




# DRIVING GROWTH, SUSTAINING PERFORMANCE

Annual Report FY16/17





A modern desk lamp with a circular base and a large, glowing, disc-shaped shade, set against a wood-paneled wall. The lamp is illuminated, casting a warm glow. The background is a wood-paneled wall with a vertical black stripe on the right side.

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



# CONTENTS

04.  
Corporate Profile

06.  
Trust Structure

07.  
Financial Highlights

08.  
Significant Events

09.  
Our Strategies

10.  
Letter to Stapled Securityholders

14.  
Boards of Directors

20.  
The Managers

22.  
Portfolio Summary

28.  
Our Hotels

50.  
Financial Review



52.

Operations Review

58.

Market Review

68.

Investor Relations

71.

Sustainability Report

83.

Corporate Governance

104.

Financial Statements

219.

Statistics of Stapled Securityholdings

221.

Glossary

222.

Notice of Annual General Meeting  
Proxy Form  
Corporate Information

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

**PORTFOLIO  
VALUATION**
**\$1,624**

million

**ROOMS**
**4,351**
**HOTELS**
**11**
**CITIES**
**7**
**COUNTRIES**
**4**

# CORPORATE PROFILE

Ascendas Hospitality Trust (A-HTRUST) is one of the first listed hospitality trusts to focus on the Pan-Asia region. Its current portfolio comprises 11 quality assets that are located across Sydney, Melbourne, Brisbane, Beijing, Tokyo, Osaka and Singapore. Each of these cities is a key financial centre, important business hub, major MICE destination or popular leisure destination. Within these cities, the hotels are strategically located in close proximity to central business districts, convention centres, transportation nodes and/or iconic tourist landmarks.

The portfolio is managed by various established operators and operated under well-known brands including Courtyard by Marriott, Ibis, Mercure, Novotel, Pullman, Oakwood, Park Hotel, and Sunroute. With a total of 4,351 rooms, the hotels cater to different market segments ranging from economy to upscale, as well as short-term to extended stay, adding further dimensions to the diversity of the portfolio.

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

A-HTRUST was listed on the Main Board of the Singapore Exchange Securities Trading Ltd on 27 July 2012, with an initial portfolio valuation of \$1,057 million. A-HTRUST's well-diversified portfolio was valued at \$1,624 million as at 31 March 2017.

# AUSTRALIA



## **SYDNEY**

- Pullman Sydney Hyde Park
- Novotel Sydney Central
- Novotel Sydney Parramatta
- Courtyard by Marriott Sydney-North Ryde

## **MELBOURNE**

- Pullman and Mercure Melbourne Albert Park

## **BRISBANE**

- Pullman and Mercure Brisbane King George Square

# CHINA



## **BEIJING**

- Novotel Beijing Sanyuan
- Ibis Beijing Sanyuan

# JAPAN



## **TOKYO**

- Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo

## **OSAKA**

- Hotel Sunroute Osaka Namba

# SINGAPORE

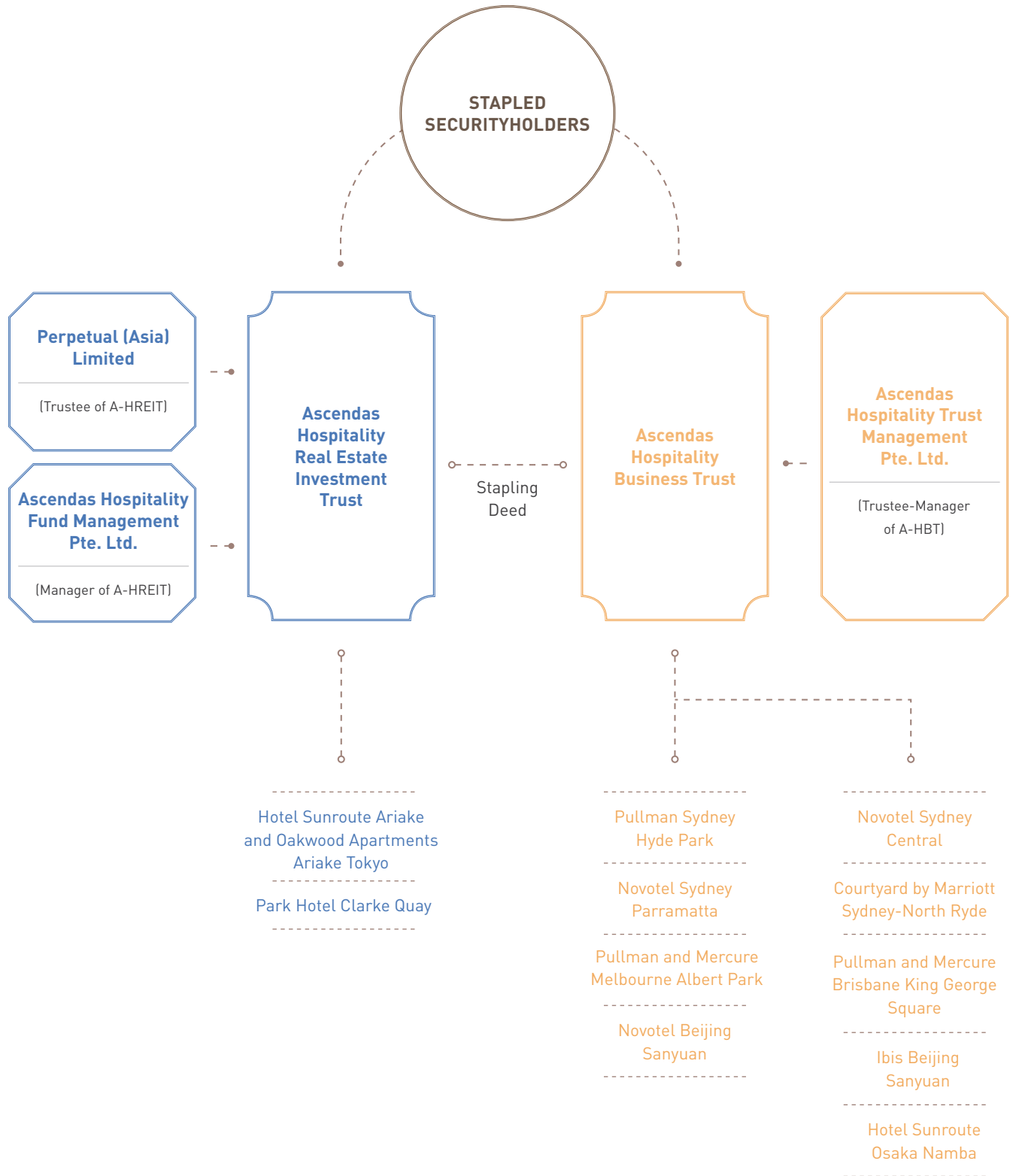


## **SINGAPORE**

- Park Hotel Clarke Quay

# TRUST STRUCTURE

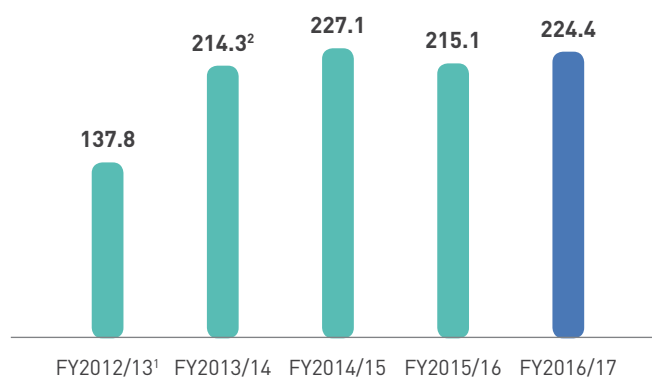
ANNUAL REPORT 2016/2017



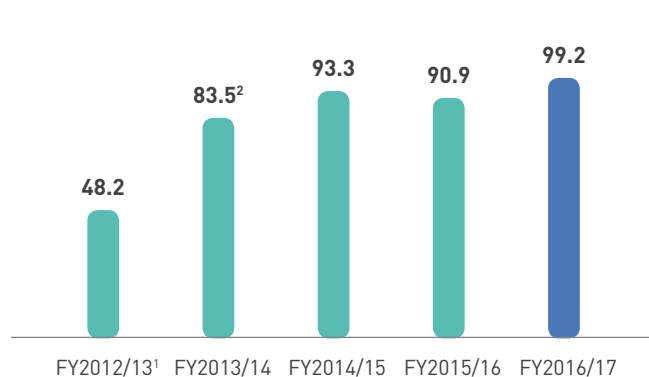


# FINANCIAL HIGHLIGHTS

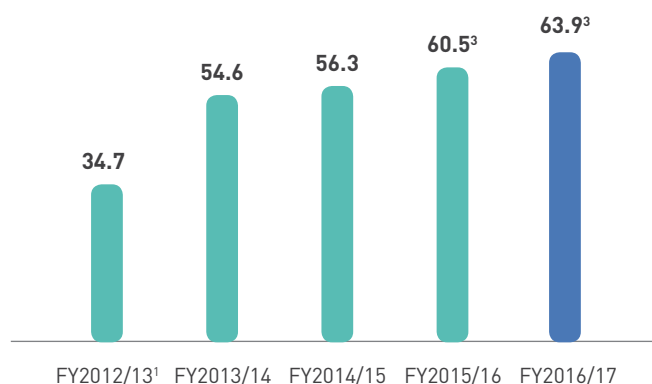
## GROSS REVENUE (\$ MILLION)



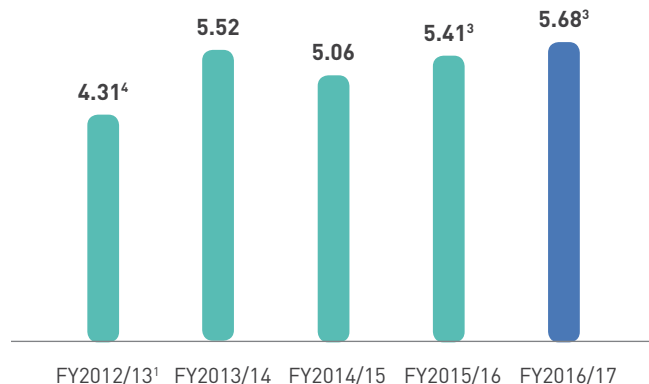
## NET PROPERTY INCOME (\$ MILLION)



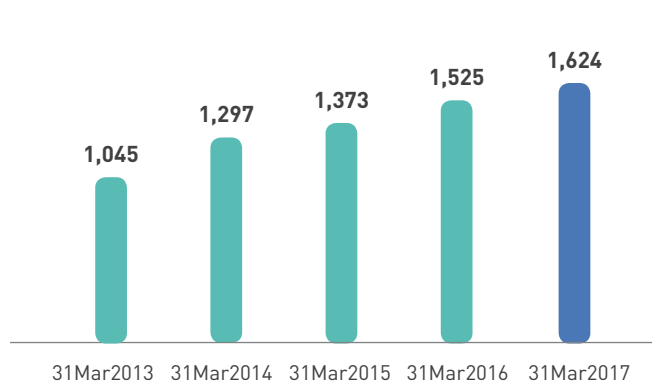
## DISTRIBUTABLE INCOME (\$ MILLION)



