



# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

1Q 2017 Financial Results

21 April 2017



# Important Notice

The value of units in Ascott Residence Trust (“**Ascott REIT**”) (the “**Units**”) and the income derived from them may fall as well as rise. The Units 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 is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Ascott REIT is not necessarily indicative of its future performance.

This presentation 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. Prospective investors and Unitholders 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.

Unitholders of Ascott REIT (the “**Unitholders**”) have no right to request the Manager to redeem their units in Ascott REIT while the units in Ascott REIT are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.



# Content

- Overview of Ascott REIT
- Financial Highlights
- Portfolio Performance
- Capital and Risk Management
- Portfolio Information
- Outlook
- Appendix

# Overview of Ascott REIT

## A Leading Global Serviced Residence REIT

|   |  |                                  |                         |                                     |
|---|--|----------------------------------|-------------------------|-------------------------------------|
| <b>S\$1.9b<sup>1</sup></b><br>Market Capitalisation | <b>S\$4.8b<sup>2</sup></b><br>Total Assets | <b>11,635</b><br>Apartment Units | <b>90</b><br>Properties | <b>38</b><br>Cities in 14 Countries |
|---|--|----------------------------------|-------------------------|-------------------------------------|



Notes:

Figures above as at 31 March 2017

1. Market capitalisation as at 18 April 2017
2. Excludes Ascott Orchard Singapore, which acquisition is targeted to be completed in 2017. Including Ascott Orchard Singapore, Citadines Michel Hamburg and Citadines City Centre Frankfurt, the portfolio of Ascott REIT would be approximately S\$5.3 billion.





# Financial Highlights

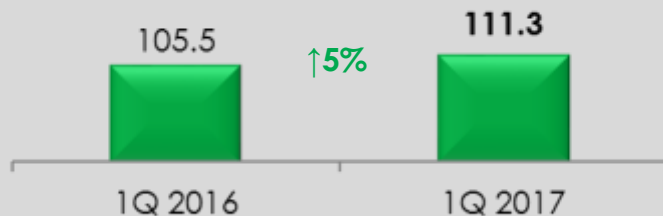
Ascott Raffles Place Singapore



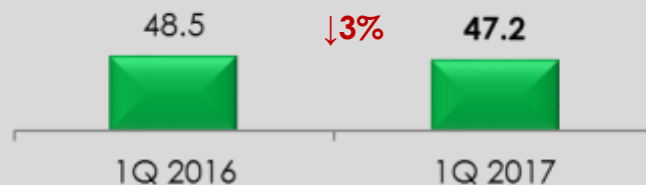
# Financial Highlights for 1Q 2017

## 1Q 2017 vs 1Q 2016 Financial Performance

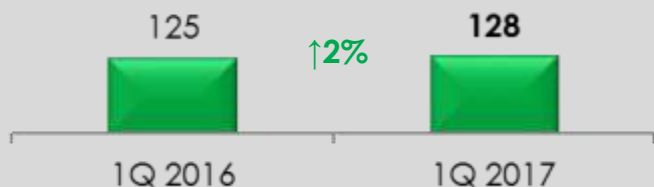
### Revenue (\$m)



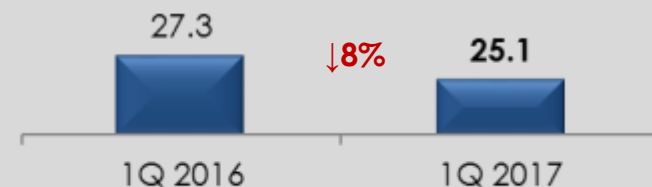
### Gross Profit (\$m)



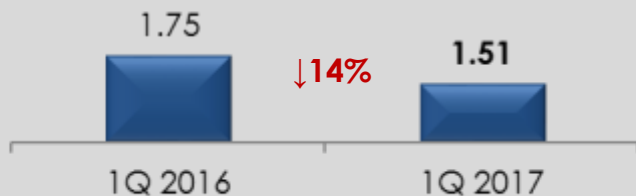
### Revenue Per Available Unit (\$)



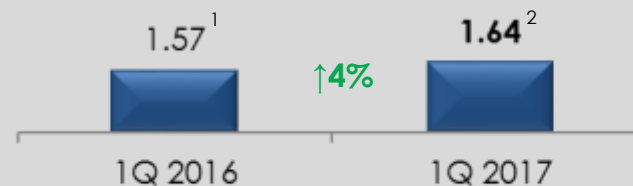
### Unitholders' Distribution (\$m)



### Distribution Per Unit (\$ cents)



### Adjusted Distribution Per Unit (\$ cents)



Notes:

1. Unitholders' distribution in 1Q 2016 included net realised exchange gain of S\$3.0 million arising from repayment of foreign currency bank loans.
2. On 23 March 2016, 94,787,000 new units were issued on SGX-ST in relation to the equity placement exercise. The gross proceeds from the equity placement exercise of S\$100.0 million were used to fund the acquisition of Sheraton Tribeca New York Hotel in New York, United States of America as announced on 14 March 2016. The acquisition was completed on 29 April 2016 (the "2016 Acquisition"). DPU for 1Q 2017 was adjusted to exclude the effect of the equity placement and the contribution from the 2016 Acquisition.

## Overview of 1Q 2017

- **Growth by Acquisition**

- Ascott REIT announced the proposed acquisition of two serviced residence properties in Germany (the “German Acquisitions”) on 6 March 2017, which was subsequently approved by Unitholders at the EGM held on 19 April 2017.

- **Stable Operational Performance**

- Revenue and RevPAU grew 5% and 2% year-on-year respectively mainly due to the acquisition of Sheraton Tribeca New York Hotel in 2016.

- On a same store basis, RevPAU decreased by 2% year-on-year due to weaker performance from Singapore and United Kingdom (arising from depreciation of GBP against SGD).

## Overview of 1Q 2017

### ▪ Active Asset Management

- The refurbishment of Somerset Millennium Makati and Somerset Ho Chi Minh City has been completed in 1Q 2017.
- On 13 April 2017, Ascott REIT announced the divestment of 18 rental housing properties in Japan at JPY12.0 billion (S\$153.6 million), 16.1% above the latest valuation of the properties. The net gain from the divestment is JPY831 million (S\$10.6 million).

### • Prudent Capital Management

- Ascott REIT completed a rights issue to raise gross proceeds of S\$442.7 million (the “Rights Issue”) which will be used to part fund the acquisition of Ascott Orchard Singapore (the “AOS Acquisition”) and the German Acquisitions. Consequently, overall gearing will be reduced from 41.1%<sup>1</sup> to 36.6%<sup>2</sup>
- Reduced effective borrowing rate from 2.4% p.a. to 2.3% p.a.
- Maintained 82% of the Group’s borrowings on fixed interest rates.

Notes:

1. As at 31 March 2017
2. Following the Rights Issue, AOS Acquisition, German Acquisitions and the divestment of 18 rental housing properties in Japan.



# Portfolio Performance

A nighttime photograph of a dense urban skyline. The buildings are illuminated with warm yellow and white lights, creating a vibrant scene. The sky is a deep blue with some light clouds. The buildings vary in height and architectural style, with some featuring prominent signage.

Ascott Raffles Place Singapore



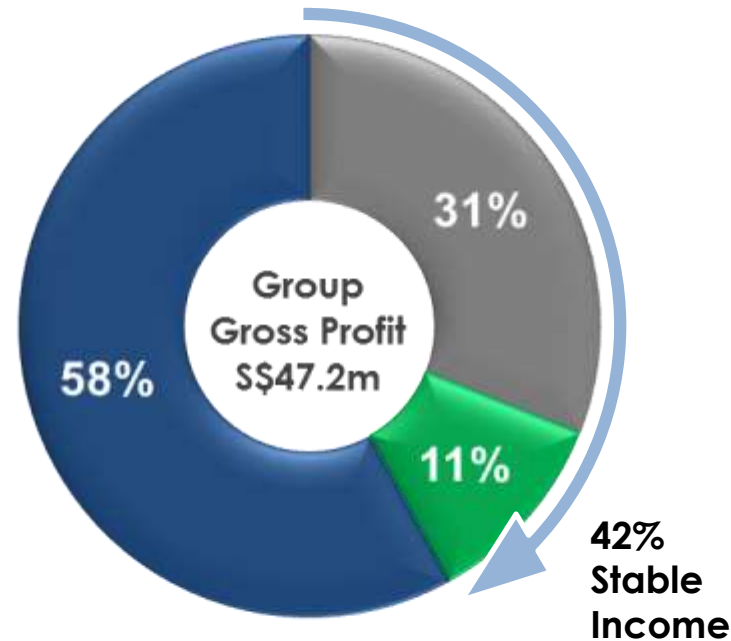
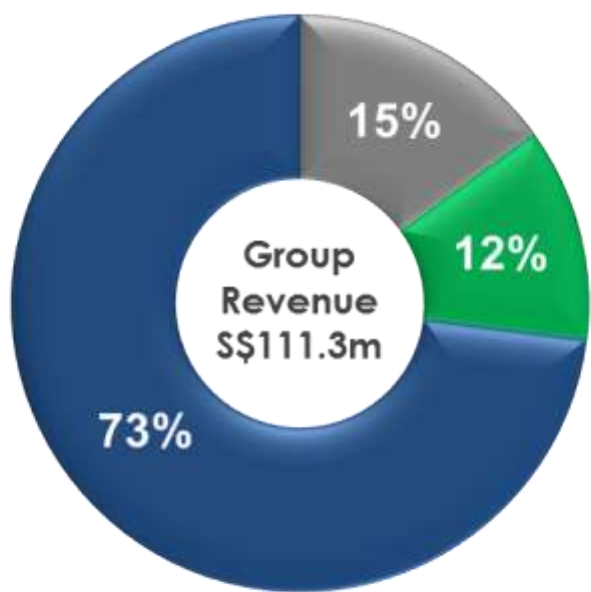


