ASCOTT RESIDENCE TRUST

A Member of CapitaLand

ASCOTT RESIDENCE TRUST

2019 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

TABLE OF CONTENTS

ASCOTT RESIDENCE TRUST
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Summary of Group Results

	1Q 2019 S$'000	1Q 2018 S$'000	Better / (Worse) %
Revenue	115,914	112,784	3
Gross Profit	54,615	48,667	12
Gross Profit (excluding FRS 116 impact) [1]	49,502	48,667	2
Unitholders' Distribution [2], [3]	31,479	29,164	8
Distribution Per Unit ("DPU") (cents)	1.45	1.35	7
For information only DPU (cents) (adjusted for one-off items [2], [3])	1.33	1.28	4

[1] FRS 116 *Leases* is effective from 1 January 2019. The adoption of this standard changes the nature of expense for the Group's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities. Please see paragraph 5 for more details.

[2] Unitholders' distribution for 1Q 2019 included a realised exchange gain of S$2.6 million arising from the repayment of foreign currency bank loans with the 15% deposit received for the divestment of Ascott Raffles Place Singapore announced in January 2019.

[3] Unitholders' distribution for 1Q 2018 included a realised exchange gain of S$1.6 million arising from the receipt of divestment proceeds and repayment of foreign currency bank loans with the divestment proceeds.

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INTRODUCTION

Ascott Residence Trust ("Ascott Reit") was established under a trust deed dated 19 January 2006 entered into between Ascott Residence Trust Management Limited (as manager of Ascott Reit) (the "Manager") and DBS Trustee Limited (as trustee of Ascott Reit) (the "Trustee").

Ascott Reit's objective is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences, rental housing properties and other hospitality assets. It has a portfolio of serviced residences and rental housing properties across Asia Pacific, Europe and United States of America. Ascott Reit's investment policy covers any country in the world.

Ascott Reit was directly held by The Ascott Limited up to and including 30 March 2006. On 31 March 2006, Ascott Reit was listed on the Singapore Exchange Securities Trading Limited with an initial portfolio of 12 properties with 2,068 apartment units in seven cities across five countries (Singapore, China, Indonesia, the Philippines and Vietnam).

In 2010, Ascott Reit enhanced the geographical diversification of its portfolio by acquiring 26 properties in Europe. In 2012, Ascott Reit acquired four properties in Kyoto, Singapore, Guangzhou and Germany. Ascott Reit also completed the divestment of Somerset Grand Cairnhill Singapore. In 2013, Ascott Reit acquired three properties in China and a portfolio of 11 rental housing properties in Japan. In 2014, Ascott Reit acquired nine properties in four countries (Australia, China, Japan and Malaysia).

In 2015, Ascott Reit acquired a property in Melbourne, Australia, a portfolio of four rental housing properties in Osaka, Japan, the remaining 40% interest in Citadines Shinjuku Tokyo and Citadines Karasuma-Gojo Kyoto and its first property in New York, the United States of America ("US"). On 29 April 2016, Ascott Reit completed the acquisition of Sheraton Tribeca New York Hotel. In 2017, Ascott Reit acquired two properties in Germany, a property in Singapore and its third property in US and divested a portfolio of 18 rental housing properties in Japan.

In January 2018, Ascott Reit completed the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an. Ascott Reit announced its maiden development project at Nepal Hill, Singapore to build the first coliving propert, lyf one-north Singapore, in September 2018. The project will be completed by 2020. On 4 January 2019, Ascott Reit took possession of the site for the development of lyf one-north Singapore.

On 9 January 2019, Ascott Reit entered into a sale and purchase agreement to divest Ascott Raffles Place Singapore for an aggregate sale consideration of S$353.3 million. The sale price is 64.3% above the book value of the property and the divestment is expected to complete on 9 May 2019.

Ascott Reit announced the acquisition of Felix Hotel, its first limited-service business hotel in Australia, on 27 March 2019. The property will be rebranded as Citadines Connect Sydney Airport upon completion of the acquisition in May 2019.

As at 31 March 2019, Ascott Reit's portfolio comprises 73 operating properties[1] with 11,430 apartment units in 37 cities across 14 countries.

Ascott Reit makes distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions are paid in Singapore dollar. Since its listing, Ascott Reit has paid 100% of its distributable income.

[1] Exclude lyf one-north Singapore (under development).

1(a)(i) Consolidated Statement of Total Return

	Note	GROUP 1Q 2019 S$'000	GROUP 1Q 2018 S$'000	Better / (Worse) %
Revenue	A.1	115,914	112,784	3
Direct expenses	A.2	(61,299)	(64,117)	4
Gross Profit	A.1	54,615	48,667	12
Finance income		351	368	(5)
Other operating income	A.4	164	129	27
Finance costs	A.3	(13,370)	(11,596)	(15)
Manager's management fees		(5,401)	(5,351)	(1)
Trustee's fee		(147)	(130)	(13)
Professional fees		(601)	(653)	8
Audit fees	A.5	(488)	(702)	30
Foreign exchange gain	A.6	198	3,200	(94)
Other operating expenses	A.7	(529)	(600)	12
Share of results of associate (net of tax)		(22)	(26)	15
Net income before changes in fair value of financial derivatives, investment properties and assets held for sale		**34,770**	**33,306**	**4**
Net change in fair value of financial derivatives	A.8	4	(114)	(104)
Net change in fair value of assets held for sale	A.9	135,023	–	n.m.
Loss upon divestment	A.10	–	(488)	n.m.
Total return for the period before tax		**169,797**	**32,704**	**419**
Income tax expense	A.11	(4,253)	(3,151)	(35)
Total return for the period after tax		**165,544**	**29,553**	**460**
Attributable to:				
Unitholders and perpetual securities holders		163,965	28,131	
Non-controlling interests		1,579	1,422	
Total return for the period		**165,544**	**29,553**	**460**