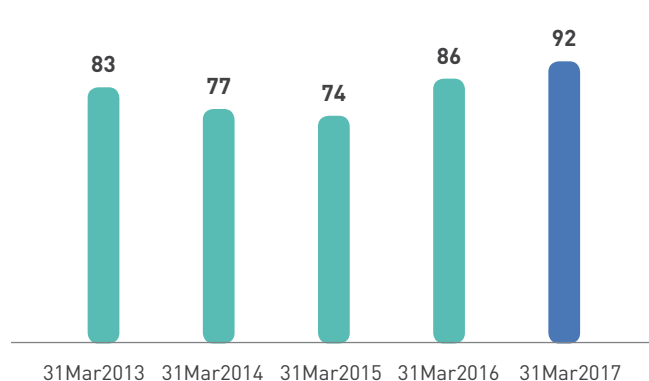
## DISTRIBUTION PER STAPLED SECURITY (CENTS)



## PORTFOLIO VALUATION (\$ MILLION)



## NET ASSET VALUE PER STAPLED SECURITY (CENTS)



1. FY2012/13 is for the financial period from 13 March 2012 (date of constitution) to 31 March 2013. A-HTRUST was dormant from 13 March 2012 to 26 July 2012.
2. Gross revenue and net property income for FY2013/14 restated to reflect 50% share of revenue and expenses of Pullman Cairns International operations accounted for as joint operation.
3. Distributable income and DPS for FY2015/16 and FY2016/17 was net of retention of income for working capital purposes.
4. Excluding the waiver of sponsor distribution of \$3.5 million

## SIGNIFICANT EVENTS



1. Hotel Sunroute Osaka Namba
2. Fourth Annual General Meeting
3. Courtyard by Marriott Sydney-North Ryde
4. Sixteen Antlers at Pullman and Mercure Brisbane King George Square
5. Porta at Park Hotel Clarke Quay

## 2016

### APRIL

- Sunroute Osaka Namba reopened after a JPY1.1 billion makeover. The hotel was valued at JPY18.3 billion as at 31 March 2017, compared to the purchase consideration of JPY8.9 billion when it was acquired in April 2014.

### JUNE

- The Fourth Annual General Meeting of A-HTRUST was held. The AGM was well attended with more than 380 Stapled Securityholders / proxies turning up.

### JULY

- Mr Lim Neo Chian retired from the Boards and A-HTRUST welcomed two new board members, Mr Miguel Ko and Mr Chia Kim Huat. Miguel, with more than 30 years of experience in hospitality industry, takes over the position of Chairman of the Boards from Neo Chian. Kim Huat, who is Regional Head, Corporate and Transactional Practice at Rajah & Tann, is appointed as an Independent Director.

### SEPTEMBER

- All the rooms in Courtyard by Marriott Sydney-North Ryde were refurbished to enable the hotel to compete better amidst growing competition in the vicinity.
- Issued second tranche of 6-year stapled notes amounting to \$70 million, with interest of 3.325%. This will help in further diversification in source of fundings.

### OCTOBER

- Sixteen Antlers, a rooftop bar atop Pullman and Mercure Brisbane King George Square which was converted from a previously underutilized space on the rooftop, was officially opened. The bar received rave reviews from local media and is popular with the young professionals.
- Appointed ONYX Hospitality Group to operate the serviced apartment component at Aurora Melbourne Central. The serviced apartments will be operated under the award winning "Shama Luxe" brand and named as Shama Luxe Aurora Melbourne Central.

### DECEMBER

- The restaurant in Park Hotel Clarke Quay reopened after a major revamp. The restaurant renamed "Porta" now boasts a unique interior that exudes colonial Singapore charm.

## 2017

### JANUARY

- Entered into a new \$60 million term loan facility and a \$30 million revolving credit facility. The term loan facility was substantially drawn down for refinancing and extended the weighted average tenor of A-HTRUST borrowings.

## OUR STRATEGIES

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



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

The Managers will continue to source for acquisition opportunities in mature markets with sound fundamentals and healthy hospitality conditions. Generally, the Managers will look out for properties that have potential for organic growth and capital appreciation, offer attractive yields, and well positioned for growth amongst business and leisure customer segments.

In pursuing growth, the Managers will also continue to maintain a well-diversified portfolio, ensuring that the portfolio does not have a single location concentration risk.

**T**he Managers continually explore and implement proactive measures as they seek to improve the operational performance and maximize cashflow of the properties, thereby increasing value of the portfolio.

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

In addition, the Managers seek opportunities to implement suitable asset enhancement initiatives and refurbishment works to improve competitiveness as well as enhance the cashflow from the properties.

**A**s the Managers seek to improve the quality of the assets and grow the portfolio, the Managers also ensure that such growth strategies are premised on sound capital management. The Managers adopt a prudent approach to capital management to ensure healthy financial position in driving sustainable growth and optimising returns for Stapled Securityholders.

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

The Managers will continue to maintain a strong balance sheet by keeping to a prudent level of borrowings. The borrowings are also spread across tenors to mitigate refinancing risks.

## LETTER TO STAPLED SECURITYHOLDERS



**Miguel Ko**  
Chairman

“

Taking over the mantle from Neo Chian, I am pleased to be appointed as Chairman of the Boards. I have 30 years of experience in the hotel industry which included appointments as Chairman and President of Starwood Asia Pacific Hotels & Resorts, as well as Deputy Chairman and CEO of CDL Hotels International. With a vast majority of my career in hotel business, I am confident I will be able to contribute positively as I impart my experience and knowledge towards the development of A-HTRUST. I am enthusiastic about the future of A-HTRUST and together with the Boards and management team, look forward to driving A-HTRUST into its next phase of growth. **Miguel Ko**

”

## DEAR STAPLED SECURITYHOLDERS,

On behalf of the Boards of Directors of the Managers, it is our pleasure to present A-HTRUST's annual report for the financial year ended 31 March 2017.

The focus during the financial year was to continue driving the performance of the portfolio as a whole and to seek out opportunities and implement initiatives to improve the competitiveness of the hotels in the portfolio. We are pleased to report that, on the back of stronger overall portfolio performance, A-HTRUST posted an improved set of results for FY2016/17 and delivered DPS growth of 5.0% y-o-y.

### REVIEW OF FY2016/17

During FY2016/17, A-HTRUST benefitted from the well-diversified portfolio, where performance of assets in stronger markets lifted the overall performance of the portfolio. This contributed to higher gross revenue and net property income of 4.3% and 9.1% y-o-y, respectively, and resulted in a 5.0% growth in DPS to 5.68 cents. The DPS growth was achieved despite having a one-off distribution of \$2.0 million in FY2015/16, being a portion of proceeds from the sale of the hotel in Cairns. Excluding the one-off distribution in FY2015/16, DPS growth in FY2016/17 would have been 8.4% y-o-y.

#### • Portfolio Performance

In Australia, the hotels in Sydney city centre and Melbourne benefitted from the vibrant hospitality sector and posted better results in FY2016/17. However, the year was challenging for the hotels in Brisbane, Parramatta and North Ryde, where demand could not catch up with new rooms supply entering into these markets and as a result, these hotels turned in weaker performances. Courtyard by Marriott Sydney - North Ryde also underwent room refurbishment for a period of six months during the year.

Healthy growth in domestic travelling in Beijing supported the local hotel market in general, and our hotels in Beijing benefitted from favourable market condition to post an improved performance.

In Japan, the main driver of growth was Hotel Sunroute Osaka Namba. With the change in rental structure, A-HTRUST received variable rent from the hotel, which was higher by 49.6% y-o-y in JPY terms. The performance of the Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo was stable amidst slower pace of growth in inbound arrivals as JPY strengthened.

The hotel market in Singapore remained soft as increase in supply of hotel rooms was compounded by weak corporate

demand. This has affected Park Hotel Clarke Quay which contributed lower NPI in FY2016/17.

As at 31 March 2017, the portfolio valuation was \$1,623.6 million, which represented an increase of \$98.9 million or 6.5% from the previous financial year, while NAV per stapled security grew by 7.0% to 92 cents, the highest since listing in July 2012. Consistent with the prevailing general market conditions of the hotel markets in the countries we are in, the portfolios in the various countries recorded an increase in valuation in local currencies, save for the Singapore portfolio. The overall valuation growth is a reflection of the quality of the assets in the portfolio and we believe that this quality portfolio will stand us in good stead as we continue to develop A-HTRUST.

**We are pleased to report that, on the back of stronger overall portfolio performance, A-HTRUST posted an improved set of results for FY2016/17 and delivered DPS growth of 5.0% y-o-y.**

#### • Enhancement to Assets

In FY2016/17, we continued exploring opportunities to improve the long term cashflow of the assets and in turn improving the quality of the portfolio. As mentioned, Courtyard by Marriott Sydney - North Ryde underwent a major refurbishment during the first half of FY2016/17, where all the rooms were renovated. Although the renovation disrupted the business of the hotel this year, we believe it will benefit the hotel in the longer term as the rejuvenated rooms will allow the hotel to compete better amidst increasing competition in its vicinity.

At Pullman and Mercure Brisbane King George Square, the under-utilised space at the rooftop was converted into a rooftop bar. The bar received rave reviews from the local media and provided an additional source of income for the hotel. In addition, Park Hotel Clarke Quay also renovated its restaurant with a fresh concept as it sought to attract more customers including those staying within the vicinity of the hotel.

In October 2016, we announced that ONYX Hospitality Group will be appointed as the operator of the serviced apartments in Melbourne, which we have acquired on a forward purchase basis and is currently on schedule to be completed in 2019. The serviced apartments will be operated under the "Shama Luxe" brand and named "Shama Luxe Aurora Melbourne Central". Early appointment of the operator ensures that the operator

## LETTER TO STAPLED SECURITYHOLDERS



**Tan Juay Hiang**  
Chief Executive Officer

**In the new financial year, the Managers will continue to stay focused on delivering sustainable returns and remain committed to creating long term value for the Stapled Securityholders.**

can be involved from the early stage of planning and provide inputs with regard to the design and technical aspects of the serviced apartments.

As we embark into the new financial year, we will continue to enhance the quality of the portfolio and keeping the products relevant through active asset management. In FY2017/18, Hotel Sunroute Ariake and Pullman Sydney Hyde Park will undergo renovation. All the rooms in Hotel Sunroute Ariake will be refurbished to improve its competitiveness while a proportion of rooms in Pullman Sydney Hyde Park will be upgraded as the hotel seeks to capture higher yielding segments. The refurbishment of Mercure rooms in Pullman and Mercure Brisbane King George Square, which commenced in FY2016/17, would be carried out in phases and is expected to be completed in FY2017/18.

#### • Prudent Capital Management

During the year, \$115 million of borrowings were refinanced at a lower cost, lowering the weighted average cost of borrowings for A-HTRUST from 3.4% a year ago to 3.2%. As at 31 March 2017, A-HTRUST's total borrowing amounted to \$555.2 million, with gearing relatively low at 32.2%.

In view of the volatile interest rates environment, 78.3% of the total borrowings was maintained at fixed-rate in order to reduce exposure to interest rates fluctuations. In FY2016/17, we also continued to execute forward foreign currency hedges in a disciplined manner to ensure that the distribution income from our overseas assets is less exposed to volatility in exchange rates. We will continue to monitor developments in the external environment and the impact on our interest rate and foreign exchange exposures.

#### OUTLOOK FOR FY2017/18

Moving into FY2017/18, we expect headwinds to continue in some of the markets where A-HTRUST's hotels are located in. However, we believe that the quality of the assets and diversification of the portfolio will continue to stand A-HTRUST in good stead against such headwinds.