# Portfolio Highlights

## Revenue and Gross Profit (by category)

Revenue  
1Q 2017

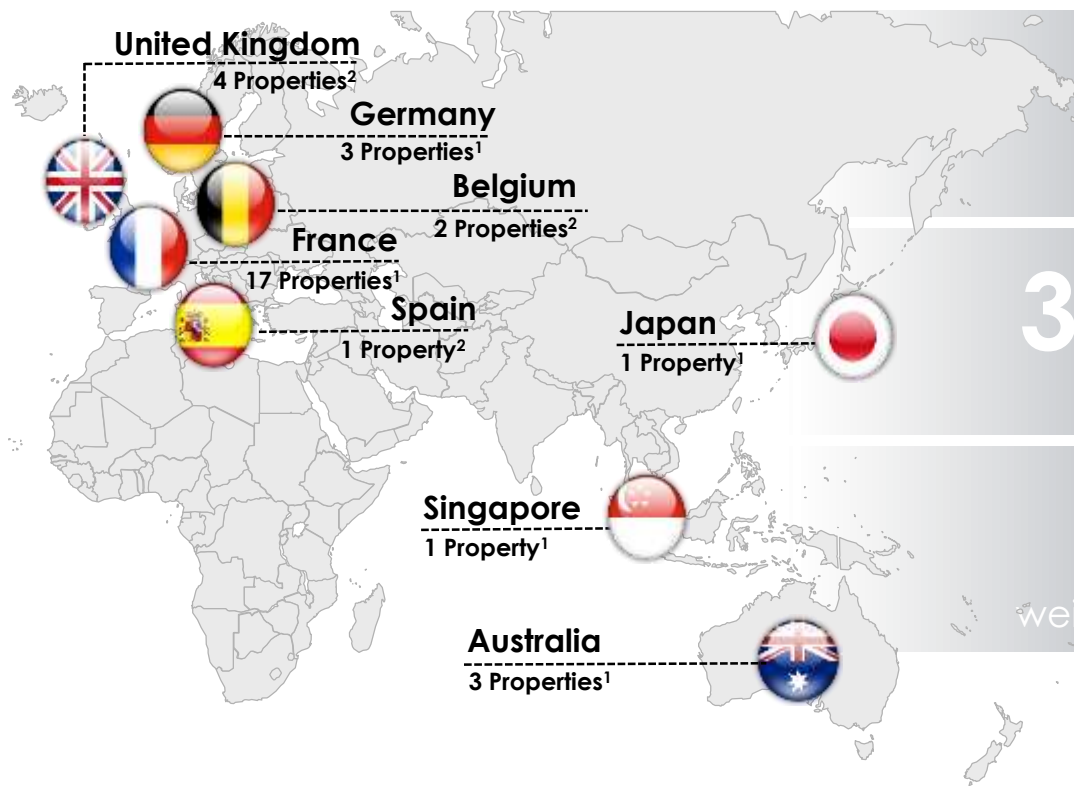
Gross Profit  
1Q 2017



- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts

# Income Stability

42% of the Group's gross profit for 1Q 2017 is contributed by master leases and management contracts with minimum guaranteed income



**16 Cities**  
in 8 countries

**32 Properties**  
out of 90 properties

**3.3 Years**  
weighted average remaining tenure

Notes:

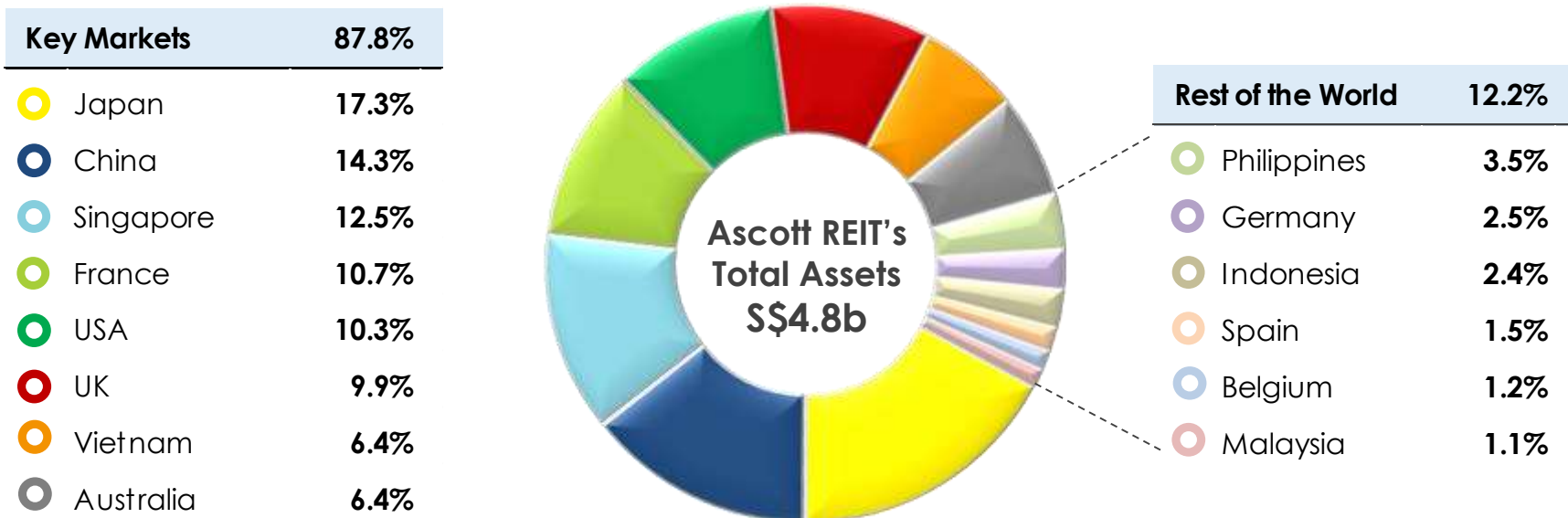
1. Properties under master leases
2. Properties under management contracts with minimum guaranteed income



# Geographical Diversification

Key Markets<sup>1</sup> contributed 85.2% of the Group's Gross Profit in 1Q 2017

## Breakdown of Total Assets by Geography As at 31 March 2017



Portfolio diversified across property and economic cycles

Note:

1. Key markets relate to countries that contribute to more than 5% of Ascott REIT's total assets



Somerset Grand Central Dalian



Citadines Zhuankou Wuhan



Citadines Gaoxin Xi'an



Somerset Heping Shenyang



Ascott Guangzhou



Somerset Olympic Tower Property Tianjin



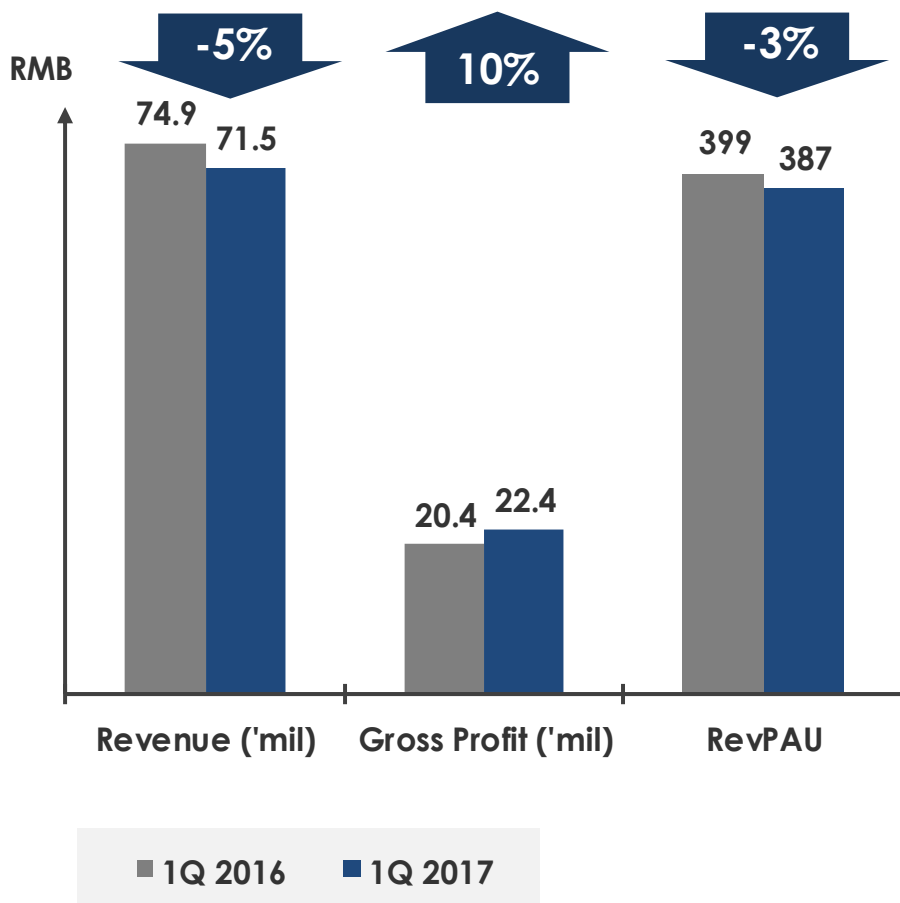
Citadines Xinghai Suzhou



Citadines Biyun Shanghai



Somerset Xu Hui Shanghai



## Key Market Performance Highlights

- Revenue and RevPAU decreased mainly due to weaker demand from project groups in the regional cities, partially offset by higher revenue from the refurbished apartments at Somerset Xu Hui Shanghai.
- Gross profit increased due to lower business tax and property tax (arising from refund from the tax authorities).