RECONCILIATION OF TOTAL RETURN FOR THE PERIOD ATTRIBUTABLE TO UNITHOLDERS TO TOTAL UNITHOLDERS' DISTRIBUTION

	Note	GROUP 1Q 2019 S$'000	1Q 2018 S$'000	Better / (Worse) %
Total return for the period attributable to Unitholders and perpetual securities holders		163,965	28,131	
Net effect of non-tax deductible / chargeable items and other adjustments	A.12	(127,752)	5,767	
Total amount distributable for the period		**36,213**	**33,898**	**7**
Amount distributable:				
- Unitholders		31,479	29,164	
- Perpetual securities holders		4,734	4,734	
		36,213	**33,898**	**7**
Comprises:				
- from operations [1]		(2,400)	116,369	
- from unitholders' contributions		33,879	(87,205)	
		31,479	**29,164**	**8**

[1] Unitholders' distribution from operations was higher in 1Q 2018 due to dividend income recognised at the Trust arising from the profit from divestment of the two China properties.

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

A.1 Revenue and Gross profit

Revenue for 1Q 2019 of S$115.9 million comprised S$19.9 million (17% of total revenue) from properties on Master Leases, S$17.1 million (15%) from properties on management contracts with minimum guaranteed income and S$78.9 million (68%) from properties on management contracts.

Revenue for 1Q 2019 increased by S$3.1 million or 3% as compared to 1Q 2018 mainly due to stronger performance from the properties in Singapore, United Kingdom and Philippines.

The Group achieved a revenue per available unit ("REVPAU") of S$133 for 1Q 2019, an increase of 3% as compared to 1Q 2018.

Gross profit for 1Q 2019 of S$54.6 million comprised S$17.9 million (33% of total gross profit) from properties on Master Leases, S$5.7 million (10%) from properties on management contracts with minimum guaranteed income and S$31.0 million (57%) from properties on management contracts.

As compared to 1Q 2018, gross profit increased by S$5.9 million or 12% due to higher revenue and the adoption of FRS 116 *Leases* with effect from 1 January 2019. Please refer to paragraph 5 for more details on the impact arising from the adoption of this accounting standard.

Excluding the FRS 116 adjustments, gross profit increased by S$0.8 million or 2%.

Please refer to Para 8(a) for a more detailed analysis.

A.2 Direct expenses include the following items:

	GROUP 1Q 2019 S$'000	GROUP 1Q 2018 S$'000	Better / (Worse) %
Depreciation and amortisation [1]	(3,016)	(3,271)	8
Staff costs	(13,958)	(14,220)	2

[1] Depreciation and amortisation were lower in 1Q 2019 mainly due to fully depreciated assets.

A.3 Finance costs

Finance costs were higher in 1Q 2019 due to the interest expense of S$2.8 million recognised on the lease liability arising from the adoption of FRS 116.

Excluding the FRS 116 adjustments, finance costs were lower by S$1.0 million in 1Q 2019 due to refinancing of medium-term notes at lower interest rates.

A.4 Other operating income

Other operating income was higher in 1Q 2019 due to reversal of accruals no longer required.

A.5 Audit fees

Audit fees were lower in 1Q 2019 due to weaker exchange rates and lower provision as compared to 1Q 2018. In 1Q 2018, higher provision for audit fees was made due to new system implementation.

A.6 Foreign exchange gain

The foreign exchange gain recognised in 1Q 2019 mainly comprised realised exchange gain of S$2.2 million and unrealised exchange loss of S$2.0 million. The realised exchange gain in 1Q 2019 mainly arise from the repayment of foreign currency bank loans with the 15% deposit received for the divestment of Ascott Raffles Place Singapore.

The unrealised exchange loss mainly arise from EUR and USD denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of EUR and USD against SGD as at balance sheet date, partially offset by unrealised exchange gain on USD bank loans recorded by the China subsidiaries, as a result of the depreciation of USD against RMB.

The foreign exchange gain recognised in 1Q 2018 mainly comprised unrealised exchange gain of S$1.6 million (mainly arising from EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of EUR against SGD as at balance sheet date) and realised exchange gain of S$1.6 million (mainly arising from the receipt of divestment proceeds and repayment of foreign currency bank loans with the divestment proceeds).

A.7 Other operating expenses

Other operating expenses were higher in 1Q 2018 mainly due to one-off costs incurred on custom tax for a Vietnam property.

A.8 Net change in fair value of financial derivatives

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

A.9 Net change in fair value of assets held for sale

In 1Q 2019, this relates to the surplus on revaluation of Ascott Raffles Place Singapore pursuant to the signing of sale and purchase agreement for the divestment on 9 January 2019. The fair value gain was based on the sale consideration, net of property cost and transaction costs. The divestment is expected to complete in May 2019.

A.10 Loss upon divestment

In 1Q 2018, this relates to the loss upon divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an mainly arising from realisation of foreign currency translation reserve upon completion of the divestment, partially offset by reversal of accrued transaction costs no longer required.

A.11 Income tax expense

Taxation for 1Q 2019 was higher by S$1.1 million as compared to the corresponding period last year. In 1Q 2018, taxation was lower due to a refund of withholding tax on prior periods' dividends declared by the France subsidiaries.