Driven by the buoyant hospitality sector, the performance of our hotels in Sydney city and Melbourne are expected to remain healthy. However, our hotels in Brisbane and the Sydney suburban markets continue to face challenges due to intensified competition from new room supply in these markets. In Beijing, we believe the positive momentum of the sector in FY2016/17 will continue in FY2017/18, and therefore benefit our hotels.

We are cautiously optimistic about the prospects of our hotels in Japan as the growth trend of inbound arrivals into the country is expected to continue but at a slower pace. On the Singapore front, upcoming supply of rooms is expected to continue exerting pressure on the performance of the hotel market, as we expect another challenging year for Park Hotel Clarke Quay. However, the impact of the soft market condition is mitigated through the master lease arrangement for the Singapore hotel.

#### STRATEGY MOVING AHEAD

We will continue to source for suitable assets that can enhance the quality of the portfolio and help us in our objective of delivering long term value for Stapled Securityholders. Our target markets include cities which have a mature hospitality sector and location of the target assets within these markets remain a key consideration. As we seek to further diversify the portfolio, we will also look beyond the countries where we already have a presence. We believe that the diversity of

the portfolio will benefit A-HTRUST and in turn, the Stapled Securityholders, in the long term.

Further, we continue to seek out opportunities that can provide potential upside through effective asset management, which can replicate the success of Hotel Sunroute Osaka Namba, where substantial value was created.

In the mid-term, we also intend to develop closer collaborations with the sponsor. Moving forward, the sponsor will look into development of hotels or acquisition of hotels where the operations are still in stabilising stage, providing a pipeline of assets which can be injected into A-HTRUST at the appropriate time. This will provide an additional engine of growth as we also continue to source for non-sponsored acquisition targets, as we have successfully done in the past.

#### ACKNOWLEDGEMENT

In July 2016, Mr Lim Neo Chian retired from the Boards. Neo Chian served as Chairman of the Boards since listing and has been instrumental in the development of A-HTRUST during its infancy stage. A-HTRUST has benefitted from his leadership and guidance, and we would like to take this opportunity to thank Neo Chian for his contribution and wish him success in his future endeavours.

We also welcome Mr Chia Kim Huat, who was appointed as an Independent Director. Kim Huat is a seasoned lawyer with extensive experience in real estate related transactions. His expertise and knowledge will no doubt strengthen the collective wisdom of the Boards.

Finally, on behalf of the Boards and the management team, we would like to express our appreciation to our business partners for their continued support in the development of A-HTRUST. We would also like to thank our Stapled Securityholders for their unwavering support and confidence in A-HTRUST. In the new financial year, the Managers will continue to stay focused on delivering sustainable returns and remain committed to creating long term value for the Stapled Securityholders.

Yours Sincerely,

**Miguel Ko**  
Chairman

**Tan Juay Hiang**  
Chief Executive Officer

## BOARDS OF DIRECTORS

### MR MIGUEL KO

CHAIRMAN & NON-EXECUTIVE DIRECTOR



**Date of appointment as Director:**

- 15 July 2016

**Board Committees served on:**

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

**Academic & Professional Qualifications:**

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

**Present Directorships:**

**Listed**

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

**Others**

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

**Past Directorships in Listed Companies held over the Preceding 3 Years:**

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

**Major Appointments:**

- Group CEO, Ascendas-Singbridge Group

### MR BENSON PUAH TUAN SOON

LEAD INDEPENDENT DIRECTOR



**Date of appointment as Director:**

- 10 May 2012

**Board Committees served on:**

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

**Academic & Professional Qualifications:**

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

**Present Directorships:**

**Listed**

- Nil

**Others**

- The Esplanade Co Ltd
- National Gallery Singapore
- Rakan Riang Pte Ltd

**Past Directorships in Listed Companies held over the Preceding 3 Years:**

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

**Major Appointments:**

- CEO, The Esplanade Co Ltd



## MR MANOHAR KHIATANI

NON-EXECUTIVE DIRECTOR



### Date of appointment as Director:

- 10 June 2013

### Board Committees served on:

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

### Academic & Professional Qualifications:

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

### Present Directorships:

#### Listed

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

#### Others

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

### Past Directorships in Listed Companies held over the Preceding 3 Years:

- Nil

### Major Appointments:

- Deputy Group CEO, Ascendas-Singbridge Group

## MR TAN JUAY HIANG

CHIEF EXECUTIVE OFFICER



### Date of appointment as Director:

- 23 November 2011<sup>1</sup>

### Board Committees served on:

- Nil<sup>2</sup>

### Academic & Professional Qualifications:

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

### Present Directorships:

#### Listed

- Nil

#### Others

- Dr Fresh Health Care Private Ltd
- Notron No. 346 Pty Limited
- Armenian Office Pte Ltd
- Directorships in other Ascendas-Singbridge Group Companies

### Past Directorships in Listed Companies held over the Preceding 3 Years:

- Nil

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

2 Attended Board Committees meetings in his capacity as CEO

## BOARDS OF DIRECTORS

### MR CHIA KIM HUAT

INDEPENDENT DIRECTOR



#### Date of appointment as Director:

- 15 July 2016

#### Board Committees served on:

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

#### Academic & Professional Qualifications:

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

#### Present Directorships:

##### Listed

- PEC Ltd
- SATS Ltd

##### Others

- The Financial Board of the Singapore Chinese Chamber of Commerce
- Sun Yat Sen Nanyang Memorial Hall Company Limited
- R&T Corporate Services Pte Ltd

#### Past Directorships in Listed Companies held over the Preceding 3 Years:

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

#### Major Appointments:

- Regional Head, Corporate and Transactional Practices, Rajah & Tann Singapore LLP
- Vice Chairman, External Relations Committee of Singapore Chinese Chamber of Commerce & Industry
- Council Member, Singapore Chinese Chamber of Commerce & Industry
- Company Secretary, Singapore Chinese Chamber of Commerce Foundation
- School Advisory Committee Member, Dunman High School
- Council Member, Teochew Poit Ip Huay Guan

### DR CHOO KIAN KOON, STEVEN

INDEPENDENT DIRECTOR



#### Date of appointment as Director:

- 10 May 2012

#### Board Committees served on:

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

#### Academic & Professional Qualifications:

- Bachelor of Science degree in Estate Management, University of Singapore
- Master of Philosophy in Environmental Planning, University of Nottingham
- Doctorate in Urban Planning, University of Washington
- Fellow of the Singapore Institute of Surveyors and Valuers
- Affiliate Member of the Singapore Institute of Planners

#### Present Directorships:

##### Listed

- Pan Hong Property Group Limited

##### Others

- VestAsia Group Pte Ltd

#### Past Directorships in Listed Companies held over the Preceding 3 Years:

- Nil

#### Major Appointments:

- Chairman, VestAsia Group Pte Ltd
- Adjunct Associate Professor at the Department of Real Estate, National University of Singapore

## DR HO KIM WAI

INDEPENDENT DIRECTOR



### Date of appointment as Director:

- 10 May 2012

### Board Committees served on:

- Audit and Risk Committee (Chairman)

### Academic & Professional Qualifications:

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

### Present Directorships:

#### Listed

- Nil

### Others

- Nil

### Past Directorships in Listed Companies held over the Preceding 3 Years:

- Nil

### Major Appointments:

- Associate Professor of Banking and Finance at Nanyang Business School, Nanyang Technological University
- Member of the Audit and Risk Committee of Agri-food and Veterinary Authority of Singapore (AVA)

## MR MICHAEL ISSENBERG

NON-EXECUTIVE DIRECTOR



### Date of appointment as Director:

- 10 May 2012

### Board Committees served on:

- Investment Committee (Member)

### Academic & Professional Qualifications:

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

### Present Directorships:

#### Listed

- Reef Corporate Services Ltd.

### Others

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

### Past Directorships in Listed Companies held over the Preceding 3 Years:

- Nil

### Major Appointments:

- Chairman and CEO, AccorHotels Asia Pacific

## BOARDS OF DIRECTORS

### MR TAN CHONG HUAT

INDEPENDENT DIRECTOR



#### Date of appointment as Director:

- 10 May 2012

#### Board Committees served on:

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

#### Academic & Professional Qualifications:

- Bachelor of Laws (Honours) degree, the National University of Singapore
- Master of Laws, University of London
- Graduate Certificate in International Arbitration, National University of Singapore
- Advocate and Solicitor of the Supreme Court of Singapore
- Advocate and Solicitor of the Supreme Court of England and Wales
- Advocate and Solicitor of the Supreme Court of New South Wales
- Fellow of Singapore Institute of Arbitration
- Fellow of Singapore Institute of Directors

#### Present Directorships:

##### Listed

- Ramba Energy Limited
- SIIC Environment Holdings Ltd
- P99 Holdings Limited

#### Others

- RHT Capital Pte Ltd
- RHT Holdings Pte Ltd
- RHT Governance Risk AML Compliance Ethics Pte Ltd
- RHT Lex Ultra Pte Ltd
- RHT Rajan Menon Foundation Ltd
- RHT Tax Pte Ltd
- RHT Wealth Services Holdings Pte Ltd
- RHT Media Group Pte Ltd
- Crowdwise Pte Ltd
- RHT Family Office Pte Ltd
- RHT Direct Investment Pte Ltd
- RHT Business Consultancy Pte Ltd

#### Past Directorships in Listed Companies held over the

##### Preceding 3 Years:

- Nil

#### Major Appointments:

- Managing Partner, RHTLaw Taylor Wessing LLP
- Board Member, International Management Board of Taylor Wessing
- Deputy Chairman, SGX Disciplinary Committee



## THE MANAGERS

### Mr Tan Juay Hiang

Chief Executive Officer

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

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

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

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

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

### Ms Lim San San, Susanna

Chief Financial Officer

San San is Chief Financial Officer at A-HTRUST, where she is responsible for



Back (From Left to Right) : Sia Janjuan, Chee Kum Tin, Cass Yong, Jocelyn Tay, Ng Kok Keong, Dina Goh  
Front (From Left to Right) : Mary Judith de Souza, Tan Juay Hiang, Lim San San Susanna, Tan Yoon Peng

the financial management of A-HTRUST. She has more than 20 years of experience in audit, accounting and finance-related work.

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

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

### Mr Tan Yoon Peng

Head, Investments

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

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

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



From Left to Right: **Yohei Suzuki, Akiyoshi Hakama**

#### Mr Bernard Teo

Head, Asset Management

Bernard is Head of Asset Management at A-HTRUST, where he is responsible for formulating the business plans in relation to A-HTRUST's properties with short, medium and long-term objectives. He has more than 20 years of experience in the hospitality industry.

Prior to his current appointment, Bernard was Head of the Hospitality division for a private developer opening hotels in Malaysia, China and Australia.

From January 2008 to June 2012, Bernard was with Frasers Hospitality Pte Ltd where he successfully opened two hotels in Beijing and Perth. Prior to that, Bernard spent several years in hotel groups – Shangri-La Hotels and Resorts, Hilton International and Gloria Hotels and Resorts (COFCO) – where he was involved in hotel refurbishments, hotel relaunch activities and new hotel openings.

#### Ms Mary Judith de Souza

Joint Company Secretary

Mary is Joint Company Secretary at A-HTRUST, where she attends to corporate secretarial administration matters. She has more than 20 years of practice as a corporate and commercial lawyer.

Mary currently heads Ascendas-Singbridge Group's Legal and Corporate Secretarial Department. Mary joined Ascendas-Singbridge Group in 2005 and has experience as legal counsel with a government-linked technology group and thereafter, while in practice in a local law firm based in Singapore with several branches in the region.