Somerset  
Azabu East  
Tokyo



Citadines  
Shinjuku  
Tokyo



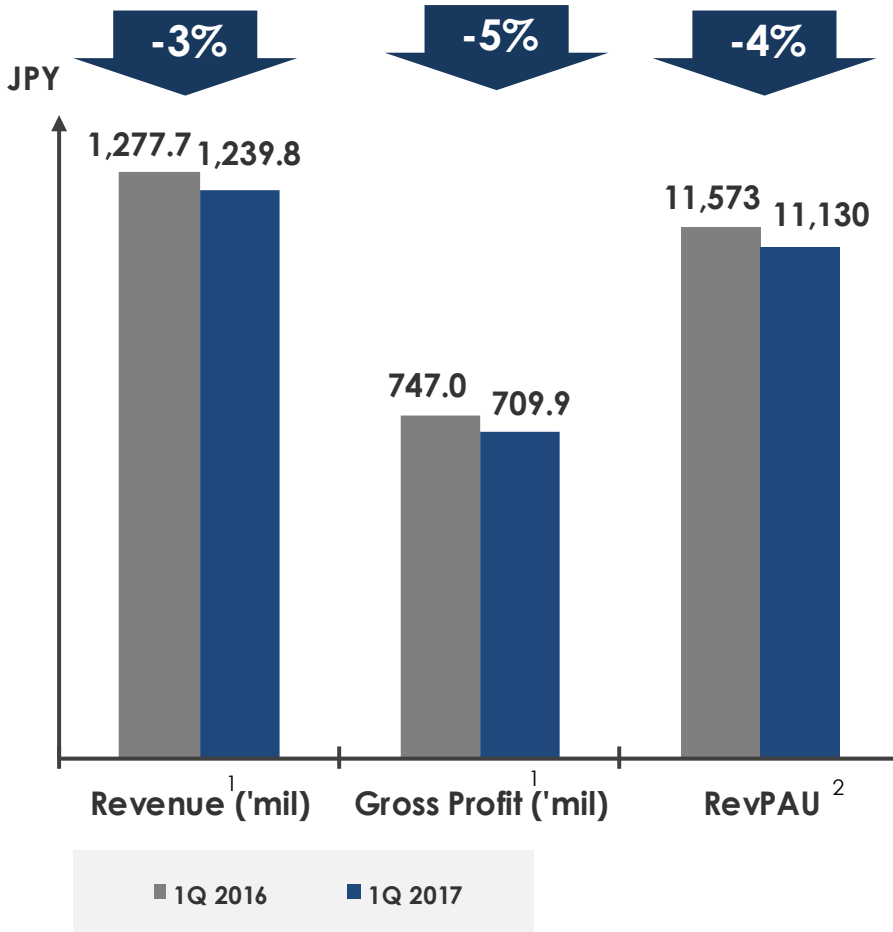
Citadines  
Karasuma-Gojo  
Kyoto



Citadines Central  
Shinjuku Tokyo



29 rental housing  
properties  
in Japan



### Key Market Performance Highlights

- Revenue and RevPAU decreased due to weaker market demand.
- Gross profit decreased due to lower revenue, higher operation and maintenance expense and marketing expense.
- Occupancy for rental housing properties remained stable at 97% in 1Q 2017.

Notes:

- Revenue and gross profit figures above relate to properties under master leases and management contracts
- RevPAU relates to serviced residences and excludes rental housing properties



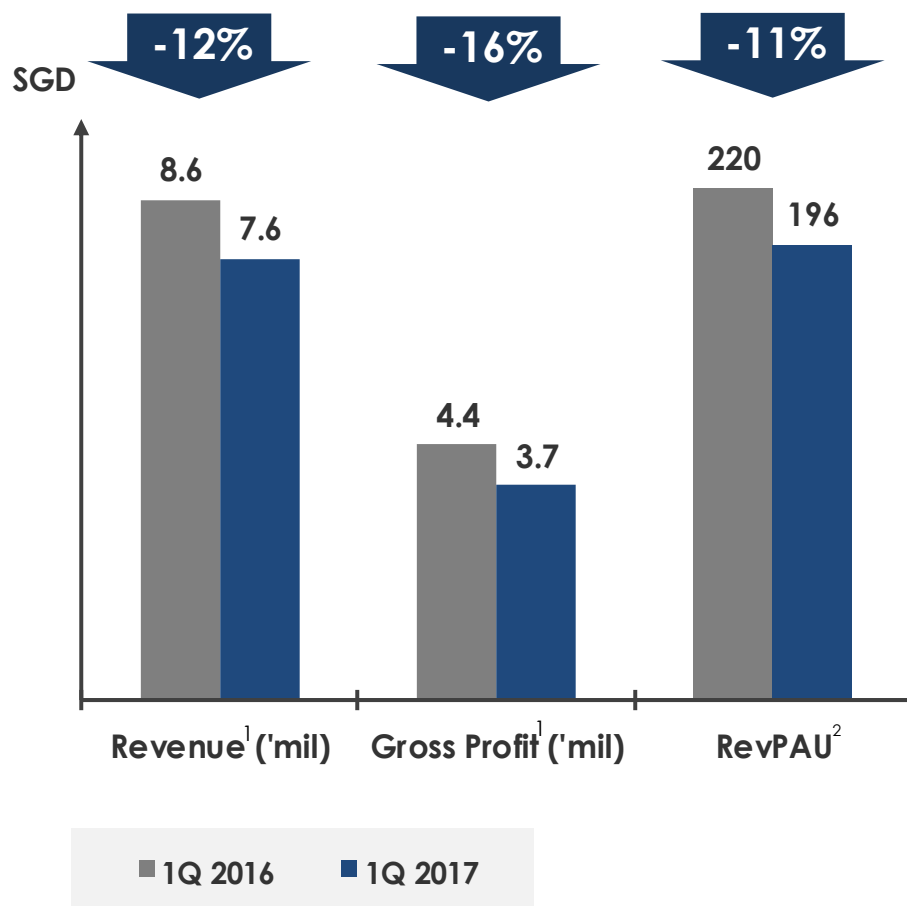
Somerset Liang  
Court Property  
Singapore



Citadines Mount  
Sophia Property  
Singapore



Ascott  
Raffles Place  
Singapore



## Key Market Performance Highlights

- Revenue, gross profit and RevPAU decreased mainly due to weaker market demand and reduction in corporate accommodation budgets.

Notes:

- Revenue and gross profit figures above relate to properties under master leases and management contracts
- Includes RevPAU of Ascott Raffles Place Singapore



# United Kingdom



Citadines Barbican London



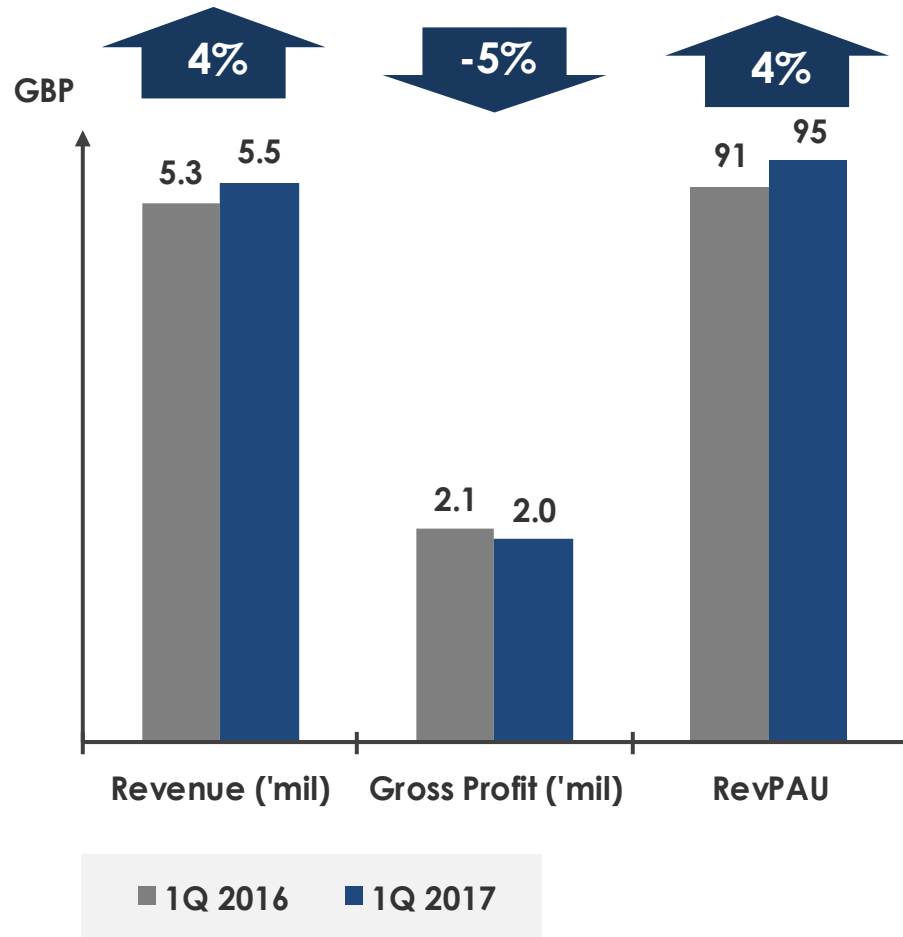
Citadines Holborn-Covent Garden London



Citadines Trafalgar Square London



Citadines South Kensington London



## Key Market Performance Highlights

- Revenue and RevPAU increased due to stronger demand.
- Gross profit decreased due to higher staff costs and marketing expense.
- The refurbishment at Citadines Barbican London is expected to be completed in 2Q 2017.



