts to enhance the quality of our portfolio, and Ascott Reit's strength as the most geographically diversified REIT listed in Singapore. In the first half of this year, we divested Ascott Raffles Place Singapore at 64% above book value and acquired Citadines Connect Sydney Airport, a prime business hotel. We will continue to focus on delivering stable returns to unitholders and maintain a balance of stable and growth income."

In 2Q 2019, Ascott Reit's diversified portfolio spans 14 countries, with Asia Pacific contributing 49% to gross profit and 51% is from Europe and the United States of America. Approximately 40% of the gross profit for 2Q 2019 was contributed by stable income from properties on master leases and properties on management contracts with minimum guaranteed income, while the remaining was from properties on management contracts.

Mr Tan added: "With our recent proposed combination of Ascott Reit and Ascendas Hospitality Trust (A-HTRUST), we expect higher stable income for the combined entity at 46%[3] of gross

[1] The adoption of the accounting standard FRS 116 Leases has changed the nature of expenses for Ascott Reit's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities.

[2] Excluding contributions from Ascott Raffles Place Singapore (divested in May 2019) and Citadines Connect Sydney Airport (acquired in May 2019).

[3] Breakdown of the combined gross profit of S$325 million, based on Ascott Reit's and A-HTRUST's financial statements for FY 2018 and FY 2018/2019 respectively, excluding contributions from the divested China properties. For A-HTRUST, gross profit refers to net property income.

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profit. Ascott Reit's DPU is expected to grow 2.5% on a FY 2018 pro forma basis through the combination. With a debt headroom of about S$1 billion[4] for the combined entity, we will have the financial capacity to pursue more accretive acquisitions and undertake development or conversion projects to enhance portfolio value. We will look at opportunities from both our sponsor The Ascott Limited and third parties."

In 2Q 2019, gross profit for the Philippines rose 36%[5] due to higher revenue from the refurbished apartments at Ascott Makati and lower operating costs. Both Spain and Belgium enjoyed stronger leisure demand, with gross profit increasing 29%[6] and 22%[6] respectively. Gross profit for the United Kingdom grew 12%[6] due to higher demand from corporate and leisure travellers. Gross profit for Vietnam increased 7%[6] mainly due to stronger demand from project groups and higher commercial rent.

Ms Beh Siew Kim, ARTML's Chief Executive Officer, said: "As part of our ongoing asset enhancement initiatives to enrich customer experience, we have completed the refurbishment of Ascott Makati, Somerset Grand Citra Jakarta and Element New York Times Square West and expect to see an uplift in average daily rates. Excavation and piling works have begun for lyf one-north Singapore, our maiden development project and coliving property, and it is on track to open in 2021."

Ascott Reit continued with its disciplined and proactive capital management strategy, with 88% of Ascott Reit's borrowings on fixed interest rates. As at 30 June 2019, Ascott Reit's gearing was 32.8%, way below the 45% gearing threshold set by the Monetary Authority of Singapore. Its effective interest costs remained low at 2.1%.

Ascott Reit announced on 3 July 2019 the proposed combination of Ascott Reit and A-HTRUST to form Asia Pacific's largest hospitality trust and the world's eighth largest with an asset value of S$7.6 billion[7].

Ms Beh said: "The proposed combination of Ascott Reit and A-HTRUST will strengthen Ascott Reit's presence in Asia Pacific where demand for business and leisure travel remains robust. Asia Pacific is expected to contribute 68% of the combined entity's gross profit. We are heartened by the recent show of support from key unitholders for this transaction[8]. We will

[4] This is computed based on the financial position of Ascott Reit and A-HTRUST as at 31 December 2018 and 31 March 2019 respectively and assumes that additional S$85.1 million debt was drawn down to fund the cash component of the estimated total transaction costs.
[5] Gross profit is based on local currencies. The 36% increase in gross profit excludes FRS 116 adjustments. If FRS 116 adjustments is included, gross profit increased by 54%.
[6] Gross profit is based on local currencies.
[7] Based on the combined total assets of Ascott Reit and A-HTRUST as at 31 March 2019.
[8] Ascott Reit has received an irrevocable undertaking each from two key unitholders of A-HTRUST, in support of the proposed combination. https://investor.ascottreit.com/news.html/id/727006

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continue to engage unitholders on the merits of this yield-accretive transaction leading up to the Extraordinary General Meetings later in the year."

International tourist arrivals grew 4% in the first three months this year, with Asia Pacific being one of the bright spots that registered a 6% increase[9]. Asia Pacific continues to see strong demand for lodging where the demand for business and leisure travel is underpinned by economic growth and an expanding middle-class. The International Monetary Fund expects the global economy to grow 3.2% in 2019 and 3.5% in 2020[10]. The US Federal Reserve is keeping its policy interest rate at between 2.25% and 2.5%, with an interest rate reduction expected later this month[11].

