PRESS RELEASE
For Immediate Release

Japan and South Korea portfolios drive performance as A-HTRUST's NPI grew by 3.5% y-o-y in 2Q FY2019

- *Hotels acquired in FY2018/19 contributed positively and made up for weaker performance from Australia portfolio as net property income grew by 3.5% y-o-y in 2Q FY2019*

Overview of financial results

S$' million	2Q FY2019[1]	2Q FY2018/19	Change[2] (%)	6M FY2019[1]	6M FY2018/19	Change[2] (%)
Gross Revenue	47.5	46.4	2.4	94.0	91.3[3]	2.9
Net Property Income	21.2	20.5	3.5	42.4	39.2[3]	8.3
Income available for distribution	17.0	17.8	(4.8)	32.6	34.3	(4.9)
Income available for distribution (less income retained for working capital) [4]	15.7	16.6	(5.1)	30.3	31.9	(4.9)
- Operations	*15.7*	*14.9*	*5.4*	*30.3*	*28.6*	*6.1*
- Partial Proceeds from Divestment	-	*1.7*	-	-	*3.3*	-
DPS (cents) [4]	1.38	1.46	(5.5)	2.66	2.81	(5.3)
Adjusted DPS (cents) [5]	1.38	1.32	4.5	2.66	2.52	5.6

1. *The current financial year end will be a nine-month period from 1 April 2019 to 31 December 2019 following the change of financial year end to 31 December.*
2. *Save for DPS, percentage changes are based on figures rounded to nearest thousands.*
3. *Gross revenue and net property income ("NPI") for the corresponding period last year excluded contribution from the China portfolio, which was divested on 18 May 2018. Including contribution from the China portfolio, gross revenue and NPI for 6M FY2018/19 were S$94.6 million and S$40.7 million, respectively.*
4. *Retention of income for 2Q FY2019 and 6M FY2019 were based on 7.3% and 7.0%, of distributable income respectively, while retention of income for 2Q FY2018/19 and 6M FY2018/19 were based on 7.0% of distributable income respectively.*
5. *Excluding the partial distribution of the proceeds from the divestment of Novotel Beijing Sanyuan and ibis Beijing Sanyuan ("Partial Proceeds from Divestment").*

29 October 2019, Singapore – Net property income of Ascendas Hospitality Trust for the second quarter ended 30 September 2019 ("2Q FY2019") increased by 3.5% year-on-year ("y-o-y") mainly due to the contribution from the three WBF-branded hotels in Japan and ibis Ambassador Seoul Insadong that were acquired between September 2018 and December 2018. The increase was partially offset by the weaker performance of the Australia portfolio, and further exacerbated by weaker Australian Dollar ("AUD") and Korean Won ("KRW") against Singapore Dollar ("SGD").

While distribution per stapled security ("DPS") of 1.38 cents for 2Q FY2019 was lower y-o-y, this was mainly due to the absence of partial distribution of the Partial Proceeds from Divestment of S$1.7 million made in the corresponding quarter last year.

On 13 September 2019, it was announced that the acquisition of the serviced apartments in Melbourne was terminated as a result of certain issues relating to the specifications and the condition of the property. Following the announcement, the hotel management agreement in respect of this property has also been terminated.

Portfolio performance

<u>Portfolio of hotels under management agreements</u>

	2Q FY2019	2Q FY2018/19	Change	6M FY2019	6M FY2018/19	Change
Australia						
Avg Occupancy Rate (%)	83.5	85.8	(2.3)pp	82.1	84.0	(1.9)pp
Avg Daily Rate ("ADR")(AUD)	164	164	-	165	165	-
Revenue per Available Room ("RevPAR")(AUD)	137	141	(2.8)%	135	138	(2.2)%

Despite the challenges in the Sydney market, Pullman Sydney Hyde Park posted better y-o-y results for the quarter as a result of stronger conference and events ("C&E") business, while ongoing renovation at Novotel Sydney Parramatta impacted the earnings of the hotel. The hotel in Melbourne experienced improved C&E business during the quarter, but overall performance was affected by the new supply in the city. The performance of Pullman and Mercure Brisbane King George Square continued to improve, and its earnings were further lifted by higher contribution from food and beverage ("F&B") business as a result of the recently repositioned F&B space.

<u>Portfolio of hotels under master leases</u>

The NPI of the Japan portfolio grew by 15.3% y-o-y in 2Q FY2019 mainly due to the contribution from the three WBF-branded hotels that were acquired between September and December last year. Sotetsu Grand Fresa Osaka-Namba was mainly affected by the reduced number of South Korean tourists visiting Osaka. During the quarter, Hotel Sunroute Ariake was rebranded as Sotetsu Grand Fresa Tokyo-Bay Ariake as the operator seeks to differentiate the hotel, and there was no change to the terms of the master lease.

The performance of the South Korea portfolio for the quarter also improved y-o-y due to the contribution from ibis Ambassador Seoul Insadong which was acquired in December 2018. While the underlying performance of the Park Hotel Clarke Quay was affected by weaker transient demand during the quarter, the master lease arrangement for the hotel mitigated the impact to A-HTRUST.

Mr Tan Juay Hiang, Chief Executive Officer of the Managers, said: "We are pleased that the five hotels that were acquired last year continued to have a positive impact on the portfolio. The contribution from these hotels have made up for the weaker performance of the Australia portfolio, resulting in net property income growth of 3.5% y-o-y for 2Q FY2019. The addition of the five hotels have improved income stability and further diversified the portfolio, strengthening its resilience. Amidst the slowing global economy, we are positive that the portfolio can remain resilient to mitigate adverse impact."