La Clef  
Louvre Paris<sup>1</sup>



Citadines  
Les Halles  
Paris



Citadines  
Croisette  
Cannes



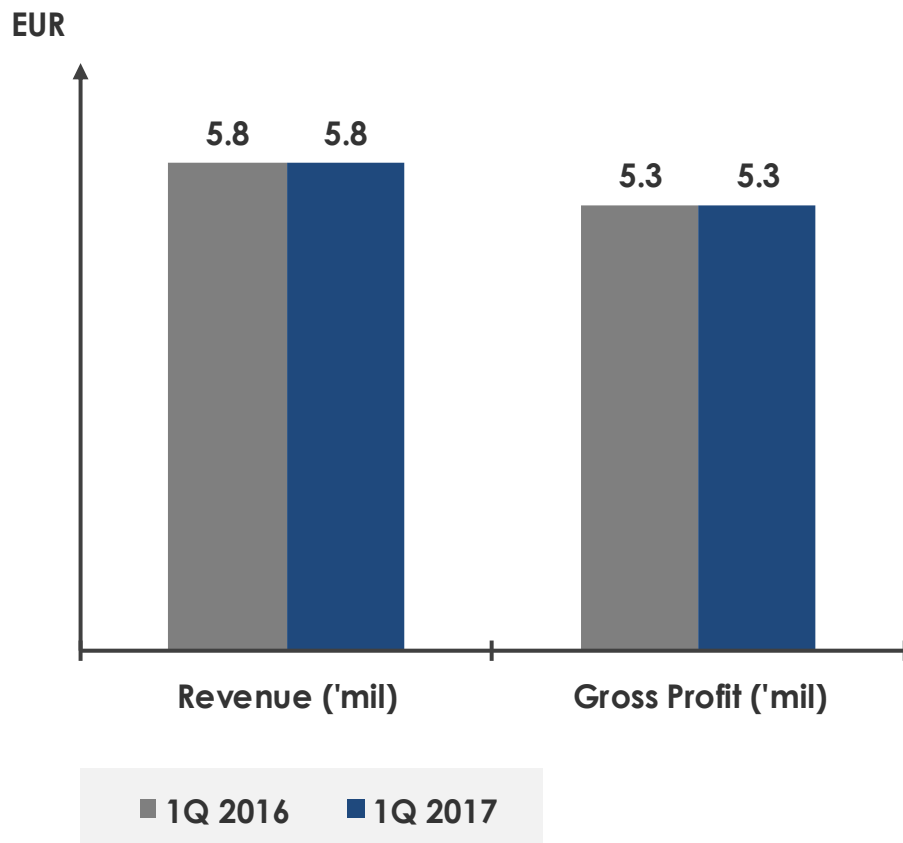
Citadines  
Place d'Italie  
Paris



Citadines  
Tour Eiffel  
Paris



Citadines  
Austerlitz  
Paris



### Key Market Performance Highlights

- All the properties in France are underpinned by master leases hence operational risks are mitigated.
- Revenue and gross profit remained at the same level as 1Q 2016.

Note:  
1. Formerly known as Citadines Suites Louvre Paris



Somerset  
Grand Hanoi



Somerset  
Hoa Binh Hanoi



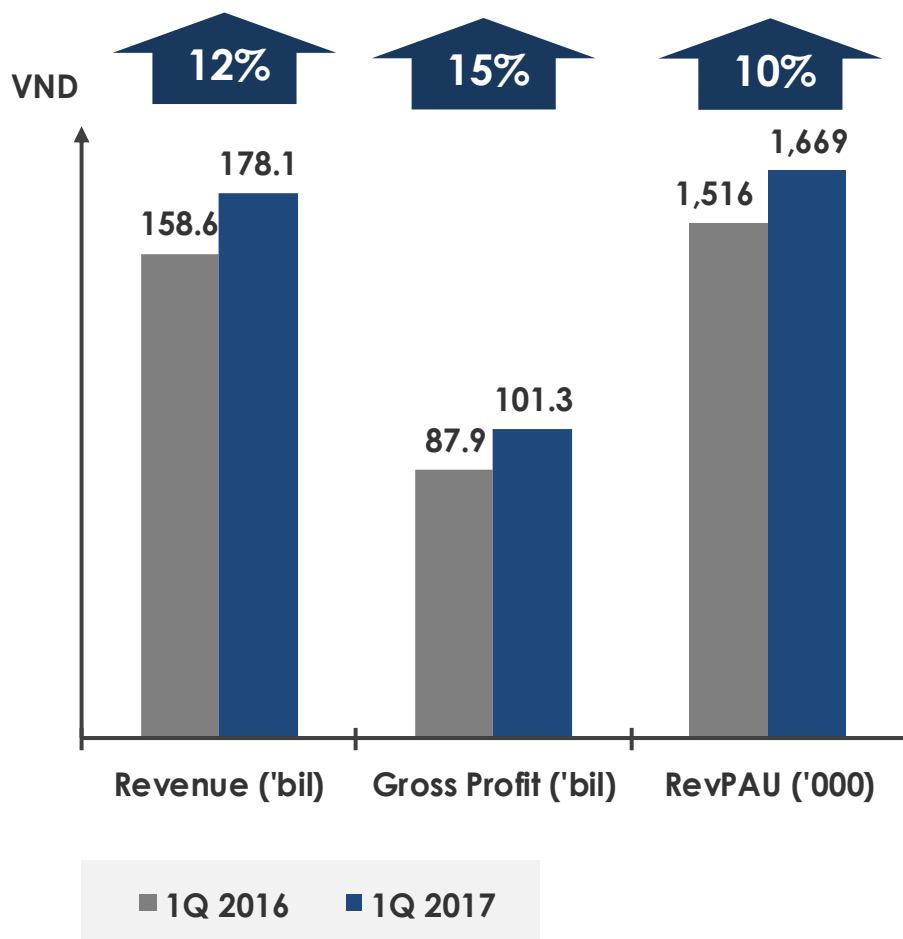
Somerset West  
Lake Hanoi



Somerset Ho  
Chi Minh City



Somerset  
Chancellor Court  
Ho Chi Minh City



## Key Market Performance Highlights

- Revenue increased mainly due to higher revenue from the refurbished apartments at Somerset Ho Chi Minh City, higher corporate demand for serviced residences and higher commercial rent.
- Gross profit increased due to higher revenue, partially offset by higher staff costs.





Citadines on Bourke Melbourne



Citadines St Georges Terrace Perth



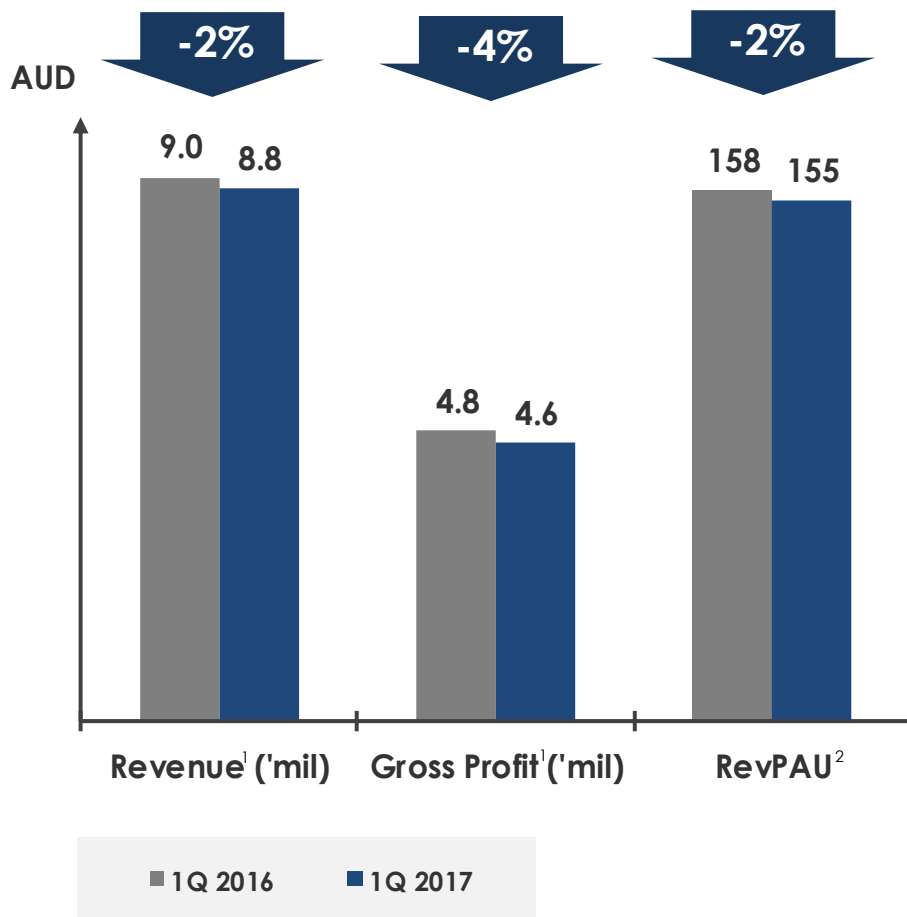
Quest Sydney Olympic Park



Quest Campbelltown



Quest Mascot



### Key Market Performance Highlights

- Revenue, gross profit and RevPAU decreased due to weaker market conditions in Perth.

Notes:

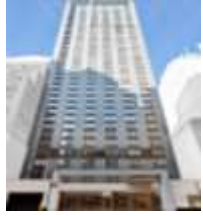
- Revenue and gross profit figures above relate to properties under master leases and management contracts
- RevPAU relates to Citadines on Bourke Melbourne and Citadines St Georges Terrace Perth only.