Mary has worked with both local and foreign companies and has a broad-based understanding of the concerns and needs of investors in Southeast Asia. As a result of her regional exposure while in legal practice, she has been able to acquire first-hand knowledge of the commercial, business, cultural and operational issues encountered in doing business outside Singapore.

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

#### Mr Hon Wei Seng

Joint Company Secretary

Wei Seng is Joint Company Secretary at A-HTRUST, where he attends to corporate secretarial administration matters. He has more than 15 years of experience as corporate counsel.

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

Wei Seng holds LLB (Honours) and LL.M degrees from the National University of Singapore, and a MTM degree from the University of Queensland, Australia. He is also admitted as an advocate and solicitor of the Supreme Court of Singapore.



From Left to Right: **Marina Luo, Bernard Teo, Donne Salcombe, Giorgio Leung, Nicholas Tsia, Pang Lay Hoon**

## PORTFOLIO SUMMARY



A-HTRUST's portfolio of quality assets is spread across key cities in Asia Pacific. Through such diversification, location concentration risk can be mitigated and A-HTRUST is expected to be less affected by both the macroeconomic and microeconomic conditions of any single area and is thus likely to be resilient across economic cycles. Within the key cities, A-HTRUST's hotels are located in or around prime business precincts and tourism destinations while being close to transportation nodes and the strategic locations of the hotels allow them to attract a stable base of both business and leisure travellers.

A-HTRUST's hotels are managed by established operators which have strong domain knowledge of the markets in which the hotels are located. These hotels are operated under well-known brands such as Courtyard by Marriot, Ibis, Mercure, Novotel, Pullman, Oakwood, Park Hotel, as well as Sunroute, catering to different customer segments from economy to upscale and short-term to long-term stay.

A-HTRUST's portfolio hotels are under two main rent structures, being master lease and management contract arrangements. Since its listing in 2012,

A-HTRUST have acquired two hotels under master lease arrangements, namely Park Hotel Clarke Quay and Hotel Sunroute Osaka Namba, where fixed rent account for a high proportion of the total rent. Where viable, spaces in the hotels have also been leased to derived stable income. A-HTRUST's portfolio now provides a substantial base of fixed rents through the hotels under master lease arrangements thereby providing stability of income, while allowing A-HTRUST to benefit from any upside through hotels under the management contract arrangements.



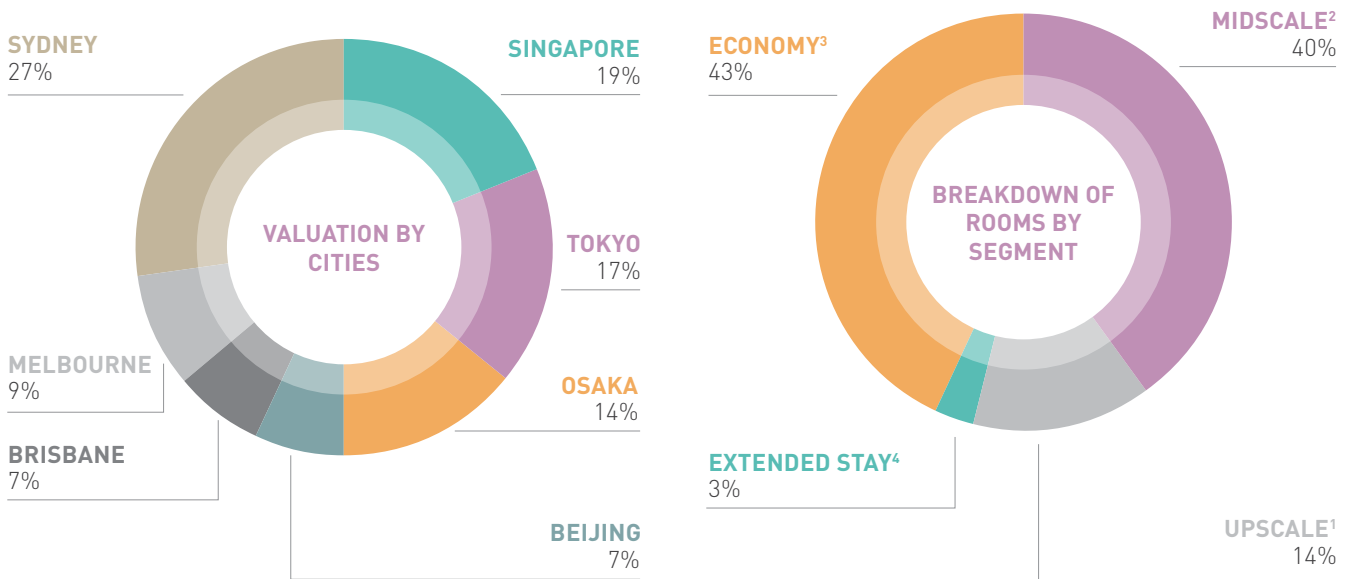
## KEY PROPERTY DETAILS

	No. Of Rooms	Title	Date Of Acquisition	Valuation \$ Million <sup>1</sup>	Purchase Price \$ Million	Vendor
<b>AUSTRALIA</b>						
Pullman Sydney Hyde Park	241	Freehold	27 July 2012	164.4		
Novotel Sydney Central	255	Freehold	27 July 2012	164.9		
Novotel Sydney Parramatta	194	Freehold	27 July 2012	52.3		
Courtyard by Marriott Sydney-North Ryde	196	Freehold	27 July 2012	51.2	396.2 <sup>2</sup>	Ascendas Hospitality Australia Investment Fund No.1
Pullman and Mercure Melbourne Albert Park	378	Freehold	27 July 2012	138.8		Ascendas Hospitality Australia Investment Fund No.2, and AHDF Pte. Ltd.
Pullman and Mercure Brisbane King George Square	438	Freehold	27 July 2012	111.6		
<b>CHINA</b>						
Novotel Beijing Sanyuan	306	Land use term due to expire in August 2044	27 July 2012	51.6	41.6	AAPC Hong Kong Limited
Ibis Beijing Sanyuan	397	Land use term due to expire in August 2044	19 December 2012	64.6	43.2	Ibis China Investment Limited
<b>JAPAN</b>						
Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo	912	Freehold	27 July 2012	281.3	248.8	Ariake Property Tokutei Mokuteki Kaisha
Hotel Sunroute Osaka Namba	698	Freehold	15 April 2014	230.8	110.8	Ainodake Godo Kaisha
<b>SINGAPORE</b>						
Park Hotel Clarke Quay	336	Leasehold for a term of 99 years due to expire in November 2105	28 June 2013	312.0	300.0	Parking Property Pte. Limited

1 All the properties were valued as at 31 March 2017. The property valuations as at 31 March 2017 include the revaluation of land use rights of the China properties. The \$ equivalent of the valuation figures are arrived at based on the exchange rate as at 31 March 2017 of A\$1.00 : \$1.0675, JPY 1.00 : \$0.0126 and RMB1.00 : \$0.2033.

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

## PORTFOLIO SUMMARY



ANNUAL REPORT 2016/2017

### AUSTRALIA 42%

Pullman Sydney Hyde Park	10%
Novotel Sydney Central	10%
Novotel Sydney Parramatta	3%
Courtyard by Marriott Sydney-North Ryde	3%
Pullman and Mercure Melbourne Albert Park	9%
Pullman and Mercure Brisbane King George Square	7%

### CHINA 7%

Novotel Beijing Sanyuan	3%
Ibis Beijing Sanyuan	4%

### JAPAN 32%

Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo	17%
Hotel Sunroute Osaka Namba	14%

### SINGAPORE 19%

Park Hotel Clarke Quay	19%
------------------------	-----

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



	Gross Revenue		RevPAR	
MANAGEMENT CONTRACTS	FY2015/16	FY2016/17	FY2015/16	FY2016/17
<b>AUSTRALIA</b>	<b>A\$ MILLION</b>	<b>A\$ MILLION</b>	<b>A\$</b>	<b>A\$</b>
Pullman Sydney Hyde Park	26.4	27.8	204	220
Novotel Sydney Central	25.2	27.1	165	189
Novotel Sydney Parramatta	15.4	15.3	141	138
Courtyard by Marriott Sydney-North Ryde	14.0	12.2	156	137
Pullman and Mercure Melbourne Albert Park	34.9	35.4	118	124
Pullman and Mercure Brisbane King George Square	28.8	28.8	121	118
<b>CHINA</b>	<b>RMB MILLION</b>	<b>RMB MILLION</b>	<b>RMB</b>	<b>RMB</b>
Novotel Beijing Sanyuan	57.6	58.0	420	427
Ibis Beijing Sanyuan	41.2	43.1	268	278
<b>MASTER LEASES</b>				
<b>JAPAN</b>	<b>JPY MILLION</b>	<b>JPY MILLION</b>		
Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo <sup>1</sup>	1,796.9	1,799.3		
Hotel Sunroute Osaka Namba	660.9	988.7		
<b>SINGAPORE</b>	<b>\$ MILLION</b>	<b>\$ MILLION</b>		
Park Hotel Clarke Quay	14.7	13.3		

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

## PORTFOLIO SUMMARY

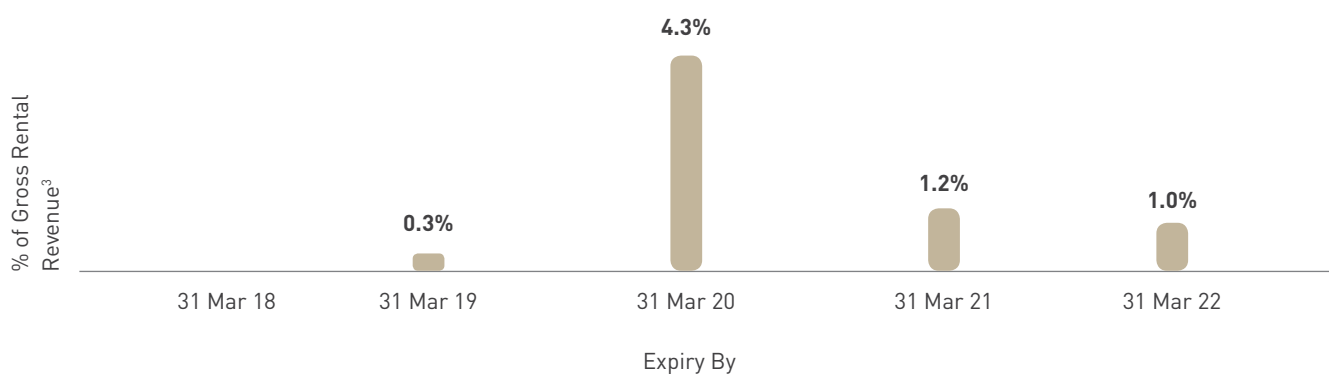
### TENANCY

As at 31 March 2017, A-HTRUST has 14 tenants comprising master lessees for hotels, tenants of office space in Pullman Sydney Hyde Park, a restaurant and a convenience store in Ibis Beijing Sanyuan as well as leaseable space in certain hotels ("Leased Premises").