A.12 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

	GROUP		
	1Q 2019 S$'000	**1Q 2018 S$'000**	**Better / (Worse) %**
Depreciation and amortisation	3,016	3,271	8
Manager's management fee payable / paid partially in units	4,009	3,964	(1)
Trustee's fees [1]	31	24	(29)
Unrealised foreign exchange loss / (gain)	2,016	(1,612)	(225)
Net change in fair value of financial derivatives (Note A.8)	(4)	114	104
Net change in fair value of assets held for sale (Note A.9)	(135,023)	–	n.m.
Loss upon divestment (Note A.10)	–	488	n.m.
Operating lease expense recognised on a straight-line basis	–	775	n.m.
Interest expense on lease liabilities [2]	2,810	–	n.m.
Lease payments for right-of-use assets [2]	(4,408)	–	n.m.
Deferred tax credit	(46)	(1,037)	(96)
Effect of non-controlling interests arising from the above	(84)	(129)	(35)

[1] This relates to the Singapore properties only and is not tax deductible.
[2] Due to adoption of FRS 116 *Leases*. Please refer to paragraph 5 for more details.

1(b)(i) Statement of Financial Position

	Note	GROUP 31/03/19 S$'000	GROUP 31/12/18 S$'000	TRUST 31/03/19 S$'000	TRUST 31/12/18 S$'000
Non-Current Assets					
Plant and equipment		47,826	48,564	10,267	10,807
Investment properties	B.1	4,966,134	4,679,295	739,193	739,193
Investment property under development	B.2	66,687	–	66,687	–
Subsidiaries		–	–	276,546	276,546
Associate		2,979	3,040	3,023	3,062
Financial derivatives	B.3	8,126	8,294	4,009	1,879
Deferred tax assets		4,313	4,309	–	–
Other non-current assets	B.2	–	65,535	–	65,535
		5,096,065	**4,809,037**	**1,099,725**	**1,097,022**
Current Assets					
Inventories		300	328	–	–
Trade and other receivables		56,259	56,919	2,281,454	2,299,467
Assets held for sale	B.4	350,067	215,000	350,067	215,000
Financial derivatives	B.3	4	–	4	–
Cash and cash equivalents	B.5	199,743	227,847	10,803	40,112
		606,373	**500,094**	**2,642,328**	**2,554,579**
Total Assets		**5,702,438**	**5,309,131**	**3,742,053**	**3,651,601**
Non-Current Liabilities					
Trade and other payables		(813)	–	–	–
Interest bearing liabilities	B.8	(1,732,396)	(1,835,316)	(351,579)	(424,430)
Financial derivatives	B.3	(3,639)	(6,850)	(1,970)	(5,269)
Lease liabilities	B.7	(279,212)	–	–	–
Deferred tax liabilities		(117,001)	(117,865)	–	–
		(2,133,061)	**(1,960,031)**	**(353,549)**	**(429,699)**
Current Liabilities					
Trade and other payables	B.6	(172,227)	(141,252)	(988,375)	(927,844)
Interest bearing liabilities	B.8	(157,449)	(70,137)	(60,012)	–
Financial derivatives	B.3	(40)	(280)	–	(191)
Lease liabilities	B.7	(17,591)	–	–	–
Provision for taxation		(5,124)	(6,522)	–	–
		(352,431)	**(218,191)**	**(1,048,387)**	**(928,035)**
Total Liabilities		**(2,485,492)**	**(2,178,222)**	**(1,401,936)**	**(1,357,734)**
Net Assets		**3,216,946**	**3,130,909**	**2,340,117**	**2,293,867**
Represented by:					
Unitholders' funds		2,725,118	2,644,051	1,938,256	1,896,740
Perpetual securities holders	B.9	401,861	397,127	401,861	397,127
Non-controlling interests		89,967	89,731	–	–
Total Equity	1(d)(i)	**3,216,946**	**3,130,909**	**2,340,117**	**2,293,867**

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

B.1 Investment properties

The increase in the Group's investment properties as at 31 March 2019 was mainly due to the recognition of the existing operating lease arrangements as right-of-use assets of S$298.4 million upon the adoption of FRS 116 *Leases* with effect from 1 January 2019.

The increase was partially offset by foreign currency translation differences of S$11.9 million arising from translating the Group's investment properties as a result of the depreciation of EUR, USD and VND against SGD, offset by appreciation of RMB and JPY against SGD.

B.2 Investment property under development / other non-current assets

Investment property under development as at 31 March 2019 relate to the reclassification of the costs previously paid for lyf one-north Singapore from "other non-current assets" as at 31 December 2018 upon the possession of the land in January 2019, and the additional capital expenditure and interest capitalised in 1Q 2019.

Other non-current assets as at 31 December 2018 comprised of the cost of acquisition of 60-year leasehold land for the lyf-one north site, capitalised costs relating to the site and interest incurred on acquisition of the leasehold land.

B.3 Financial derivatives

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

B.4 Assets held for sale

The assets held for sale as at 31 March 2019 and 31 December 2018 relate to Ascott Raffles Place Singapore. The increase in assets held for sale as at 31 March 2019 was due to the fair value gain recognised in 1Q 2019 based on the sale consideration (net of property costs and transaction costs).

B.5 Cash and cash equivalents

The decrease in the Group's cash and cash equivalents as at 31 March 2019 was mainly due to distribution paid to Unitholders.

B.6 Trade and other payables

The increase in the trade and other payables as at 31 March 2019 was mainly due to the deposit received for the divestment of Ascott Raffles Place Singapore, partially offset by lower accruals arising from the payment of the FY 2018 performance fees in 1Q 2019.

B.7 Lease liabilities

The lease liabilities as at 31 March 2019 refer to the liabilities arising from the adoption of FRS 116 *Leases* with effect from 1 January 2019.