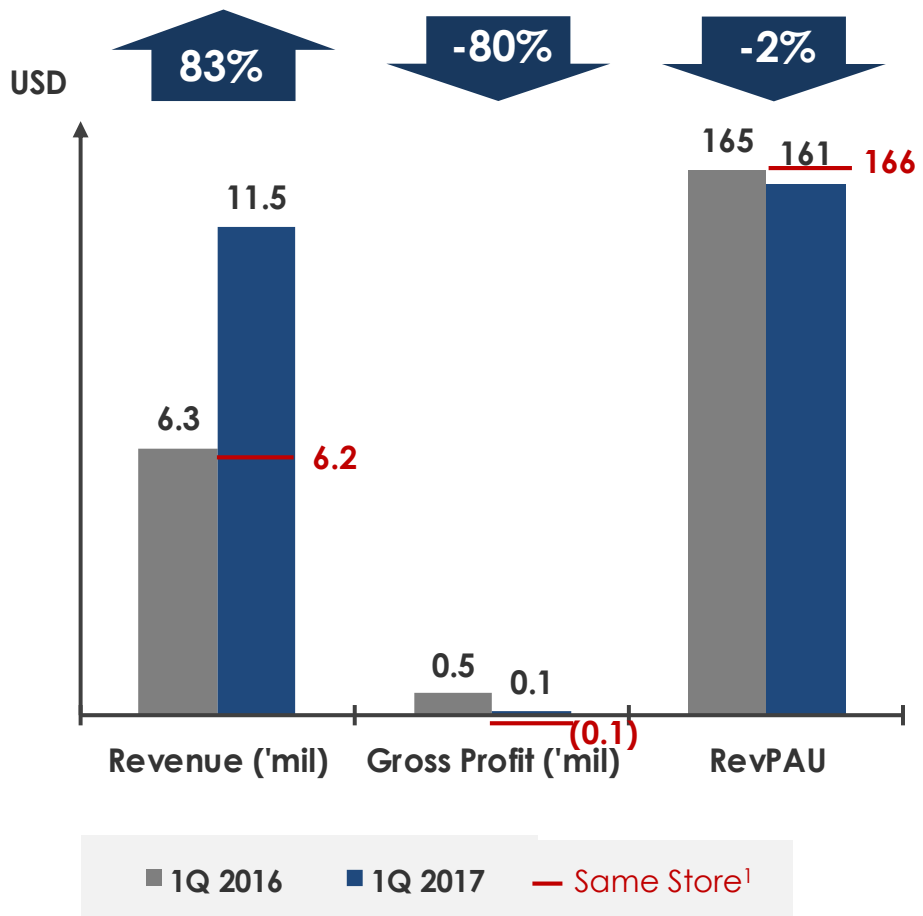
# The United States of America



Sheraton Tribeca  
New York Hotel



Element New York  
Times Square West



## Key Market Performance Highlights

- Revenue increased mainly due to the acquisition of Sheraton Tribeca New York Hotel in April 2016.
- On a same store basis, gross profit decreased due to lower revenue and recognition of operating lease expense on a straight line basis.
- RevPAU decreased due to lower RevPAU from Sheraton Tribeca New York Hotel.

Note:  
1. Excluding Sheraton Tribeca New York Hotel which was acquired in April 2016

# Capital and Risk Management



Ascott Raffles Place Singapore



# Healthy Balance Sheet and Credit Metrics

## Key Financial Indicators

|  | As at<br>31 March 2017 | As at<br>31 December 2016 |
|--|------------------------|---------------------------|
| Gearing <sup>1</sup>                   | 41.1%                  | 39.8%                     |
| Interest Cover                         | 3.8X                   | 4.3X                      |
| Effective Borrowing Rate               | 2.3%                   | 2.4%                      |
| Total Debts on Fixed Rates             | 82%                    | 82%                       |
| Weighted Avg Debt to Maturity (Years)  | 4.6                    | 4.7                       |
| NAV/Unit                               | S\$1.29                | S\$1.33                   |
| Ascott REIT's Issuer Rating by Moody's | Baa3                   | Baa3                      |

Note:

1. Following the Rights Issue, AOS Acquisition, German Acquisitions and the divestment of 18 rental housing properties in Japan, gearing would be 36.6%.



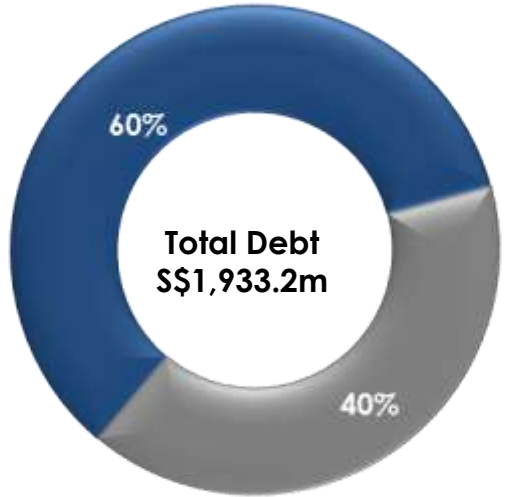
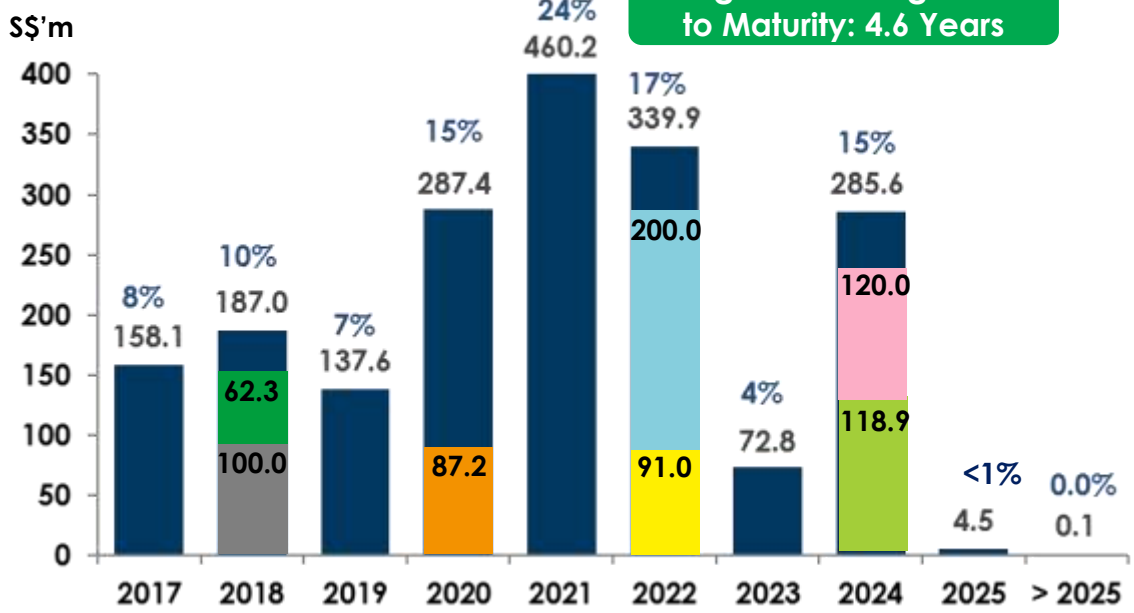
# Capital and Risk Management

## Debt Profile as at 31 March 2017

Debt Maturity Profile

By Debt Type

Weighted Average Debt to Maturity: 4.6 Years



- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #1a3d54; margin-right: 5px;"></span> Bank loans</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #008000; margin-right: 5px;"></span> 2.01% p.a. fixed rate JPY5b MTN</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #808080; margin-right: 5px;"></span> 4.30% p.a. fixed rate S\$100m MTN</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffa500; margin-right: 5px;"></span> 1.65% p.a. fixed rate JPY7b MTN</li> </ul> | <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #add8e6; margin-right: 5px;"></span> 4.21% p.a. fixed rate S\$200m MTN<sup>1</sup></li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffff00; margin-right: 5px;"></span> 1.17% p.a. fixed rate JPY7.3b MTN</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #90ee90; margin-right: 5px;"></span> 2.75% p.a. fixed rate EUR80m MTN</li> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: #ffb6c1; margin-right: 5px;"></span> 4.00% p.a. fixed rate S\$120m MTN<sup>2</sup></li> </ul> |
|---|---|

- Bank Loans
- Medium Term Notes ("MTN")

**Ascott REIT seeks to diversify funding sources and secure long-term financing at an optimal cost.**

**Notes:**

1. S\$ proceeds from the notes have been swapped into Euros at a fixed interest rate of 1.82% p.a. over the same tenure
2. S\$ proceeds from the notes have been swapped into Euros at a fixed interest rate of 2.15% p.a. over the same tenure