### TOP 10 TENANTS<sup>1</sup>

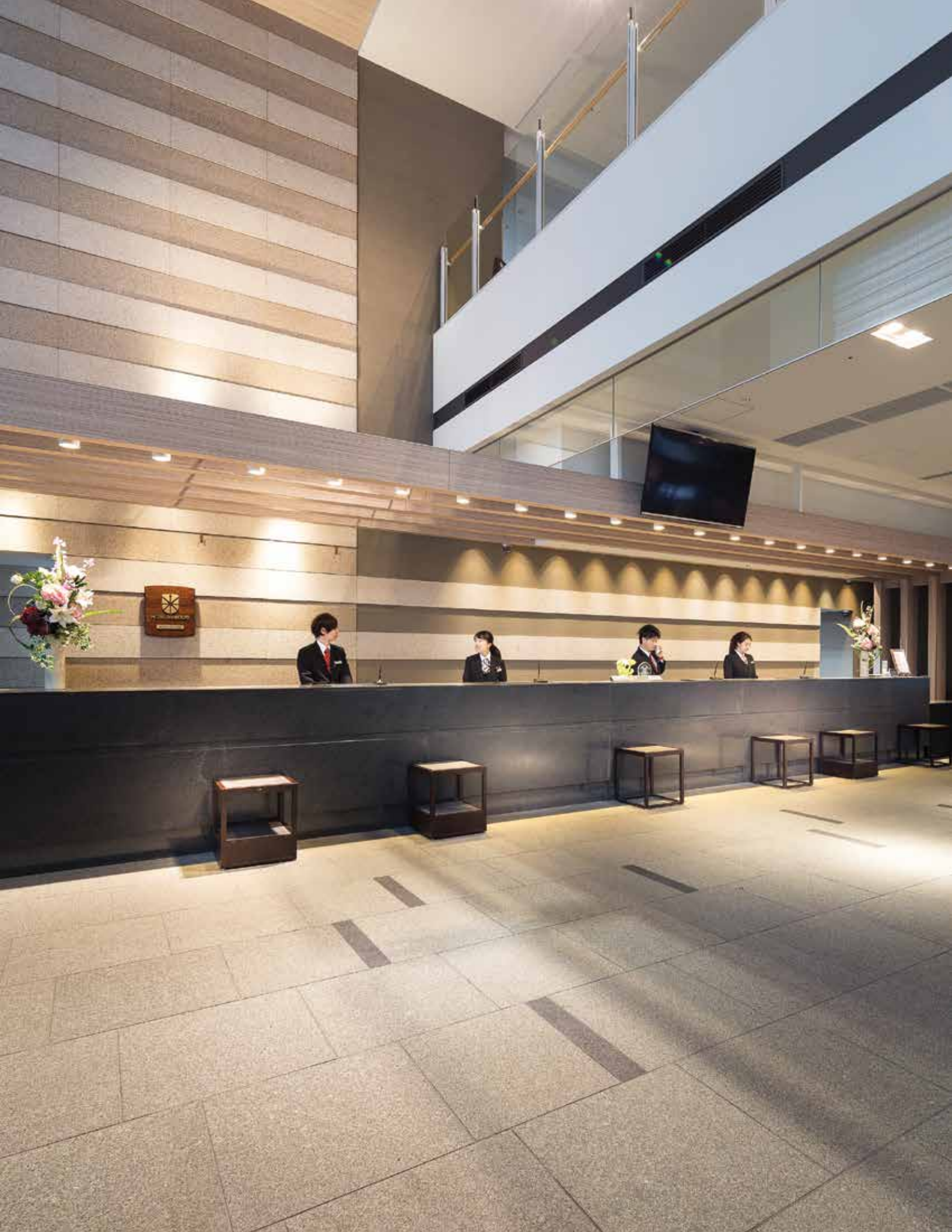
Tenant	Industry	Percentage of Gross Rental Revenue from Leased Premise <sup>1</sup>
1 Sunroute Hotels Co., Ltd.	Hotel	61.8%
2 Park Hotel CQ Pte Ltd	Hotel	30.7%
3 Fuji Xerox Businessforce Pty Ltd	Information Technology	2.4%
4 Rainleigh Pty Ltd	Medical	1.2%
5 Vinidex Pty Ltd	Construction	1.2%
6 CLA Trading Pty Ltd	Car Rental	0.7%
7 Communications Design & Management Pty Ltd <sup>2</sup>	Information Technology	0.6%
8 Beijing Yao Xiang Poly Catering Management Company Ltd	F&B	0.5%
9 Lawson (Beijing) Co.,Ltd	Retail	0.3%
10 Tantara Thai Massage & Spa	Hospitality	0.2%

### LEASE EXPIRY PROFILE FOR NEXT 5 YEARS



As at 31 March 2017, the weighted average lease expiry of the Leased Premises, based on gross rental revenue derived from Leased Premises for FY2016/17 is approximately 7.1 years.

- Based on gross rental revenue derived from the Leased Premises for FY2016/17.
- Lease expired in FY2016/17.
- Based on gross rental revenue derived from Leased Premises for FY2016/17, excluding rental revenue derived from lessees where leases expired in FY2016/17.



## OUR HOTELS

# PULLMAN SYDNEY HYDE PARK

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

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

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

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



### NUMBER OF ROOMS

241

### F&B FACILITIES

1 Restaurant  
1 Bar  
1 Cafe  
1 Executive Lounge

### MEETING FACILITIES

9 Meeting Rooms

### CAR PARKING

160 Lots

### LAND AREA

1,631 sqm

### LAND TITLE

Freehold

### OWNERSHIP

100%

### VALUATION

A\$154.0 million  
(\$164.4 million)

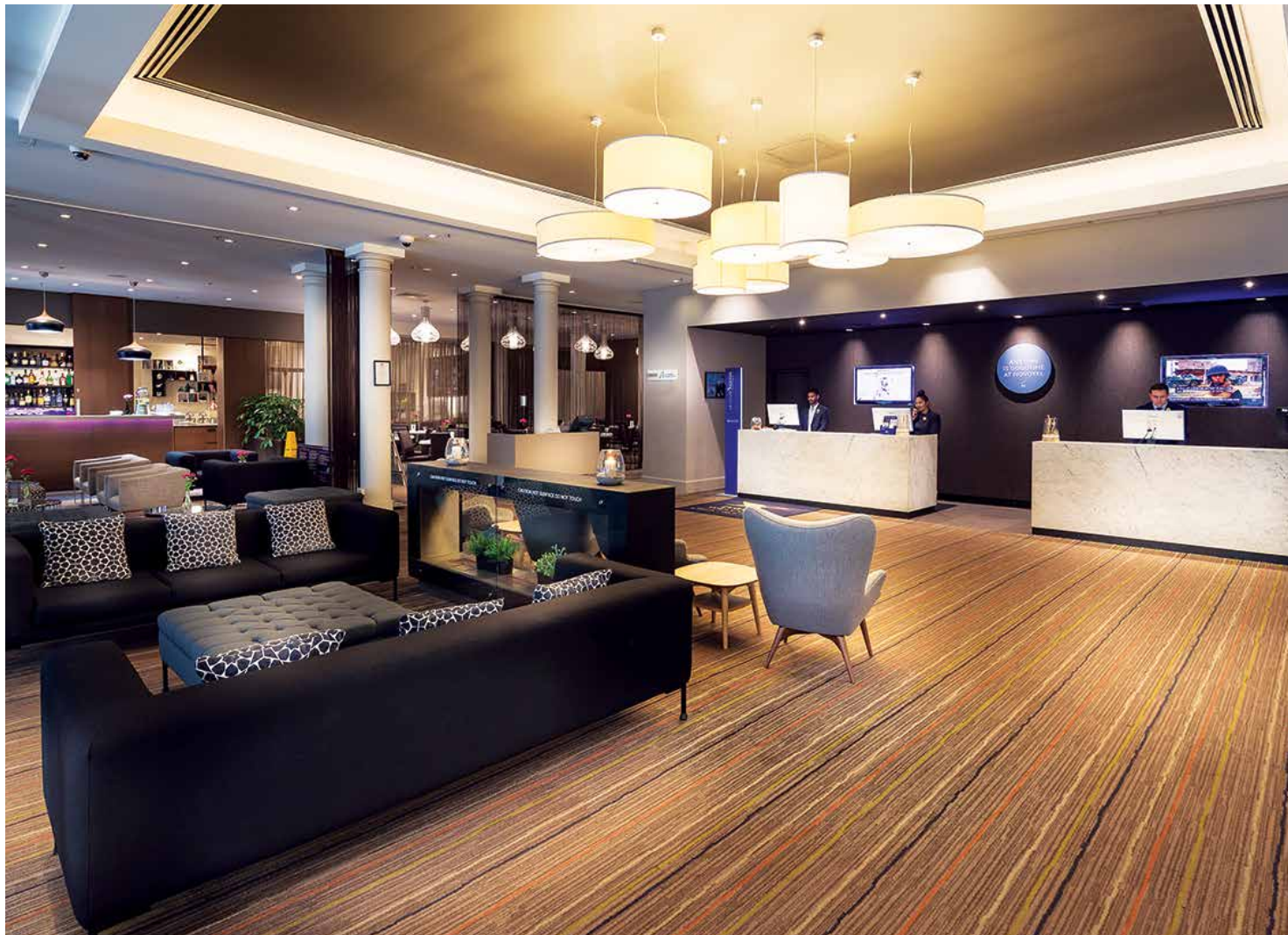




36 College Street, Sydney,  
New South Wales, Australia



## OUR HOTELS



# NOVOTEL SYDNEY CENTRAL

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

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

The 18-storey Novotel Sydney Central offers 255 well-appointed and spacious guest rooms, suited for both business and leisure purposes. Facilities include a restaurant, a bar, a heated swimming pool, a spa, a 24-hour gymnasium, a business centre and 1,135 sqm of spacious meeting and event spaces. It has a generous allotment of 600 parking lots spread over eight levels which is managed by Wilson Parking.





**NUMBER OF ROOMS**

255

**F&B FACILITIES**

1 Restaurant  
1 Bar

**MEETING FACILITIES**

14 Meeting Rooms

**CAR PARKING**

600 Lots

**LAND AREA**

4,272 sqm

**LAND TITLE**

Freehold

**OWNERSHIP**

100%

**VALUATION**

A\$154.5 million  
(\$164.9 million)



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



## OUR HOTELS

# NOVOTEL SYDNEY PARRAMATTA

ANNUAL REPORT 2016/2017



### NUMBER OF ROOMS

194

### F&B FACILITIES

1 Restaurant  
1 Bar

### MEETING FACILITIES

9 Meeting Rooms  
2 Boardrooms

### CAR PARKING

198 Lots

### LAND AREA

2,674 sqm

### LAND TITLE

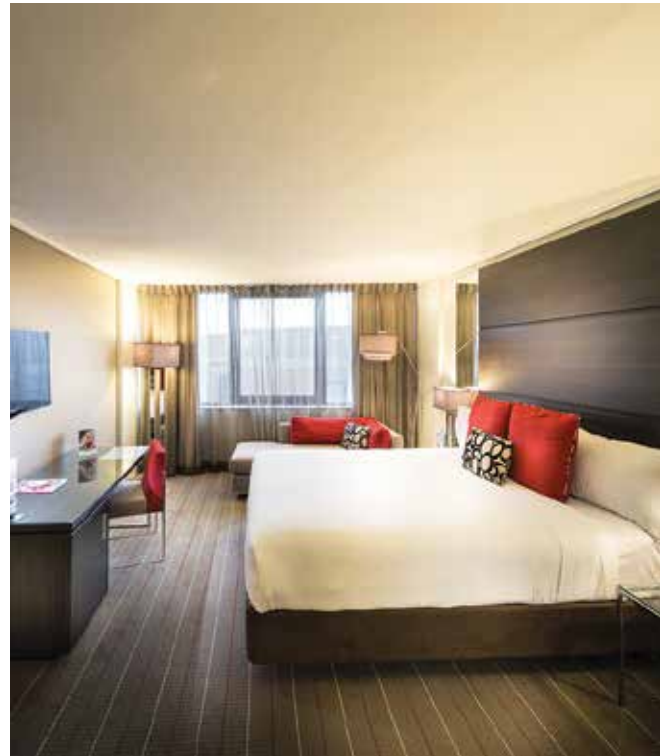
Freehold

### OWNERSHIP

100%

### VALUATION

A\$49.0 million  
(\$52.3 million)



350 Church Street, Parramatta,  
New South Wales, Australia

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

The 12-storey Novotel Sydney Parramatta offers 194 guest rooms and facilities such as a restaurant, a bar, an outdoor heated swimming pool, a spa, a sauna and a gymnasium. Its three-level basement parking facility provides 198 parking lots.