B.8 Interest bearing liabilities

	GROUP		TRUST	
	31/03/19 S$'000	31/12/18 S$'000	31/03/19 S$'000	31/12/18 S$'000
Amount repayable in one year or less or on demand				
- Secured	97,081	69,760	–	–
- Unsecured	60,632	494	60,131	–
Less: Unamortised transaction costs	(264)	(117)	(119)	–
	157,449	70,137	60,012	–
Amount repayable after one year				
- Secured	808,660	849,503	206,211	216,083
- Unsecured	932,148	995,208	147,478	210,795
Less: Unamortised transaction costs	(8,412)	(9,395)	(2,110)	(2,448)
	1,732,396	1,835,316	351,579	424,430
Total	**1,889,845**	**1,905,453**	**411,591**	**424,430**

Details of collateral

The borrowings of the Group are generally secured by:

- Mortgage on subsidiaries' investment properties and the assignment of the rights, titles and interests with respect to these properties
- Assignment of rental proceeds from the investment properties and insurance policies relating to these properties
- Pledge of shares of some subsidiaries
- Corporate guarantee from the Trust

Capital management

As at 31 March 2019, the Group's gearing was 35.7%, well below the 45 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. In this regard, the lease liabilities recognised by virtue of FRS 116 were excluded as these operating leases were entered into in the ordinary course of business and were in effect before 1 January 2019. The average cost of debts was 2.1 percent per annum, with an interest cover of 4.5 times. S$1,519.0 million or 80% of the Group's borrowings are on fixed interest rates, of which S$49.0 million is due in the next 12 months.

Out of the Group's total borrowings, 6 percent falls due in 2019, 14 percent falls due in 2020, 24 percent falls due in 2021, 26 percent falls due in 2022 and the balance falls due after 2022.

The Manager adopts a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2019, ahead of their maturity dates.

B.9 Perpetual securities

On 27 October 2014, the Trust issued S$150.0 million of fixed rate perpetual securities with an initial distribution rate of 5.00% per annum, with the first distribution rate reset falling on 27 October 2019 and subsequent resets occurring every five years thereafter.

On 30 June 2015, the Trust issued S$250.0 million of fixed rate perpetual securities with an initial distribution rate of 4.68% per annum, with the first distribution rate reset falling on 30 June 2020 and subsequent resets occurring every five years thereafter.

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

1(c) **Consolidated Statement of Cash Flows**

	GROUP	
	1Q 2019 S$'000	**1Q 2018 S$'000**
Operating Activities		
Total return for the period before tax	169,797	32,704
Adjustments for:		
Depreciation and amortisation	3,016	3,271
Gain on disposal of plant and equipment	(9)	(31)
Operating lease expense recognised on a straight-line basis	–	775
Finance costs	13,370	11,596
Finance income	(351)	(368)
Provision for doubtful debts addition / (reversal)	32	(14)
Manager's management fees payable / paid partially in units	4,009	3,964
Unrealised foreign exchange loss / (gain)	2,016	(1,612)
Net change in fair value of assets held for sale	(135,023)	–
Net change in fair value of financial derivatives	(4)	114
Loss upon divestment	–	488
Share of results of associate	22	26
Operating profit before working capital changes	**56,875**	**50,913**
Changes in working capital	(2,736)	(9,986)
Cash generated from operations	**54,139**	**40,927**
Income tax paid	(4,443)	(4,169)
Cash flows from operating activities	**49,696**	**36,758**
Investing Activities		
Acquisition of plant and equipment	(2,723)	(4,098)
Capital expenditure on investment properties and assets held for sale	(445)	(127)
Capital expenditure on investment property under development	(1,553)	–
Deposit paid for acquisition of investment property	(5,871)	–
Deposit received for divestment of investment properties	48,203	–
Proceeds on disposal of assets held for sale	–	90,175
Interest received	351	368
Proceeds from sale of plant and equipment	11	31
Cash flows from investing activities	**37,973**	**86,349**
Balance carried forward	**87,669**	**123,107**

1(c) **Consolidated Statement of Cash Flows**

	GROUP	
	1Q 2019 S$'000	**1Q 2018 S$'000**
Balance brought forward	**87,669**	**123,107**
Financing Activities		
Distribution to Unitholders	(85,848)	(80,183)
Interest paid [1]	(12,215)	(9,421)
Payment of finance lease liabilities [1]	(2,115)	(852)
Proceeds from bank borrowings	167,099	86,631
Repayment of bank borrowings	(182,241)	(187,688)
Change in restricted cash deposits for bank facilities	(112)	(16)
Payment of transaction costs on bank borrowings	(128)	–
Cash flows used in financing activities	**(115,560)**	**(191,529)**
Decrease in cash and cash equivalents	**(27,891)**	**(68,422)**
Cash and cash equivalents at beginning of the period	**225,516**	**255,253**
Effect of exchange rate changes on balances held in foreign currencies	(325)	1,988
Cash and cash equivalents at end of the period	**197,300**	**188,819**
Restricted cash deposits	2,443	2,108
Cash and cash equivalents in the Statement of Financial Position	**199,743**	**190,927**

[1] Increase due to adoption of FRS 116 *Leases*. Please refer to Note A.12 for the interest expense on lease liabilities and paragraph 5 for more details on the impact arising from the adoption of this accounting standard. In 1Q 2018, the payment of operating lease expense was captured under the "Changes in working capital".