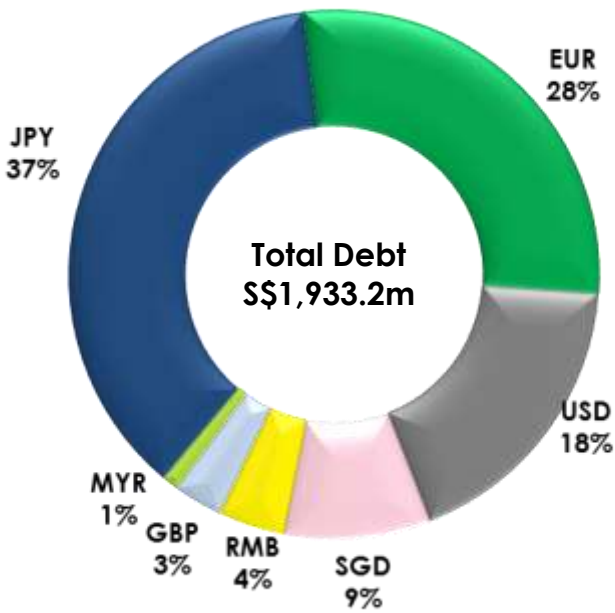




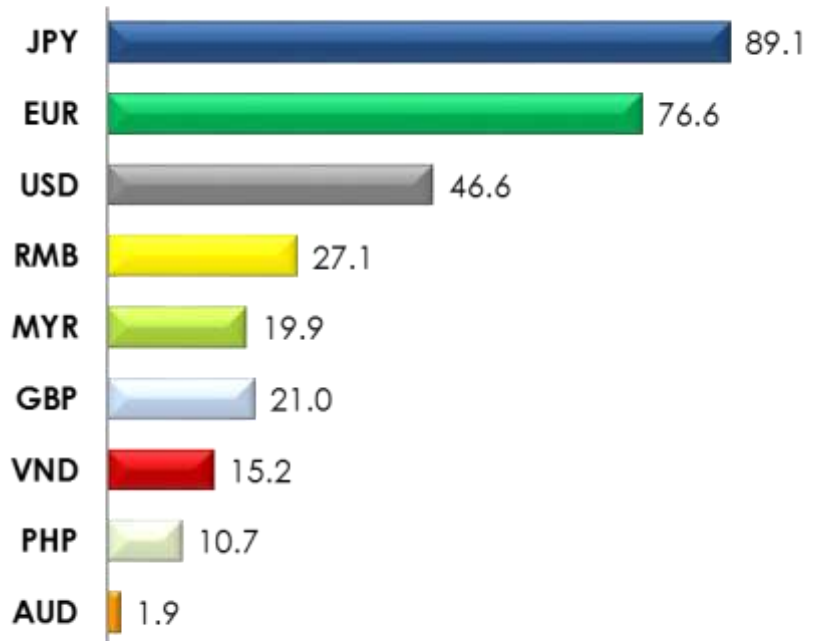
# Capital and Risk Management

## Foreign Currency Risk Management

**Debt By Currency (%)**  
As at 31 March 2017



**Balance Sheet Hedging (%)**  
As at 31 March 2017



Ascott REIT adopts a natural hedging strategy to the extent possible.



# Capital and Risk Management

## Foreign Currency Risk Management

| Currency     | Gross Profit<br>YTD Mar 2017 (%) | Exchange Rate Movement<br>From 31 Dec 2016 to 31 Mar 2017 (%) |
|--------------|----------------------------------|---|
| EUR          | 23.5                             | -0.6  |
| JPY          | 18.9                             | 2.3   |
| VND          | 13.6                             | -   |
| AUD          | 10.8                             | -0.1  |
| RMB          | 9.8                              | -0.1  |
| SGD          | 7.8                              | -   |
| GBP          | 7.4                              | -1.0  |
| PHP          | 4.2                              | -0.4  |
| USD          | 3.2                              | -   |
| MYR          | 0.8                              | 0.2   |
| <b>Total</b> | <b>100.0</b>                     | <b>0.2</b>  |

We have entered into foreign currency forward contracts to hedge distribution income derived in EUR, GBP and JPY. On a portfolio basis, approximately 23% of estimated FY 2017 foreign currency distribution income had been hedged.

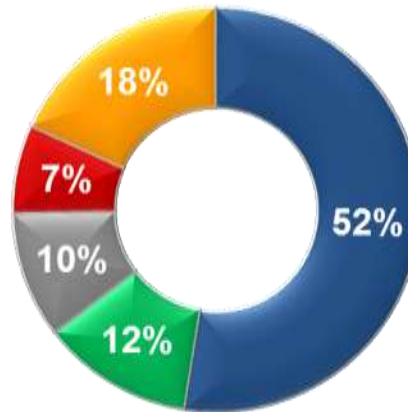
# Portfolio Information

SOMERSET

Somerset Liang Court Singapore

## Focus on Long Stay Segments

### Breakdown of Apartment Rental Income<sup>1</sup> by Length of Stay



- 1 week or less
- Less than 1 month
- 1 to 6 months
- 6 to 12 months
- More than 12 months

**Average length of stay is about 3.4 months**

Note:

1. Apartment rental income for 1Q 2017. Information for properties on master leases are not included.





# Outlook

Ascott Raffles Place Singapore



On 6 March 2017, Ascott REIT announced the launch of an underwritten and renounceable rights issue (the “Rights Issue”) to raise gross proceeds of S\$442.7 million and the acquisition of two serviced residence properties in Germany from its Sponsor, The Ascott Limited. Including valid acceptances and excess applications, the Rights Issue which closed on 31 March 2017 was 1.8 times subscribed. The proceeds from the Rights Issue will be used to part fund the acquisition of Ascott Orchard Singapore and the two serviced residence properties in Germany. The acquisition of two serviced residence properties in Germany was approved by the unitholders at the extraordinary general meeting held on 19 April 2017. Upon completion of these acquisitions, Ascott REIT’s asset size will grow to S\$5.3 billion. Ascott REIT will continue to remain on the lookout for accretive opportunities in the key gateway cities of Australia, Japan, Europe and the United States of America.

The refurbishment of Somerset Millennium Makati and Somerset Ho Chi Minh City has been completed in 1Q 2017. The refurbishment of Citadines Barbican London is expected to be completed in 2017. The Group will continue to refurbish Ascott REIT’s properties to enhance guest experience and maximise returns to Unitholders.

On 13 April 2017, Ascott REIT announced the divestment of 18 rental housing properties in Japan, in line with its strategy to optimise returns to Unitholders. The estimated net gain from the divestment is approximately JPY831 million (equivalent to approximately S\$10.6 million). Ascott REIT will continue to review its portfolio to identify opportunities to unlock the underlying value of properties with limited growth potential and re-deploy proceeds into higher yielding assets.



# Outlook (cont'd)

In March 2017, the US Federal Reserve raised its target for short-term interest rates by 25 basis points with further hikes expected in the course of the year. On the capital management front, the Group continues to maintain a disciplined and prudent capital management approach. Ascott REIT continues to maintain a strong balance sheet, with more than 80% of its total borrowings on fixed interest rates to hedge against the rising interest rate. The Group has embarked on the refinancing of the loans that are coming due in 2017 and will continue to actively monitor its interest rate and exchange rate exposure.

Going forward, global economic recovery is likely to remain slow-paced. Notwithstanding, Ascott REIT will continue to focus on creating stable income and returns to Unitholders through its diversified portfolio and extended-stay business model, together with the master leases and management contracts with minimum guaranteed income.

# Appendix



Citadines Mount Sophia





# Completed Asset Enhancement Initiative

## Somerset Ho Chi Minh City (Final Phase)



**Capex incurred**

US\$7.8m<sup>1</sup> (\$\$11.3m)

**Capex work being done**

Renovation of 66 apartment units

**Period of renovation**

1Q 2016 to 1Q 2017



Pre-refurbishment



Post-refurbishment

Note:

1. Includes the previous phase of refurbishment project.



# Completed Asset Enhancement Initiative

## Somerset Millennium Makati



**Capex incurred**

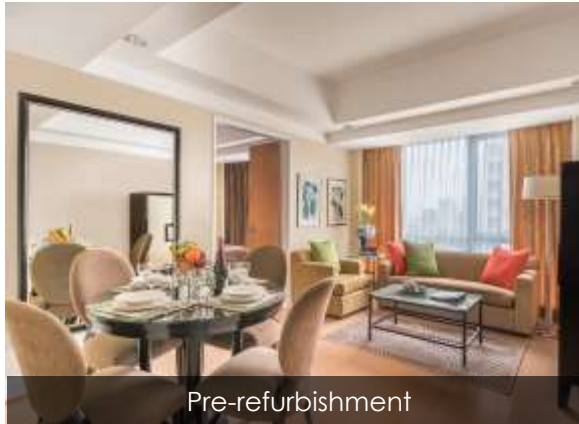
US\$1.0 (S\$1.4m)

**Capex work being done**

Renovation of lobby and 113 apartment units

**Period of renovation**

1Q 2016 to 1Q 2017



Note:

1. Includes the final phase of refurbishment project.





# Ongoing Asset Enhancement Initiatives

| Property     |  | Costs              | Time Period        |
|--------------|--|--------------------|--------------------|
| 1            | <b>Citadines Barbican London</b><br>- Phased renovation of 129 apartment units | £3.9m<br>(S\$8.3m) | 1Q 2017 to 2Q 2017 |
| <b>Total</b> |  | <b>S\$8.3m</b>     |                    |



# Master Leases (1Q 2017 vs 1Q 2016)



La Clef  
Louvre Paris



Citadines  
Les Halles Paris



Citadines  
Croisette  
Cannes



Citadines  
Arnulfpark  
Munich



Ascott  
Raffles Place  
Singapore



Quest Sydney  
Olympic Park

## Revenue ('mil)

## Gross Profit ('mil)

|  | 1Q 2017 | 1Q 2016 |   | 1Q 2017 | 1Q 2016 |   |
|--|---------|---------|---|---------|---------|---|
| <b>Australia (AUD)</b><br>3 Properties | 1.8     | 1.8     | - | 1.7     | 1.7     | - |
| <b>France (EUR)</b><br>17 Properties   | 5.8     | 5.8     | - | 5.3     | 5.3     | - |
| <b>Germany (EUR)</b><br>3 Properties   | 1.3     | 1.4     | ↓ | 1.2     | 1.4     | ↓ |
| <b>Japan (JPY)</b><br>1 Property       | 133.3   | 133.3   | - | 105.1   | 103.4   | ↑ |
| <b>Singapore (SGD)</b><br>1 Property   | 1.9     | 2.2     | ↓ | 1.8     | 2.0     | ↓ |