With 915 sqm of conference and event spaces fitted with state-of-the-art audiovisual equipment, the hotel is able to host meetings for up to 550 people. It also boasts one of the largest column-less hotel ballrooms in the Parramatta region.

## OUR HOTELS

# COURTYARD BY MARRIOTT SYDNEY - NORTH RYDE



ANNUAL REPORT 2016/2017

## COURTYARD® Marriott

Courtyard by Marriott Sydney-North Ryde is a midscale business hotel centrally located in Macquarie Business Park in the heart of the North Ryde business district. The hotel is situated close to several commercial buildings popular with multinational corporations, which provides a steady stream of business travellers. Macquarie Shopping Centre, the ANZ Stadium and the Sydney Olympic Park are also nearby. The hotel is located approximately 15 km northwest of the Sydney CBD and 28 km from Sydney Airport, and is served by the nearby Macquarie Park station.

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

### NUMBER OF ROOMS

196

### MEETING FACILITIES

7 Meeting Rooms

### LAND AREA

6,227 sqm

### OWNERSHIP

100%

### VALUATION

A\$48.0 million  
(\$51.2 million)

### F&B FACILITIES

1 Restaurant  
1 Bar

### CAR PARKING

94 Lots

### LAND TITLE

Freehold



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



## OUR HOTELS

# PULLMAN AND MERCURE MELBOURNE ALBERT PARK

ANNUAL REPORT 2016/2017



### NUMBER OF ROOMS

169 (Pullman)  
209 (Mercure)

### F&B FACILITIES

1 Restaurant  
1 Cafe  
1 Bar  
1 Executive Lounge

### MEETING FACILITIES

28 Meeting Rooms

### CAR PARKING

510 Lots

### LAND AREA

10,300 sqm

### LAND TITLE

Freehold

### OWNERSHIP

100%

### VALUATION

A\$130.0 million  
(\$138.8 million)





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

With a 2,305 sqm of convention centre that can accommodate up to 1,600 participants, the hotel is one of the largest hotel event venues in Melbourne. Its strategic location, comprehensive service offerings and flexible space configuration make it an attractive venue for hosting of business events in the city.

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



65 Queens Road, Melbourne,  
Victoria, Australia

## OUR HOTELS

# PULLMAN AND MERCURE BRISBANE KING GEORGE SQUARE

ANNUAL REPORT 2016/2017



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





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

The hotel comprises two 16-storey towers, the Pullman Tower with 210 contemporary guest rooms and the Mercure Tower with 228 guest rooms. Facilities include a restaurant, a café, two bars and an executive lounge. One of the bars was a recently opened rooftop bar which offers a picturesque view of the charming Brisbane city skyline. There are also recreational facilities on the rooftop of the Mercure Tower such as a gym, a sauna and an outdoor heated swimming pool. The centrally located hotel also has one of the largest conference and convention hotels in the city with 2,990 sqm of meeting and conference spaces.



**NUMBER OF ROOMS**

210 (Pullman)  
228 (Mercure)

**F&B FACILITIES**

1 Restaurant  
1 Cafe  
2 Bars  
1 Executive Lounge

**MEETING FACILITIES**

11 Meeting Rooms

**CAR PARKING**

105 Lots

**LAND AREA**

3,722 sqm

**LAND TITLE**

Freehold

**OWNERSHIP**

100%

**VALUATION**

A\$104.5 million  
(\$111.6 million)

## OUR HOTELS

# NOVOTEL BEIJING SANYUAN

ANNUAL REPORT 2016/2017



### NUMBER OF ROOMS

306

### F&B FACILITIES

1 Restaurant  
1 Bar  
1 Executive Lounge

### MEETING FACILITIES

5 Meeting Rooms

### LAND AREA

3,073 sqm

### LAND TITLE

Leasehold expiring  
in August 2044

### OWNERSHIP

100%

### VALUATION

RMB254.0 million  
(\$51.6 million)



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

Novotel Beijing Sanyuan is a midscale business and leisure hotel located in the heart of Beijing in the Chaoyang District, adjoining Sanyuan Bridge of the East Third Ring Road and the Airport Expressway.

The hotel is strategically located within the Lufthansa Commercial Area and close to three exhibition centres and major embassies. In addition, the Beijing International Capital Airport is only approximately 20 km away from the hotel.

Besides enjoying convenient access to roadways, the hotel is just in front of the Sanyuanqiao Station which serves the Airport Express Train and Metro Line 10.

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



## OUR HOTELS

# IBIS BEIJING SANYUAN

ANNUAL REPORT 2016/2017



### NUMBER OF ROOMS

397

### LAND AREA

2,044 sqm

### LAND TITLE

Leasehold expiring  
in August 2044

### OWNERSHIP

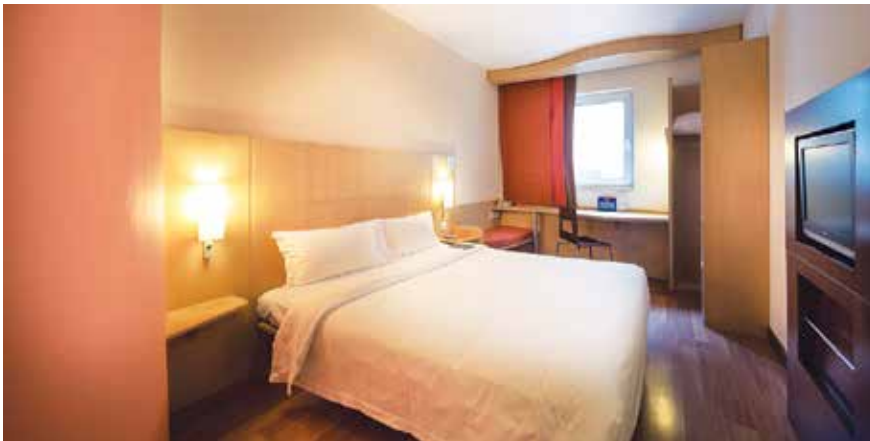
100%

### VALUATION

RMB318.0 million  
(\$64.6 million)

### F&B FACILITIES

1 Restaurant



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

The 14-storey hotel has 397 guest rooms and a restaurant which serves daily breakfast. There is also a 24-hour convenience store located in the hotel that can cater to guests' needs.



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



## OUR HOTELS

Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo are dual-brand accommodations in a 20-storey building. Hotel Sunroute Ariake is in the economy segment with 790 guest rooms while Oakwood Apartments Ariake Tokyo is an extended-stay hotel with 122 cosy apartments catering to long-staying guests.

The complex is located in the Ariake district within the Tokyo Waterfront Secondary City Centre which includes the Odaiba and Aomi districts. It is in close proximity to Big Sight, an international convention centre, Ariake Colosseum and retail hubs such as Odaiba and Ginza. The property enjoys easy access to both Haneda and Narita Airports, and is within walking distance to major train stations. It is well-connected by public transport to the main commercial area of Odaiba and business district of Ginza. Hotel Sunroute Ariake is also a 'Tokyo Disney Resort Good Neighbor Hotel' and offers free shuttle bus services to and from the world famous Tokyo Disney Resort.

Facilities include two restaurants, a business centre and 418 sqm of meeting and conference spaces.



# HOTEL SUNROUTE ARIAKE AND OAKWOOD APARTMENTS ARIAKE TOKYO



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



HOTEL SUNROUTE ARIAKE

*Oakwood.*  
Apartments  
ARIAKE  
TOKYO

**NUMBER OF ROOMS**

790 (Hotel Sunroute Ariake)  
122 (Oakwood Apartments Ariake Tokyo)

**F&B FACILITIES**

2 Restaurants  
3 Banquet Halls

**MEETING FACILITIES**

2 Meeting Rooms

**CAR PARKING**

103 lots

**LAND AREA**

6,188 sqm

**LAND TITLE**

Freehold

**OWNERSHIP**

100%

**VALUATION**

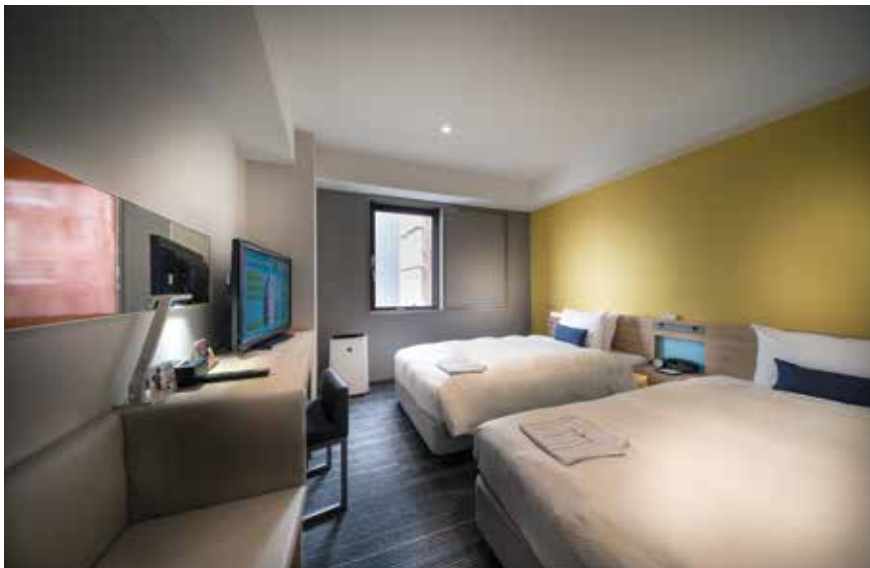
JPY22,300.0 million  
(\$281.3 million)

## OUR HOTELS

# HOTEL SUNROUTE OSAKA NAMBA



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



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

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

The hotel offers 698 guest rooms and two restaurants which can seat a total of 580 diners.



 HOTEL SUNROUTE OSAKA NAMBA

**NUMBER OF ROOMS**

698

**F&B FACILITIES**

2 Restaurants

**LAND AREA**

2,496 sqm

**LAND TITLE**

Freehold

**OWNERSHIP**

100%

**VALUATION**

JPY18,300.0 million  
(\$230.8 million)



## OUR HOTELS



# PARK HOTEL CLARKE QUAY



**PARK HOTEL**  
CLARKE QUAY

#### NUMBER OF ROOMS

336

#### F&B FACILITIES

1 Restaurant  
1 Bar

#### MEETING FACILITIES

3 Meeting Rooms

#### CAR PARKING

50 Lots

#### LAND AREA

3,949 sqm

#### LAND TITLE

99-year leasehold  
expiring  
in November 2105

#### OWNERSHIP

100%

#### VALUATION

\$312.0 million



1 Unity Street, Singapore



Park Hotel Clarke Quay is strategically located in the vibrant Clarke Quay precinct along the Singapore River and sits on a prime site within the CBD with convenient access to entertainment and shopping areas such as Robertson Quay, Orchard Road, Marina Bay and Chinatown. The hotel has excellent transport connectivity, within walking distance to the Clarke Quay MRT Station and the Fort Canning MRT Station, scheduled to open in 2017.