1(d)(i) **Statement of Movements in Unitholders' Funds**

	Note	GROUP 1Q 2019 S$'000	GROUP 1Q 2018 S$'000
Unitholders' Contribution			
Balance as at beginning of period		1,744,738	1,771,310
New units issued / to be issued			
- Manager's management fees paid in units		3,970	3,986
Distribution to Unitholders		(22,539)	(44,126)
Balance as at end of period		**1,726,169**	**1,731,170**
Operations			
Balance as at beginning of period		1,104,734	1,083,116
Adjustment on initial recognition of FRS 116		9,802	–
Adjusted balance as at beginning of period		**1,114,536**	**1,083,116**
Total return for the period attributable to Unitholders and perpetual securities holders		163,965	28,131
Total return attributable to perpetual securities holders		(4,734)	(4,734)
Transfer between reserves		(212)	–
Distribution to Unitholders		(63,309)	(36,057)
Balance as at end of period		**1,210,246**	**1,070,456**
Foreign Currency Translation Reserve			
Balance as at beginning of period		(212,000)	(170,205)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(4,003)	2,188
Change in ownership interests in subsidiaries with a change in control		–	720
Balance as at end of period		**(216,003)**	**(167,297)**
Capital Reserve			
Balance as at beginning of period		3,576	2,148
Transfer between reserves		212	–
Balance as at end of period		**3,788**	**2,148**
Hedging Reserve			
Balance as at beginning of period		3,003	(1,240)
Effective portion of change in fair values of cash flow hedges		(1,720)	4,635
Net change in fair value of cash flow hedges reclassified to Statement of Total Return		(365)	642
Balance as at end of period		**918**	**4,037**
Unitholders' Funds	**1(b)(i)**	**2,725,118**	**2,640,514**
Perpetual Securities			
Balance as at beginning of period		397,127	397,127
Total return attributable to perpetual securities holders		4,734	4,734
Balance as at end of period	**1(b)(i)**	**401,861**	**401,861**

1(d)(i) **Statement of Movements in Unitholders' Funds**

	Note	GROUP 1Q 2019 S$'000	1Q 2018 S$'000
Non-controlling Interests			
Balance as at beginning of period		89,731	89,427
Total return for the period		1,579	1,422
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(1,343)	(2,413)
Balance as at end of period	**1(b)(i)**	**89,967**	**88,436**
Equity	**1(b)(i)**	**3,216,946**	**3,130,811**

1(d)(i) **Statement of Movements in Unitholders' Funds**

	Note	TRUST 1Q 2019 S$'000	1Q 2018 S$'000
Unitholders' Contribution			
Balance as at beginning of period		1,744,738	1,771,310
New units issued / to be issued			
- Manager's management fees paid in units		3,970	3,986
Distribution to Unitholders		(22,539)	(44,126)
Balance as at end of period		**1,726,169**	**1,731,170**
Operations			
Balance as at beginning of period		153,534	166,072
Total return for the period attributable to Unitholders and perpetual securities holders		128,596	103,505
Total return attributable to perpetual securities holders		(4,734)	(4,734)
Distribution to Unitholders		(63,309)	(36,057)
Balance as at end of period		**214,087**	**228,786**
Hedging Reserve			
Balance as at beginning of period		(1,532)	(3,275)
Effective portion of change in fair values of cash flow hedges		(716)	231
Net change in fair value of cash flow hedges reclassified to Statement of Total Return		248	475
Balance as at end of period		**(2,000)**	**(2,569)**
Unitholders' Funds	**1(b)(i)**	**1,938,256**	**1,957,387**
Perpetual Securities			
Balance as at beginning of period		397,127	397,127
Total return attributable to perpetual securities holders		4,734	4,734
Balance as at end of period	**1(b)(i)**	**401,861**	**401,861**
Equity	**1(b)(i)**	**2,340,117**	**2,359,248**

1(d)(ii) Details of any change in the units

	TRUST	
	1Q 2019 ’000	**1Q 2018 ’000**
Balance as at beginning of period	2,164,592	2,149,688
Issue of new units:		
- partial payment of Manager’s management fees in units	7,967	7,518
Balance as at end of period	**2,172,559**	**2,157,206**

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

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation required by an accounting standard, what has changed, as well as the reasons for the change

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2019. FRS 116 *Leases* has a more significant impact on the Group as described below.

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has adopted FRS 116 using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative information. The Group has applied the practical expedient to grandfather the definition of a lease on transition.

The Group has recognised the existing operating lease arrangements at 31 December 2018 as ROU assets with corresponding lease liabilities under FRS 116. ROU assets which meet the definition of investment properties under the principles of FRS 40 *Investment Property* are included as part of investment properties.

The nature of expenses related to these expenses has changed as FRS 116 replaced the straight-line operating lease expense (previously recognised in “direct expenses”) with change in fair value for ROU assets and interest expense on lease liabilities.

No significant impact is expected for other leases in which the Group is a lessor.

The impact on the Group's financial statements arising from the adoption of FRS 116 is as follows:

	GROUP
Statement of Financial Position as at 1 Jan 2019	
Increase in investment properties	301,083
Increase in lease liabilities	(301,083)
Decrease in trade and other payables	9,802
Increase in net assets	**9,802**
Increase in Unitholders' Funds	**9,802**

6. Earnings per Unit ("EPU") and distribution per Unit ("DPU") for the financial period

In computing the EPU, the weighted average number of Units for the period is used for the computation.