Summary of Results

2Q 2019 vs. 2Q 2018

	2Q 2019	2Q 2018	Change (%)
Revenue (S$ million)	132.5	130.5	2
Gross Profit (S$ million)	67.6	63.1	7
Gross Profit (excluding FRS 116 impact) (a) (b)	62.5	63.1	(1)
Unitholders' Distribution (S$ million) (c)	43.1	39.8	8
DPU (S cents)	1.98	1.84	8
DPU (S cents) (adjusted for one-off item) (c)	1.84	1.84	-
Revenue Per Available Unit (RevPAU) S$/day	158	155	2

1H 2019 vs. 1H 2018

	1H 2019	1H 2018	Change (%)
Revenue (S$ million)	248.4	243.3	2
Gross Profit (S$ million)	122.3	111.8	9
Gross Profit (excluding FRS 116 impact) (a) (d)	112.0	111.8	-
Unitholders' Distribution (S$ million) (e)	74.6	68.9	8
DPU (S cents)	3.43	3.19	8
DPU (S cents) (adjusted for one-off item) (e)	3.17	3.12	2
Revenue Per Available Unit (RevPAU) S$/day	146	142	3

a. FRS 116 Leases is effective from 1 January 2019. The adoption of this standard has changed the nature of expenses for Ascott Reit's portfolio of operating leases and replaced the

[9] "International Tourism Numbers and Confidence on the Rise" (21 May 2019), World Tourism Organization.
[10] "World Economic Outlook (July 2019), International Monetary Fund.
[11] "Monetary policy implementation – interest rate on reserve balances unchanged; rates on discounts and advances unchanged; renewal of secondary and seasonal credit formulas" (19 June 2019), Federal Reserve System.

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straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities.

b. On a same-store basis and excluding the FRS 116 adjustments, gross profit increased by S$0.2 million.

c. Unitholders' distribution for 2Q 2019 included a realised exchange gain of S$3.1 million arising from the repayment of foreign currency bank loans with the divestment proceeds from Ascott Raffles Place Singapore.

d. On a same-store basis and excluding the FRS 116 adjustments, gross profit increased by S$0.8 million.

e. Unitholders' distribution for YTD June 2019 included a realised exchange gain of S$5.7 million arising from the repayment of foreign currency bank loans with the divestment proceeds from Ascott Raffles Place Singapore. Unitholders' distribution for YTD June 2018 included a realised exchange gain of S$1.6 million arising from repayment of foreign currency bank loans with proceeds from the divestment of the two China properties.

Distribution

Ascott Reit's distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year.

Distribution Period	1 January 2019 to 30 June 2019
Distribution Rate	3.431 cents per unit
Last Day of Trading on "cum" Basis	5 August 2019
Ex-Date	6 August 2019
Book Closure Date	7 August 2019
Distribution Payment Date	29 August 2019

For Ascott Reit's 2Q 2019 financial statement and presentation slides, please visit www.ascottreit.com.

About Ascott Residence Trust (www.ascottreit.com)

Ascott Residence Trust (Ascott Reit) is Singapore's first and largest hospitality real estate investment trust with an asset value of S$5.5 billion as at 30 June 2019. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006.

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Ascott Reit was established with the objective of investing primarily in real estate and real estate-related assets which are income-producing and which are used or predominantly used, as serviced residences, rental housing properties and other hospitality assets.

As at the date hereof, Ascott Reit's international portfolio comprises 74 properties with more than 11,700 units in 37 cities across 14 countries in the Asia Pacific, Europe and the United States of America.

Ascott Reit's properties are mostly operated under the Ascott, Citadines and Somerset brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Frankfurt, Guangzhou, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Shanghai, Singapore and Tokyo.

Ascott Reit is managed by Ascott Residence Trust Management Limited, a wholly owned subsidiary of CapitaLand Limited, one of Asia's largest diversified real estate groups.

About CapitaLand Limited (www.capitaland.com)
CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth over S$103 billion[12] as at 31 March 2019. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 200 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages eight listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Reit, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust, CapitaLand Malaysia Mall Trust and Ascendas Hospitality Trust.

Important Notice

The value of units in Ascott Reit and the income derived from them may fall as well as rise. Units in Ascott Reit are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, the Manager of Ascott Reit (the "Manager") or any of its affiliates. An investment in the units in Ascott Reit is subject to investment risks, including the possible loss

[12] CapitaLand's assets under management is over S$123 billion with the completion of its acquisition of Ascendas-Singbridge by end June 2019.

of the principal amount invested. The past performance of Ascott Reit is not necessarily indicative of its future performance.

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

Issued by:

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