Park Hotel Clarke Quay has 330 guest rooms and six suites, all fitted with state-of-the-art amenities, elevated ceilings and full-length windows offering superb views of the city skyline and the Singapore River. The hotel has two food and beverage outlets and three meeting venues with approximately 167 sqm of dedicated meeting spaces. It offers full recreational facilities including an outdoor swimming pool and jacuzzi, a fitness centre and spa pavilions. Business travelers have access to a well-equipped business centre.

## FINANCIAL REVIEW

\$ MILLION	FY2015/16	FY2016/17	CHANGE
Gross Revenue	215.1	224.4	4.3%
Net Property Income	90.9	99.2	9.1%
Income available for distribution	63.7	67.2	5.5%
Income available for distribution (less income retained for working capital)	60.5	63.9	5.5%
Distribution per Stapled Security (cents)	5.41	5.68	5.0%

A-HTRUST's revenue of \$224.4 million for the financial year ended 31 March 2017 ("FY2016/17") comprised \$154.7 million from Australia, \$20.8 million from China, \$35.6 million from Japan and \$13.3 million from Singapore.

Revenue for FY2016/17 was an increase of \$9.3 million or 4.3% over the previous financial year ended 31 March 2016 ("FY2015/16"). Overall, the underlying performance of the portfolio was \$5.0 million higher than last year. The better performance was further augmented by favourable currency movements as JPY and AUD strengthened against SGD by 2.1% and 10.7%, respectively compared to a year ago.

The higher revenue was mainly contributed by Novotel Sydney Central, Pullman Sydney Hyde Park and Hotel

Sunroute Osaka Namba. The two Sydney hotels recorded strong growth over last year on the back of strong room demand. Hotel Sunroute Osaka Namba recorded higher rent under the master lease agreement with Sunroute which came into effect from 1 January 2016. These improvements mitigated the weaker trading performance from Courtyard by Marriot Sydney-North Ryde and Park Hotel Clarke Quay as they were confronted by new hotel room supply and weak corporate demand in their respective markets. Courtyard by Marriott Sydney-North Ryde's performance was also impacted by a six-month room refurbishment from April to September 2016.

In line with the higher revenue, net property income for FY2016/17 increased by \$8.3 million or 9.1% over FY2015/16 to \$99.2 million.

Total distribution to Stapled Securityholders (after retention of \$3.3 million for working capital) for FY2016/17 stood at \$63.9 million, an increase of \$3.4 million as compared to a year ago. Accordingly, DPS for FY2016/17 was 5.68 cents compared to the 5.41 cents recorded for FY2015/16.

The Group's portfolio of properties was revalued at \$1,623.6 million as at 31 March 2017 and a net change in fair value of \$58.3 million (net of tax) was recorded.

### SINGAPORE

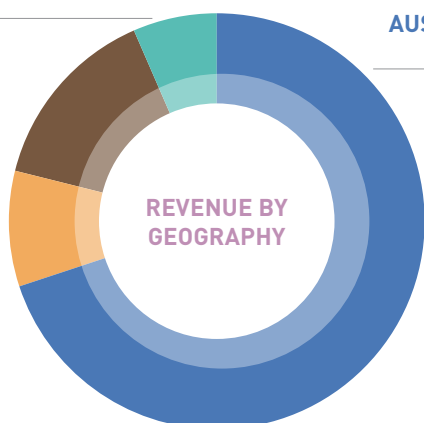
5.9%

### JAPAN

15.9%

### CHINA

9.3%



### AUSTRALIA

68.9%

### SINGAPORE

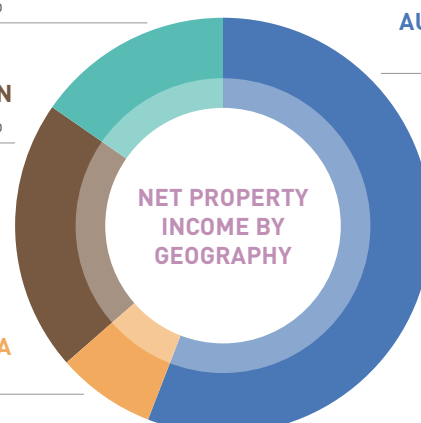
13.4%

### JAPAN

26.2%

### CHINA

8.0%



### AUSTRALIA

52.4%

## CAPITAL MANAGEMENT

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

A-HTRUST continued to tap the debt capital markets to diversify its funding sources. In September 2016, A-HTRUST issued a second tranche of \$70.0 million six-year stapled notes at 3.325% per

annum. The proceeds were mainly used for refinancing purposes. The proceeds from the note issuance were swapped into fixed rate JPY obligations to hedge the Group's net investment in Japan. A further USD 36.0 million term loan was swapped into fixed rate JPY and RMB obligations to hedge the Group's investments in Japan and China.

As at 31 March 2017, A-HTRUST's total borrowings was \$555.2 million with a

blended gearing ratio of 32.2%. As a result of the refinancing done during the year, the weighted average maturity of A-HTRUST's aggregate borrowings was extended to 2.8 years as at 31 March 2017.

To manage interest rate exposure, A-HTRUST maintains a significant proportion of its borrowings on fixed interest rates. As at 31 March 2017, 78.3% of A-HTRUST's borrowings were on fixed interest rates.

To hedge A-HTRUST's distributions against fluctuations in foreign currency, A-HTRUST continued with its policy to systematically hedge the expected distributions from overseas using foreign currency forward contracts. As at 31 March 2017, A-HTRUST had hedged approximately 25% of the expected distributions for the next 12 months.

To reduce the impact of currency movements on the capital values of the overseas assets, A-HTRUST will, as far as possible, borrow in the same currency as the underlying assets.

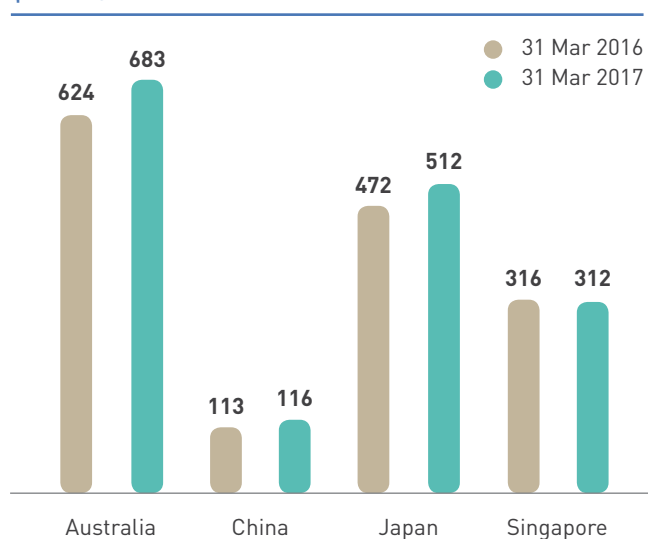


## OPERATIONS REVIEW

A-HTRUST has a portfolio of 11 hotels with a total of 4,351 rooms located in Australia, China, Japan and Singapore. As at 31 March 2017, the value of the portfolio was \$1,623.6 million, which was 6.5% higher than the portfolio valuation as at 31 March 2016. Apart from the Singapore portfolio which recorded a decline in valuation of 1.3%, valuation of the overseas portfolios increased in both local currencies and SGD term.

The Australia portfolio's increase in valuation was mainly attributed to Pullman Sydney Hyde Park and Novotel Sydney Central, for which valuations have increased by 13.7% and 22.6%, respectively in AUD. All four hotels in China and Japan posted improvement in valuation in local currencies. While stronger AUD and JPY against SGD further boosted the valuation of the Australia and Japan portfolios in SGD term, the valuation of the China portfolio in SGD term was moderated by weaker RMB against SGD.

### VALUATION \$ MILLION



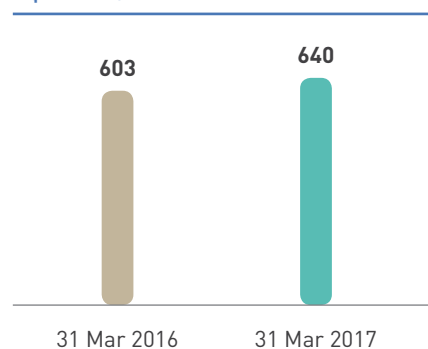
### AUSTRALIA

Despite facing challenges in its economy, the Australia hospitality sector remained resilient in general with increasing inbound tourism, driven mainly by the weaker AUD. Domestic travelling also remained healthy.

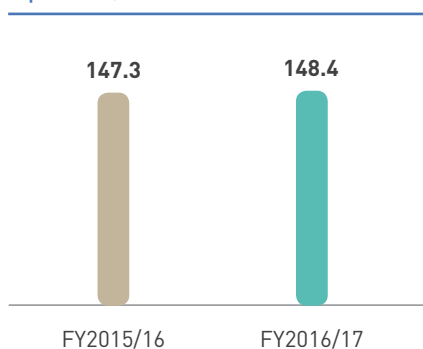
A-HTRUST's two hotels in Sydney city, Pullman Sydney Hyde Park and Novotel Sydney Central, continued to benefit from the vibrant hospitality sector as well as the opening of the new International Convention Centre in December 2016. The two Sydney city hotels experienced strong demand from corporate, public and leisure segments, and posted strong performances in FY2016/17. However, the suburban hotels in Sydney had a challenging year. Courtyard by Marriott Sydney-North Ryde, was affected by increased competition from the addition of two new hotels in its vicinity during the year and the hotel also underwent room refurbishment for six months from April to September 2016. Novotel Sydney Parramatta also saw increased competition with the addition of new room supply in the Parramatta market and the withdrawal of office supply (for residential conversion) impacted the hotel's corporate business in general. Pullman and Mercure Melbourne Albert Park achieved better performance in FY2016/17 due mainly to the addition of an aircrew and strong conferencing business. Pullman and Mercure Brisbane King George Square's performance, however, continued to be affected by the supply of new hotel rooms in the city. Whilst the hotel adopted an occupancy focused strategy, it had to reduce ADR significantly to remain competitive in the market.

Despite the challenges faced in the Brisbane and Sydney suburban markets, the overall performance of the Australia portfolio improved in FY2016/17. Overall occupancy in FY2016/17 increased by 1.6 percentage points to 84.9% while ADR improved marginally by 0.6% y-o-y to A\$175, which resulted in an increase in RevPAR by 2.8% y-o-y to A\$149. Overall, gross revenue and net property income of the Australia portfolio improved by 0.7% and 2.6% in FY2016/17, respectively.

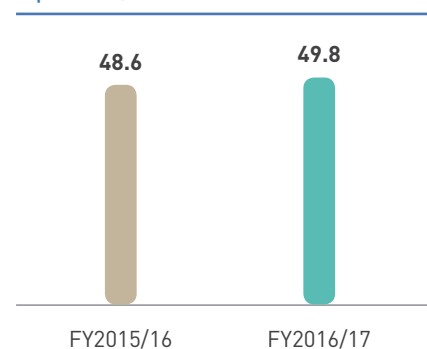
### VALUATION A\$ MILLION



### GROSS REVENUE A\$ MILLION



### NET PROPERTY INCOME A\$ MILLION

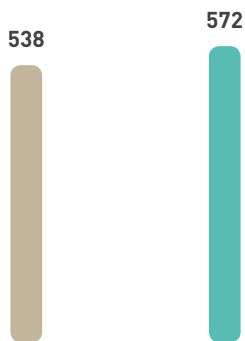


## CHINA

While international arrivals to Beijing continued on the downwards trend in 2016 with a decline of 0.8% y-o-y, it has been more than compensated by the buoyant domestic travelling. Domestic travelling to Beijing remained robust with a growth of 4.7% y-o-y to 281 million<sup>1</sup>. This helped to support the hospitality sector in the capital city of China where the hotel market saw improved performance in general.