	GROUP	
	1Q 2019 S$'000	**1Q 2018 S$'000**
Total return for the period attributable to Unitholders and perpetual securities holders	163,965	28,131
Less: Total return attributable to perpetual securities holders	(4,734)	(4,734)
Total return for the period attributable to Unitholders	**159,231**	**23,397**

Earnings per Unit (EPU)	**1Q 2019**	**1Q 2018**
Weighted average number of units for the period ('000)		
– Basic	2,168,929	2,154,115
– Diluted	2,175,944	2,160,682
EPU (cents)		
(based on the weighted average number of units for the period)		
– Basic	7.34	1.09
– Basic (1)	1.12	1.09
– Diluted	7.32	1.08

(1) Exclude the effects of the net change in fair value of investment properties, net of tax and non-controlling interests.

In computing the DPU, the number of Units as at the end of each period is used for the computation.

Distribution per Unit (DPU)	**1Q 2019**	**1Q 2018**
Number of units on issue at end of period ('000)	2,172,559	2,157,206
DPU (cents)	1.45	1.35

7. Net asset value ("NAV") Per Unit / Net Tangible Assets ("NTA") Per Unit

	GROUP		TRUST	
	31/03/19	31/12/18	31/03/19	31/12/18
NAV / NTA per Unit [(1)] (S$)	1.25	1.22	0.89	0.88
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S$)	1.24	1.18	0.88	0.84

[(1)] NAV / NTA per Unit is computed based on net asset value / net tangible asset over the issued Units at the end of the period.

8. Group Performance Review

8(a) Revenue and Gross Profit Analysis – 1Q 2019 vs. 1Q 2018 (Local Currency ("LC"))

		Revenue[1]				Gross Profit[1]				REVPAU Analysis[2]		
		1Q 2019	1Q 2018	Better/ (Worse)		1Q 2019	1Q 2018	Better/ (Worse)		1Q 2019	1Q 2018	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	1.9	1.9	–	–	1.8	1.7	0.1	6	–	–	–
France	EUR	5.3	5.5	(0.2)	(4)	4.8	5.0	(0.2)	(4)	–	–	–
Germany	EUR	2.5	2.4	0.1	4	2.2	2.2	–	–	–	–	–
Singapore	S$	6.0	5.3	0.7	13	5.3	4.5	0.8	18	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.1	1.9	0.2	11	0.5	0.3	0.2	67	64	60	7
Spain	EUR	1.2	1.1	0.1	9	0.5	0.5	–	–	83	78	6
United Kingdom	GBP	6.8	6.0	0.8	13	2.4	2.0	0.4	20	119	102	17
Management contracts												
Australia	AUD	7.2	7.0	0.2	3	3.2	3.1	0.1	3	159	153	4
China	RMB	63.5	63.1	0.4	1	25.4	23.4	2.0	9	448	449	–
Indonesia	USD	2.8	3.0	(0.2)	(7)	1.0	1.0	–	–	73	79	(8)
Japan [3]	JPY	1,104.0	1,044.8	59.2	6	580.5	555.7	24.8	4	11,183	10,396	8
Malaysia	MYR	3.5	3.8	(0.3)	(8)	0.8	1.2	(0.4)	(33)	193	207	(7)
Philippines	PHP	248.1	199.5	48.6	24	87.8	54.3	33.5	62	5,050	4,049	25
Singapore	S$	6.4	5.2	1.2	23	2.7	2.0	0.7	35	201	165	22
United States of America	USD	13.1	13.8	(0.7)	(5)	2.6	(0.1)	2.7	n.m.	140	147	(5)
Vietnam	VND[1]	173.5	173.2	0.3	–	97.8	99.0	(1.2)	(1)	1,592	1,614	(1)

[1] Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.
[2] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for VND are stated in thousands.
[3] Revenue and gross profit for Infini Garden have been classified under "Management contracts" category as the master lease arrangement has expired on 30 June 2018. For comparison purpose, the revenue and gross profit for Infini Garden for 1Q 2018 have been reclassified from "Master lease" category to "Management contracts" category.

8(a) Revenue and Gross Profit Analysis – 1Q 2019 vs. 1Q 2018 (S$)

	Revenue				Gross Profit				REVPAU Analysis[1]		
	1Q 2019	1Q 2018	Better/ (Worse)		1Q 2019	1Q 2018	Better/ (Worse)		1Q 2019	1Q 2018	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	1.8	2.0	(0.2)	(10)	1.7	1.8	(0.1)	(6)	–	–	–
France	8.2	8.8	(0.6)	(7)	7.5	8.1	(0.6)	(7)	–	–	–
Germany	3.9	3.9	–	–	3.4	3.6	(0.2)	(6)	–	–	–
Singapore	6.0	5.3	0.7	13	5.3	4.5	0.8	18	–	–	–
Sub-total	**19.9**	**20.0**	**(0.1)**	**(1)**	**17.9**	**18.0**	**(0.1)**	**(1)**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	3.3	3.2	0.1	3	0.9	0.6	0.3	50	100	97	3
Spain	1.8	1.8	–	–	0.7	0.8	(0.1)	(13)	128	126	2
United Kingdom	12.0	10.9	1.1	10	4.1	3.8	0.3	8	208	186	12
Sub-total	**17.1**	**15.9**	**1.2**	**8**	**5.7**	**5.2**	**0.5**	**10**	**165**	**151**	**9**
Management contracts											
Australia	6.9	7.3	(0.4)	(5)	3.0	3.2	(0.2)	(6)	154	160	(4)
China	12.7	13.1	(0.4)	(3)	5.0	4.8	0.2	4	90	93	(3)
Indonesia	3.8	4.0	(0.2)	(5)	1.4	1.4	–	–	99	104	(5)
Japan [2]	13.6	12.6	1.0	8	7.2	6.7	0.5	7	138	126	10
Malaysia	1.2	1.3	(0.1)	(8)	0.2	0.4	(0.2)	(50)	64	69	(7)
Philippines	6.4	5.1	1.3	26	2.3	1.4	0.9	64	131	105	25
Singapore	6.4	5.2	1.2	23	2.7	2.0	0.7	35	201	165	22
United States of America	17.8	18.3	(0.5)	(3)	3.5	(0.2)	3.7	n.m.	190	195	(3)
Vietnam	10.1	10.0	0.1	1	5.7	5.8	(0.1)	(2)	92	95	(3)
Sub-total	**78.9**	**76.9**	**2.0**	**3**	**31.0**	**25.5**	**5.5**	**22**	**128**	**125**	**2**
Group	**115.9**	**112.8**	**3.1**	**3**	**54.6**	**48.7**	**5.9**	**12**	**133**	**129**	**3**