Capital management

Overall gearing ratio remained prudent at 33.8% as at 30 September 2019. Average interest rate for the quarter remained relatively low at 1.8%, with more than 80% of the borrowings on fixed rates. The weighted average debt maturity as at 30 September 2019 is 3.3 years.

Outlook

The demand for hotel accommodation in Australia is expected to grow as both international arrivals and domestic overnight trips continued to improve for the year ended 30 June 2019[1]. However, the hotel market conditions in Sydney and Melbourne are expected to remain competitive in the near term due to increase in supply of hotel rooms. The hotel market in Brisbane is expected to continue its recovery, further buoyed by upcoming attractions in the city over the next few years, including the on-going development of an integrated resort in Queen's Wharf and the proposed 'Brisbane Live' entertainment precinct.

The Tokyo hotel market is expected to benefit from major international events held in the city such as the 2020 Tokyo Olympics. The hotel market in Osaka is expected to experience weaker market conditions due to a decrease in South Korean visitors against the backdrop of ongoing tension between the two countries, compounded by increase in supply of hotel rooms. However, the new attraction at Universal Studios Japan and hosting of the 2025 World Expo will provide a boost for the Osaka hotel market in the medium term. The proposed development of two integrated resorts in Japan will also benefit the tourism sector of the country in the longer term.

International arrivals into South Korea continued to be robust with a y-o-y growth of 16.1% to 12.9 million visitors year-to-date ("YTD") September 2019[2]. Its top three source markets posted strong growth, with the number of Chinese visitors increasing by 27.1% y-o-y for the period YTD September 2019[2]. With upcoming supply of hotel rooms expected to be relatively moderate, the general performance hotel market is expected to improve as inbound arrivals continue to grow.

The growth trend in international arrivals continued as Singapore welcomed 12.9 million international visitors during the first eight months of 2019, an increase of 1.9% y-o-y[3], and the new developments such as expansion of the two integrated resorts are expected to continue driving inbound over the longer term. Singapore was also recently ranked as world's most competitive economy, reinforcing its position as a key global economic centre which is expected to drive corporate demand. As inbound arrivals continue to grow, this will support the hotel market amidst the expected modest increase in supply.

Proposed Combination

The proposed combination between A-HTRUST and Ascott Residence Trust ("Combination") was approved by stapled securityholders of A-HTRUST at the extraordinary general meeting and scheme meeting held on 21 October 2019. Subject to the Combination being sanctioned by the Court, the last day of trading of the stapled securities of A-HTRUST is expected to be 16 December 2019 with the expected delisting of A-HTRUST on 3 January 2020.

The abovementioned dates are indicative and may be subject to change. Please refer to future announcement(s) for the exact dates of these events and further details of the Combination.

[1] Source: Tourism Australia Research.
[2] Source: Korea Tourism Organization.
[3] Source: Singapore Tourism Board.

In connection with the Combination, the Managers will continue to engage the various lenders of the existing borrowings of A-HTRUST to discuss provisions in the various loan documents that may be triggered as a result of the completion of the Combination.

Mr Tan concluded: "The proposed combination received a resounding approval at the meetings held on 21 October 2019 and we would like to thank the stapled securityholders who have turned up to vote in person or by proxy. On behalf of the Boards of the Managers, we would also like to express our sincere appreciation to all the stapled securityholders for your support and confidence over the past seven years as A-HTRUST moves on to a new chapter.

We hope you can continue to support the combined entity which has a larger and more diversified portfolio, with greater capacity to drive further growth."

A copy of the full results announcement is available at www.capitaland.com, www.sgx.com and www.a-htrust.com.

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About Ascendas Hospitality Trust (www.a-htrust.com)

Ascendas Hospitality Trust (A-HTRUST) was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in July 2012 as a stapled group comprising Ascendas Hospitality Real Estate Investment Trust (A-HREIT) and Ascendas Hospitality Business Trust (A-HBT). It was established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate used predominantly for hospitality purposes, as well as real estate related assets in connection with the foregoing. A-HTRUST's well-diversified portfolio is valued at approximately S$1.8 billion as at 31 March 2019.

A-HTRUST's portfolio comprises 14 quality hotels, with more than 4,700 rooms, geographically diversified across key cities in Australia, Japan, South Korea and Singapore. The hotels are located in close proximity to central business districts, business precincts, suburban centres, transportation nodes and iconic tourist landmarks.

A-HTRUST is managed by Ascendas Hospitality Fund Management Pte. Ltd., the manager of A-HREIT, and Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of A-HBT. The manager and trustee-manager are wholly owned subsidiaries of Singapore-listed 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 S$129.1 billion as at 30 June 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

This press 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 and foreign exchange rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, 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. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

The value of securities in A-HTRUST ("Securities") and the income derived from them, if any, may fall as well as rise. Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of its affiliates. An investment in Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Managers to redeem or purchase their Securities for so long as the Securities are listed on the SGX-ST. It is intended that stapled securityholders of A-HTRUST may only deal in their Securities through trading on the SGXST. Listing of the Securities on the SGX-ST does not guarantee a liquid market for the Securities. The past performance of A-HTRUST is not necessarily indicative of the future performance of A-HTRUST. Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.