# Management Contracts with Minimum Guaranteed Income (1Q 2017 vs 1Q 2016)

|   | Revenue ('mil) |         |   | Gross Profit ('mil) |         |   | RevPAU  |         |   |
|---|----------------|---------|---|---------------------|---------|---|---------|---------|---|
|   | 1Q 2017        | 1Q 2016 |   | 1Q 2017             | 1Q 2016 |   | 1Q 2017 | 1Q 2016 |   |
| <b>Belgium (EUR)</b><br>2 Properties        | 1.7            | 1.6     | ↑ | 0.5                 | 0.3     | ↑ | 50      | 50      | - |
| <b>Spain (EUR)</b><br>1 Property            | 1.1            | 1.0     | ↑ | 0.5                 | 0.4     | ↑ | 78      | 73      | ↑ |
| <b>United Kingdom (GBP)</b><br>4 Properties | 5.5            | 5.3     | ↑ | 2.0                 | 2.1     | ↓ | 95      | 91      | ↑ |



# Management Contracts (1Q 2017 vs 1Q 2016)

|                                       | Revenue ('mil) |         |   | Gross Profit ('mil) |         |   | RevPAU  |         |   |
|---------------------------------------|----------------|---------|---|---------------------|---------|---|---------|---------|---|
|                                       | 1Q 2017        | 1Q 2016 |   | 1Q 2017             | 1Q 2016 |   | 1Q 2017 | 1Q 2016 |   |
| <b>Australia (AUD)</b>                | 7.0            | 7.2     | ↓ | 2.9                 | 3.1     | ↓ | 155     | 158     | ↓ |
| <b>China (RMB)</b>                    | 71.5           | 74.9    | ↓ | 22.4                | 20.4    | ↑ | 387     | 399     | ↓ |
| <b>Indonesia (USD)</b>                | 2.9            | 2.8     | ↑ | 1.0                 | 1.3     | ↓ | 76      | 72      | ↑ |
| <b>Japan (JPY)<sup>1</sup></b>        | 1,106.5        | 1,144.4 | ↓ | 604.8               | 643.6   | ↓ | 11,130  | 11,573  | ↓ |
| <b>Malaysia (MYR)</b>                 | 4.1            | 5.0     | ↓ | 1.2                 | 1.7     | ↓ | 220     | 264     | ↓ |
| <b>Philippines (PHP)</b>              | 225.1          | 193.6   | ↑ | 70.9                | 61.4    | ↑ | 4,626   | 3,915   | ↑ |
| <b>Singapore (SGD)</b>                | 5.7            | 6.4     | ↓ | 1.9                 | 2.4     | ↓ | 178     | 201     | ↓ |
| <b>United States of America (USD)</b> | 11.5           | 6.3     | ↑ | 0.1                 | 0.5     | ↓ | 161     | 165     | ↓ |
| <b>Vietnam (VND)<sup>2</sup></b>      | 178.1          | 158.6   | ↑ | 101.3               | 87.9    | ↑ | 1,669   | 1,516   | ↑ |

Notes:

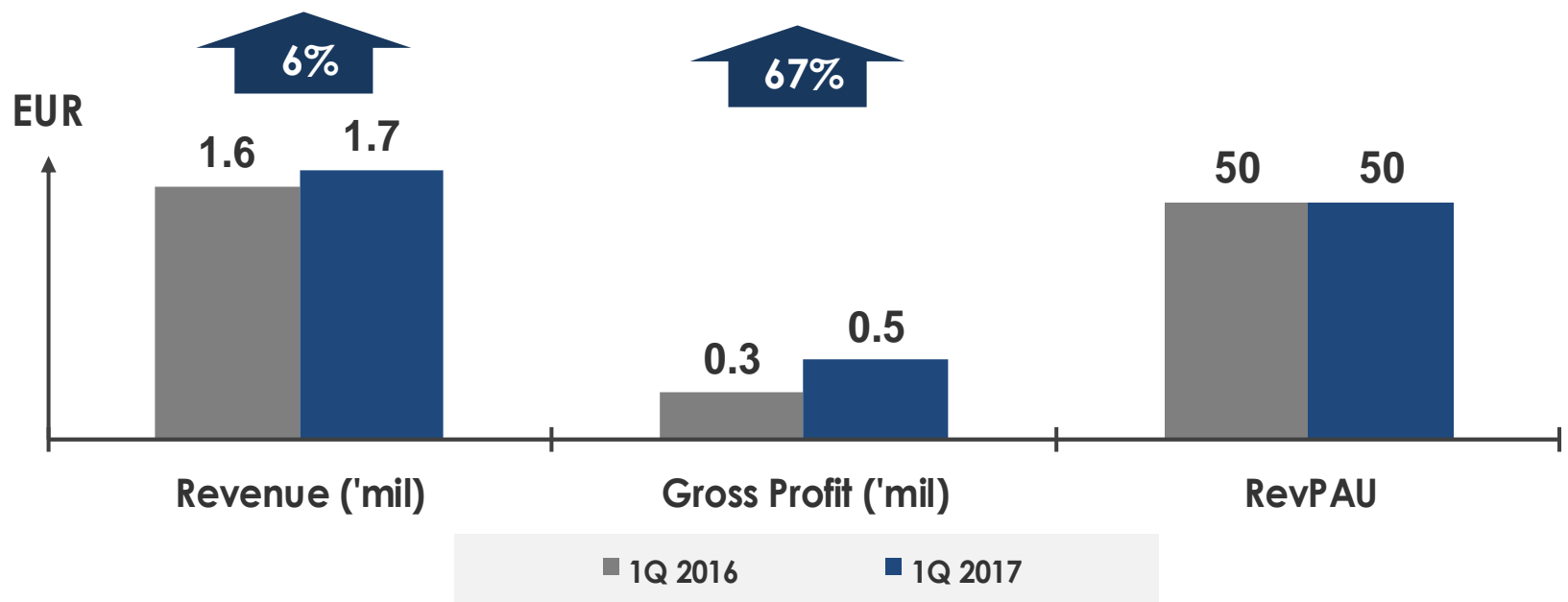
1. RevPAU for Japan refers to serviced residences and excludes rental housing.
2. Revenue and gross profit figures for VND are stated in billions. RevPAU figures are stated in thousands.



Citadines  
Sainte-Catherine  
Brussels



Citadines  
Toison d'Or  
Brussels

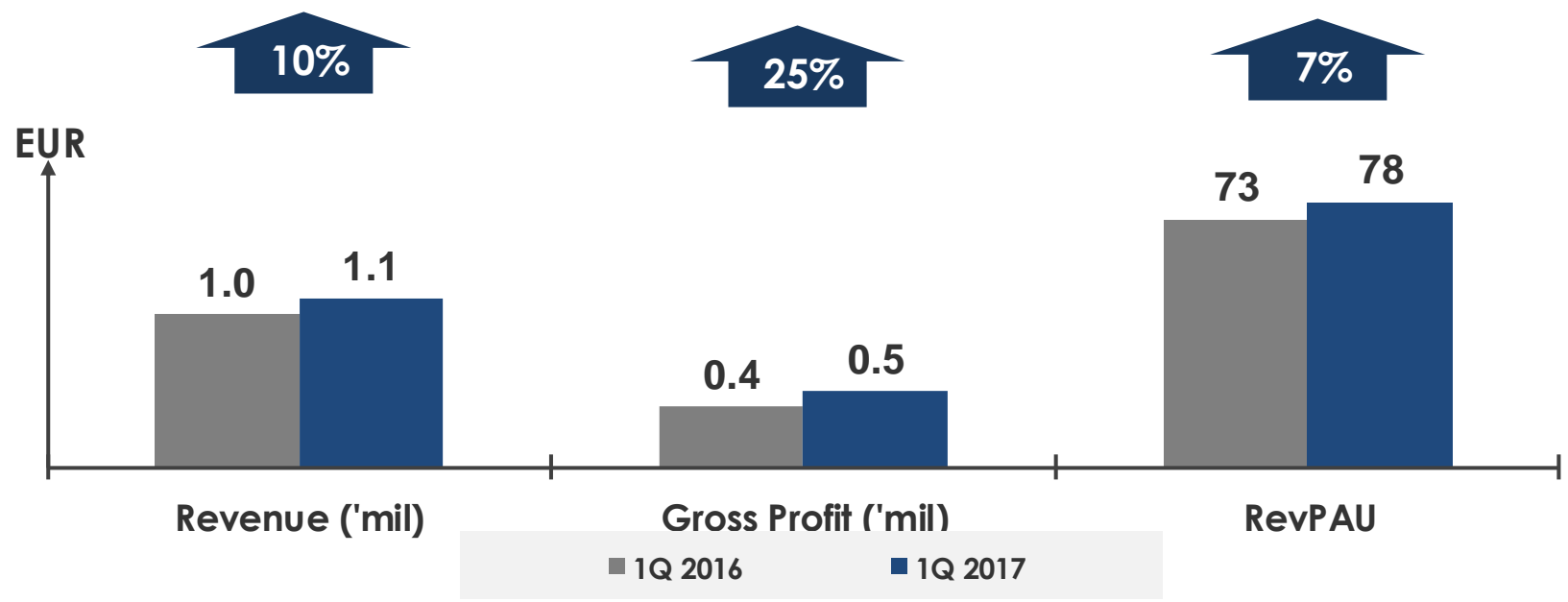


Revenue increased mainly due to stronger corporate demand. Gross profit increased due to higher revenue and lower property tax (arising from reversal of provision no longer required).