[1] REVPAU for Japan refers to serviced residences and excludes rental housing.
[2] Revenue and gross profit for Infini Garden have been classified under "Management contracts" category as the master lease arrangement has expired on 30 June 2018. For comparison purpose, the revenue and gross profit for Infini Garden for 1Q 2018 have been reclassified from "Master lease" category to "Management contracts" category.

Group

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

Analysis By Country

A. Master Leases

Australia

Revenue remained stable as compared to 1Q 2018. Gross profit increased by AUD 0.1 million due to lower operation and maintenance expense.

In SGD terms, revenue decreased by S$0.2 million or 10% due to depreciation of AUD against SGD. Gross profit decreased by S$0.1 million or 6%.

France

Revenue and gross profit decreased by EUR 0.2 million or 4% as compared to 1Q 2018 due to lower rent upon renewal of master leases.

In SGD terms, revenue and gross profit decreased by S$0.6 million or 7% due to depreciation of EUR against SGD and weaker underlying performance.

Germany

Revenue increased by EUR 0.1 million or 4% due to higher recovery of costs. Gross profit remained stable.

In SGD terms, revenue remained at the same level as 1Q 2018. Gross profit decreased by S$0.2 million or 6% due to depreciation of EUR against SGD.

Singapore

Revenue increased by S$0.7 million or 13%, as compared to 1Q 2018, due to higher variable rent earned as a result of stronger corporate and leisure demand.

Gross profit increased by S$0.8 million or 18% due to higher revenue and lower depreciation expense.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.2 million or 11% and REVPAU increased by 7% in 1Q 2019 due to stronger market demand.

Gross profit increased by EUR 0.2 million or 67% due to higher revenue and lower depreciation expense.

In SGD terms, revenue increased by S$0.1 million or 3% as compared to 1Q 2018 due to stronger underlying performance, partially offset by depreciation of EUR against SGD. Gross profit, in SGD terms, increased by S$0.3 million or 50%.

Spain

Revenue increased by EUR 0.1 million or 9% due to stronger leisure demand. Despite higher revenue, gross profit remained stable due to higher marketing expense.

In SGD terms, revenue remained stable and gross profit decreased by S$0.1 million or 13% due to depreciation of EUR against SGD.

United Kingdom

Revenue increased by GBP 0.8 million or 13% and REVPAU increased by 17% as compared to 1Q 2018 due to higher corporate and leisure demand.

Gross profit increased by GBP 0.4 million or 20% due to higher revenue, partially offset by higher marketing expense, operation & maintenance expense and property tax expense.

In SGD terms, revenue increased by S$1.1 million or 10% due to stronger underlying performance, partially offset by depreciation of GBP against SGD. Gross profit, in SGD terms, increased by S$0.3 million or 8%.

C. Management contracts

Australia

Revenue increased by AUD 0.2 million or 3% and REVPAU increased by 4% in 1Q 2019 due to higher leisure demand in Melbourne. Gross profit increased by AUD 0.1 million or 3% mainly due to higher revenue.

In SGD terms, revenue and gross profit decreased by S$0.4 million or 5% and S$0.2 million or 6% respectively due to depreciation of AUD against SGD, partially mitigated by stronger underlying performance.

China

Revenue increased by RMB 0.4 million or 1% due to higher long stay demand and higher demand from project groups. REVPAU remained stable as compared to 1Q 2018. Gross profit increased by RMB 2.0 million or 9% due to the adoption of FRS 116. Excluding the FRS 116 adjustments, gross profit increased by RMB 0.9 million or 4% due to higher revenue and lower depreciation expense (arising from fully depreciated assets).

In SGD terms, revenue decreased by S$0.4 million or 3% due to depreciation of RMB against SGD, partially offset by stronger underlying performance. Gross profit increased by S$0.2 million or 4%.

Indonesia

Revenue decreased by USD 0.2 million or 7% and REVPAU decreased by 8% as compared to 1Q 2018 due to ongoing renovation at Somerset Grand Citra. Gross profit remained stable due to lower revenue, offset by lower staff costs and operation and maintenance expense.

In SGD terms, revenue decreased by S$0.2 million or 5% due to ongoing renovation, partially mitigated by appreciation of USD against SGD. Gross profit remained stable.

Japan

Revenue increased by JPY 59.2 million or 6% and REVPAU increased by 8% as compared to 1Q 2018 due to stronger leisure demand.

Gross profit increased by JPY 24.8 million or 4% due to higher revenue and lower depreciation expense, partially offset by higher operation and maintenance expense.

In SGD terms, revenue and gross profit increased by S$1.0 million or 8% and S$0.5 million or 7% respectively due to stronger underlying performance and appreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 0.3 million or 8% and REVPAU decreased by 7% as compared to 1Q 2018 due to keen competition. Gross profit decreased by MYR 0.4 million or 33% due to lower revenue, coupled with higher marketing expense and operation and maintenance expense.

In SGD terms, revenue decreased by S$0.1 million or 8% due to weaker underlying performance and depreciation of MYR against SGD. Gross profit decreased by S$0.2 million or 50%.

The Philippines

Revenue increased by PHP 48.6 million or 24% and REVPAU increased by 25% due to higher revenue from the refurbished apartments at Ascott Makati. Gross profit increased by PHP 33.5 million or 62%. Excluding the FRS 116 adjustments, gross profit increased by PHP 23.4 million or 43% due to higher revenue, partially offset by higher depreciation expense (post renovation) and operation and maintenance expense.

In SGD terms, revenue and gross profit increased by S$1.3 million or 26% and S$0.9 million or 64% respectively due to stronger underlying performance.

Singapore

Revenue increased by S$1.2 million or 23% and REVPAU increased by 22% due to higher market demand.

Gross profit increased by S$0.7 million or 35% due to higher revenue, partially offset by higher marketing expense.

The United States of America

Revenue decreased by USD 0.7 million or 5% and REVPAU decreased by 5% as compared to 1Q 2018 due to ongoing renovation at Element New York Times Square West.

Gross profit increased by USD 2.7 million. Had the FRS 116 adjustments for 1Q 2019 and the straight-line recognition of operating lease expense for 1Q 2018 been excluded, gross profit would have decreased by USD 0.8 million. The lower gross profit was attributed to lower revenue, higher staff costs and property tax expense, partially offset by lower marketing expense.

In SGD terms, revenue decreased by S$0.5 million or 3% due to ongoing renovation, partially mitigated by appreciation of USD against SGD. Gross profit increased by S$3.7 million.

Vietnam

Revenue increased by VND 0.3 billion and REVPAU decreased by 1% as compared to 1Q 2018 mainly due to higher commercial rent, partially offset by lower revenue from the serviced apartments due to increased supply and competition. Gross profit decreased by VND 1.2 billion or 1% due to higher staff costs, partially offset by higher revenue and lower marketing expense.

In SGD terms, revenue increased by S$0.1 million or 1% and gross profit decreased by S$0.1 million or 2% respectively.

9. Variance from forecast

The Group has not disclosed any forecast to the market.

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

In 2018, international tourist arrivals increased approximately 80 million to cross the 1.4 billion mark, two years in advance of UNWTO's long term forecast. On the back of the strong performance registered in 2018, growth in global outbound trips in 2019 is expected to normalise to 4%. While international travel continues to be sustained by the rising middle-class and better air connectivity, a slowdown in the global economy, geopolitical and trade tensions remain potential headwinds.

The International Monetary Fund expects the global economy to grow 3.3% in 2019, a downward revision of 0.2 percentage points since its January update. Growth is expected to be stronger in the second half of the year, supported by accommodative monetary policy, fiscal and monetary stimulus in China, and improved prospects of a trade agreement between US and China.

The operating environment remains uncertain, given the competition from new supply and rising costs. However, with a portfolio that comprised 43% of stable income from master leases and management contracts with minimum guaranteed income as at 31 March 2019, Ascott REIT's geographically diversified presence and resilient income streams minimise the impact of such risks and enable the REIT to deliver stable returns to Unitholders.

Interest rates are expected to remain stable in 2019, as the US Federal Reserve takes on a dovish stance. As at 31 March 2019, 80% of Ascott REIT's borrowings are on fixed interest rates, with 6% of the outstanding loans due to expire in 2019. Ascott REIT's 'BBB' investment grade status by Fitch Ratings provides credit assurance to stakeholders, enabling Ascott REIT to raise funds at attractive rates and terms.

To create value for its Unitholders, Ascott REIT is committed to driving the operating performance of its properties through proactive asset management and regular asset enhancement initiatives. The refurbishment works at Somerset Grand Citra Jakarta and Element New York Times Square West are slated to complete in mid-2019.

In addition, Ascott REIT continues to seek accretive investment opportunities, particularly in developed markets, while adopting a prudent approach in its capital management. The recent acquisition of Citadines Connect Sydney Airport for A$60.6 million at an expected yield of over 6%, following the sale of Ascott Raffles Place Singapore for S$353.3 million at an exit yield of approximately 2%, demonstrates the effective capital recycling strategy adopted by Ascott REIT. Both transactions are expected to complete by May 2019.

Sources: IMF (2019), Federal Reserve System (2019), UNWTO (2019), IPK International (2019)

11. DISTRIBUTIONS

11(a) **Current financial period**
Any distributions declared for the current financial period? No

11(b) **Corresponding period of the preceding financial period**
Any distributions declared for the corresponding period of the immediate preceding financial period? No

11(c) Book closure date : Not applicable

11(d) Date payable : Not applicable

12. **<u>If no distribution has been declared/recommended, a statement to that effect</u>**

Ascott Reit's distribution policy is to make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. As such, no distributions have been declared for the period ended 31 March 2019.

13. **<u>General mandate for Interested Person Transactions ("IPT")</u>**

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

14. **<u>Confirmation pursuant to Rule 720(1) of the Listing Manual</u>**

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

15. **<u>Confirmation pursuant to Rule 705(5) of the Listing Manual</u>**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust (comprising the statements of financial position as at 31 March 2019, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the three months ended 31 March 2019, together with their accompanying notes), to be false or misleading in any material aspect.

On behalf of the Board
Ascott Residence Trust Management Limited

Tan Beng Hai Chairman	Beh Siew Kim Director

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

BY ORDER OF THE BOARD
Ascott Residence Trust Management Limited
(Company registration no. 200516209Z)
As Manager of Ascott Residence Trust

Karen Chan
Company Secretary
30 April 2019