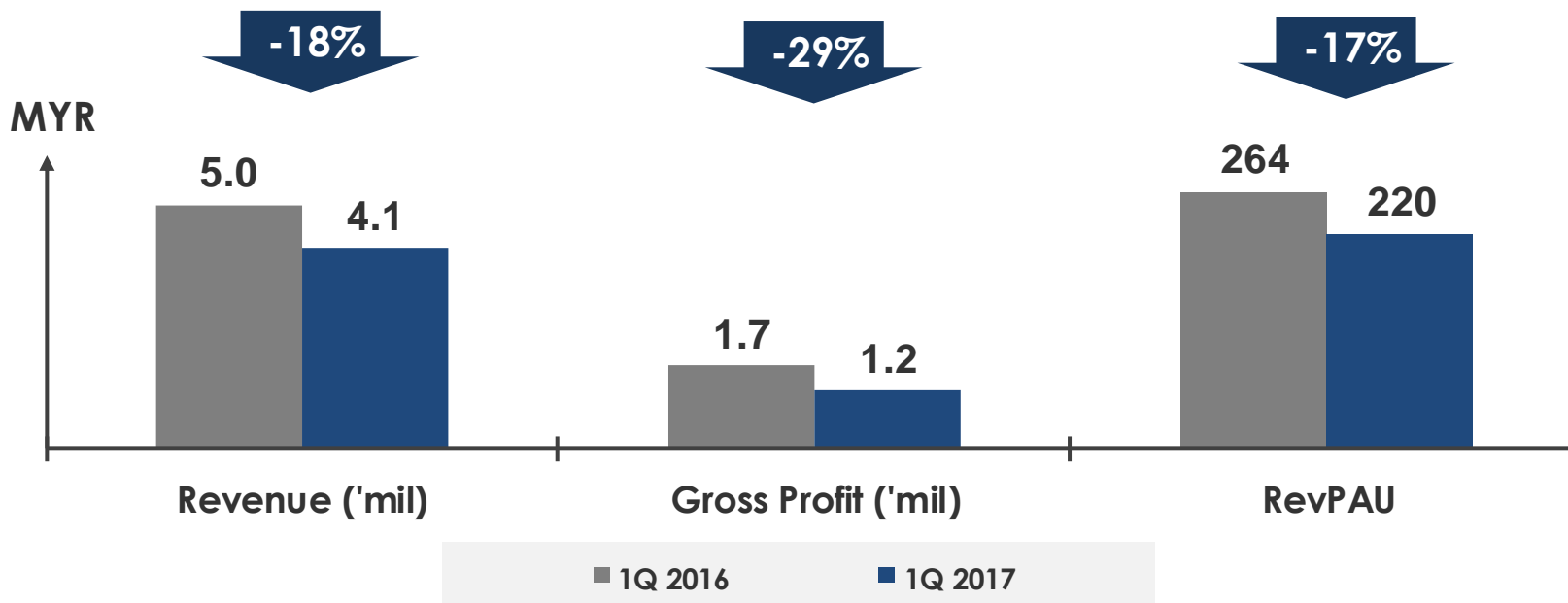
Citadines Ramblas  
Barcelona



Revenue, gross profit and RevPAU increased due to higher leisure demand and retail income.



Somerset Ampang  
Kuala Lumpur



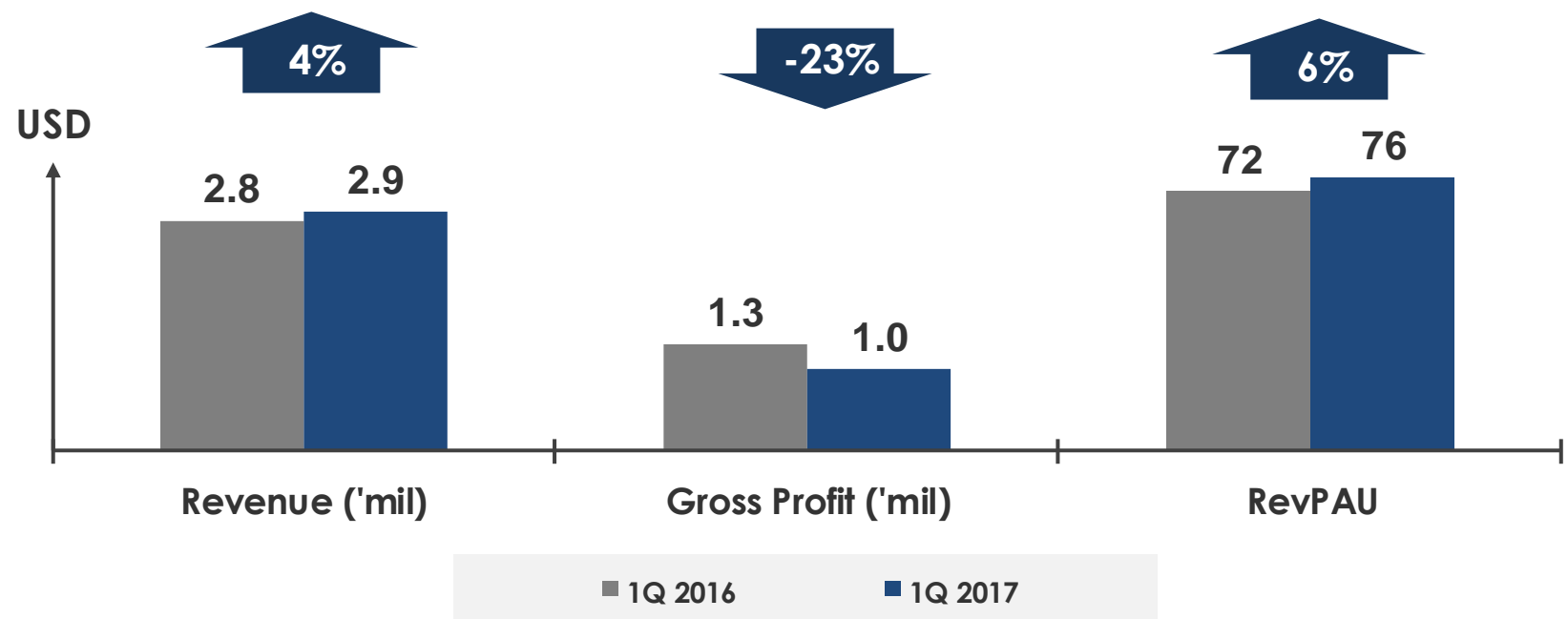
Revenue, gross profit and RevPAU decreased due to weaker demand from oil and gas and banking industries.



Ascott Jakarta



Somerset Grand Citra Jakarta



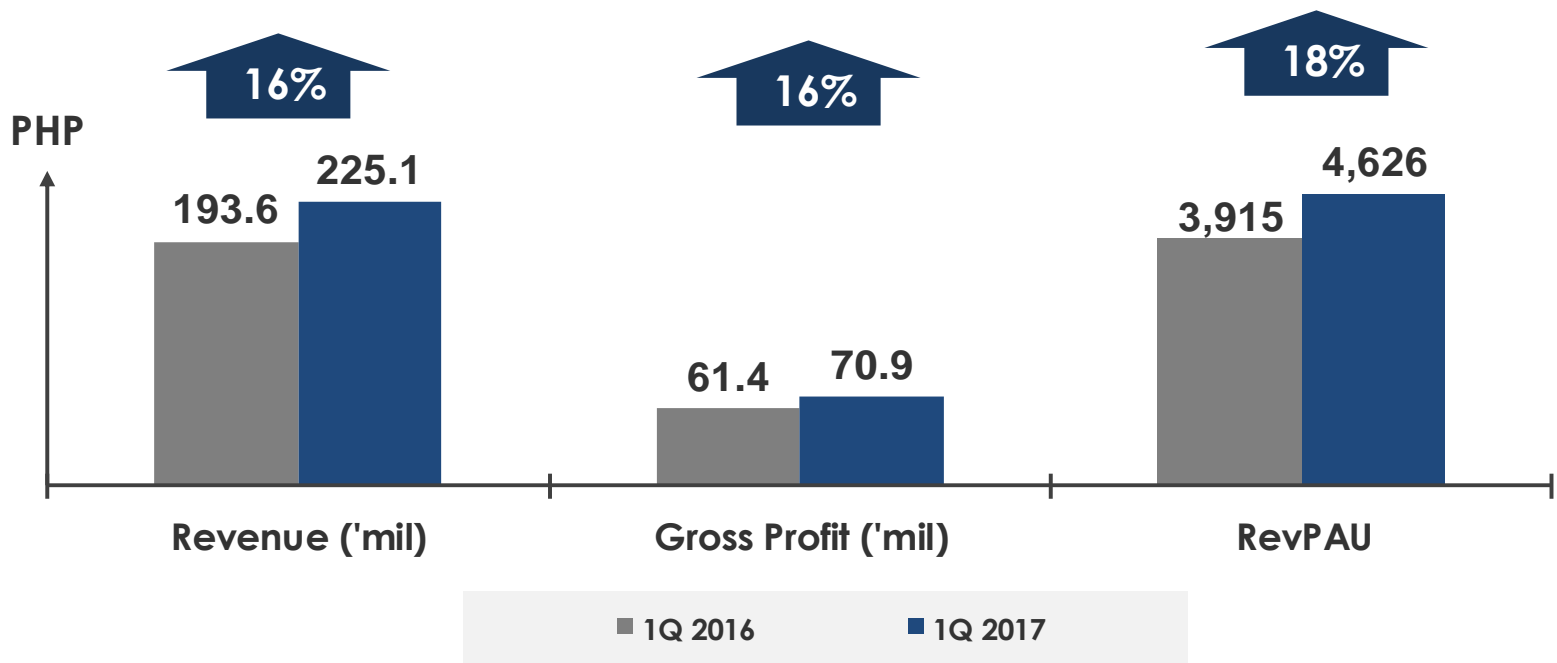
Revenue and RevPAU increased due to higher demand from corporate accounts. Gross profit decreased due to reversal of provision no longer required recognised in 1Q 2016.



Ascott Makati



Somerset Millennium Makati



Revenue and RevPAU increased due to renovation of Ascott Makati in 1Q 2016. Gross profit increased due to higher revenue, partially offset by higher depreciation expense (arising from the renovation of Ascott Makati).