Novotel Beijing Sanyuan and Ibis Beijing Sanyuan benefitted from strong public demand to post a strong performance in FY2016/17. While Novotel Beijing Sanyuan took the initiative to replace some lower-yielding segments to drive revenue, Ibis Beijing Sanyuan benefitted from the loyalty program of Huazhu Hotel Group. Overall, the China portfolio achieved an improvement in RevPAR of 2.7% y-o-y. Gross revenue for the China portfolio increased by 2.4% y-o-y to RMB101.1 million while net property income improved by 15.7% y-o-y to RMB38.6 million. Apart from higher gross revenue, the higher net property income was also due to cost efficiency for both hotels as well as full year of rental from the lease of space in Ibis Beijing Sanyuan which has little associated costs.

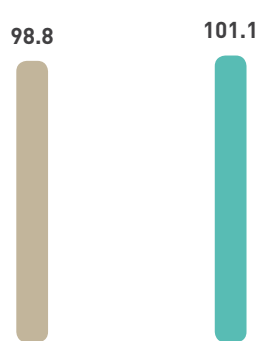
### VALUATION RMB MILLION



31 Mar 2016

31 Mar 2017

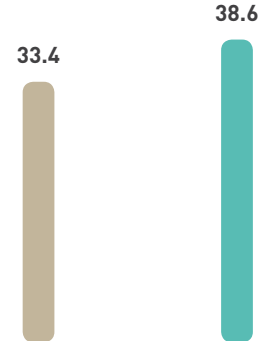
### GROSS REVENUE RMB MILLION



FY2015/16

FY2016/17

### NET PROPERTY INCOME RMB MILLION



FY2015/16

FY2016/17

<sup>1</sup> Source: Beijing Tourism Bureau

# OPERATIONS REVIEW

## JAPAN

The hospitality sector in Japan was generally well-supported as the number of foreigners that visited Japan continued to grow in 2016. During the year, 24 million foreigners visited the country, which was an increase of 21.8% compared to 2015<sup>2</sup>, although growth rate has slowed down.

In FY2016/17, the Japan portfolio recorded gross revenue increase of 13.4% to JPY 2,788 million and net property income also increased by 21.6% to JPY 2,034 million. The increase was mainly attributed to higher contribution from Hotel Sunroute Osaka Namba, where the improved rent structure with effect from 1 January 2016 enabled the hotel to receive variable rent which was higher than the fixed-only rent under the previous rent structure. On the back of the generally buoyant hospitality sector in the city, this has resulted in a higher NPI contribution from Hotel Sunroute Osaka Namba of 65.6% y-o-y in JPY term.

### VALUATION JPY MILLION

39,375      40,600

31 Mar 2016

31 Mar 2017

### GROSS REVENUE JPY MILLION

2,457.8

2,788.2

FY2015/16

FY2016/17

### NET PROPERTY INCOME JPY MILLION

1,672.7

2,034.4

FY2015/16

FY2016/17

ANNUAL REPORT 2016/2017

## SINGAPORE

International visitor arrivals and spending in Singapore hit record highs in 2016, buoyed by the growth of inbound arrivals from the China market. The number of visitors grew by 7.7% y-o-y to 16.4 million and overall spending rose by 13.9% y-o-y to \$24.8 billion<sup>3</sup>. However, despite the record visitor arrivals, the market-wide hotel trading performance declined in 2016. This was mainly attributed to the recent large influx of hotel supply which intensified the competition among hotels for guests. The competitive environment was further compounded by soft corporate demand.

This has impacted Park Hotel Clarke Quay's performance in FY2016/17 where both gross revenue and net property income declined by 9.2% compared to FY2015/16

### VALUATION \$ MILLION

316

312

31 Mar 2016

31 Mar 2017

### GROSS REVENUE \$ MILLION

14.7

13.3

FY2015/16

FY2016/17

### NET PROPERTY INCOME \$ MILLION

14.6

13.3

FY2015/16

FY2016/17

<sup>2</sup> Source: Japan National Tourism Organisation

<sup>3</sup> Source: Singapore Tourism Board



**In FY2016/17, the Managers continued to explore opportunities to enhance assets so as to improve their competitiveness and carvings potential, and through this improve the overall quality of the portfolio.**

#### **REFURBISHMENT OF ROOMS IN COURTYARD BY MARRIOTT SYDNEY-NORTH RYDE**



During the year, all the 196 rooms in Courtyard by Marriott Sydney-North Ryde were refurbished to refresh the product offering. The renovation was carried out in phases from April 2016 to September 2016, where the flooring and furnishings in the rooms were replaced. The rooms are now decked out with stylish furnishings, creating a chic yet cosy atmosphere.

Although the business was affected during the renovation period, this can allow the hotel to compete better in the longer term, which is especially important given the increased competition within its vicinity.

#### **UPDATE ON SERVICED APARTMENTS COMPONENT OF AURORA MELBOURNE CENTRAL**

In December 2015, A-HTRUST entered into a forward purchase agreement to acquire the 252-units serviced apartment component of Aurora Melbourne Central for A\$120.0 million. Aurora Melbourne Central is an iconic mixed-use development situated in the La Trobe Street, in the heart of Melbourne CBD. The development is expected to be completed by second half of 2019 and it is currently on schedule based on the current progress.

In October 2016, A-HTRUST appointed ONYX Hospitality Group (“ONYX”) as operator for the serviced apartment, which will be operated under “Shama Luxe” brand and named as “Shama Luxe Aurora Melbourne Central”. ONYX is a leading Asian hotel management company with an industry presence of over 50 years, with a strong track record in the operation of serviced apartments and hotels in countries such as Thailand, China, Maldives and Sri Lanka.

Early appointment of the operator ensure that the operator can provide their inputs during the early stage of planning with regard to the design and technical aspects of the serviced apartments.



## OPERATIONS REVIEW

### RENOVATION OF RESTAURANT IN PARK HOTEL CLARKE QUAY



In November 2016, the restaurant in Park Hotel Clarke Quay underwent a complete overhaul to refresh the F&B offering in the hotel. Following the two-month renovation, the restaurant was renamed "Porta" and now boasts an elegant interior that exudes colonial Singapore charm to create a unique dining experience. Serving modern European cuisine, the restaurant offers a unifying experience that combines dining and retail of epicurean food and wine.

Through the refurbishment, the hotel seeks to attract more patrons and bolsters its earning potential.

## REFURBISHMENT OF MERCURE ROOMS IN PULLMAN AND MERCURE BRISBANE KING GEORGE SQUARE



During the year, A-HTRUST commenced renovation of the Mercure rooms in Pullman and Mercure Brisbane King George Square (“Brisbane Hotel”) to refresh the product and enhance the competitiveness of the hotel. This is a major revamp as all the fittings and furniture in the rooms will be replaced, and the bathrooms will also be upgraded.

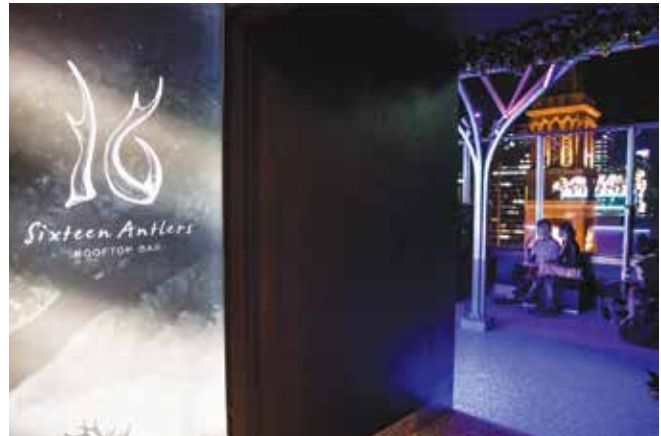
The renovation, which is carried out in phases, is expected to be completed before end 2017. Given the excellent location of the hotel in the heart of Brisbane CBD and its comprehensive conferencing facilities, the refreshed Mercure rooms will add another dimension in offering a quality accommodation product to the market.

## CONVERSION OF ROOFTOP SPACE IN PULLMAN AND MERCURE BRISBANE KING GEORGE SQUARE INTO A ROOFTOP BAR

Previously an under-utilised space which was used to hold private events, the rooftop of the Brisbane Hotel has been converted into a rooftop bar which opened officially in October 2016.

Named “Sixteen Antlers”, the stylishly renovated bar is located on the 16th floor of the Mercure Tower and offers a picturesque view of Brisbane skyline. Since its opening, the bar has been a hit with the young professionals and received rave reviews from local media.

The bar creates an additional income stream to the hotel as the Managers seek to fulfil the earning potential of the asset.



# MARKET REVIEW

## SYDNEY

### TOURISM MARKET OVERVIEW

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

According to Tourism Research Australia, in 2016 Sydney city recorded 37.2 million visitor nights, a decline of 8.5% compared to 2015.

International visitor nights, which comprise 73.1% of all visitor nights in the city, experienced a 10.8% decrease y-o-y to 27.3 million, with domestic visitor nights also declining 1.6% to 10.0 million. The sharp drop in international visitation can be primarily attributed to the y-o-y fall in travel for the purposes of visiting friends and relatives (-34.3%) and business (-20.1%).

### EXISTING HOTEL SUPPLY

According to STR Global, Sydney city is the largest accommodation centre in Australia. As at 31 December 2016, there were approximately 17,424 rooms in Sydney city. Hotel openings in 2016 accounted for an estimated 313 rooms; however this was offset by the closure of two hotels totaling 673 rooms, which represented a 2.1% decrease in room stock. Hotel openings in 2016 included the 76-room Sydney Hotel CBD, the 209-room extension of the Hyatt Regency Sydney, and the 28-room extension of the Larmont Sydney. Closures included the 227-room Mercure Potts Point and the 446-room Menzies Hotel Sydney.

### FUTURE HOTEL SUPPLY

There are five short term accommodation developments currently under construction and due for completion between 2017 and 2018. This includes the 590 room Sofitel Sydney Darling Harbour, the 188 room midscale hotel being developed by M&L Hospitality, the 202-room Meriton Sydney, the 86-room Skye Hotel by Crown, and the 38-room extension of Rydges Sydney Central. Hotel room supply is expected to grow at an average of around 3.0% per annum over the four years to the end of 2020.

### HOTEL MARKET PERFORMANCE

STR Global showed market wide occupancy levels for Sydney in 2016 increased by 1.1 percentage points from an already high 87.5% to 88.6%. ADR improved by 5.1% to A\$254, resulting in RevPAR growth of 6.2% to A\$225.

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

### HOTEL MARKET OUTLOOK

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

Major infrastructure projects such as the Barangaroo urban renewal project and the recently opened International Convention Centre Sydney will provide an added boost to the market over the medium to long term.

### HOTEL INVESTMENT OUTLOOK

Whilst the demand for Sydney hotels remains stronger than it has ever been, there have been minimal opportunities to acquire them throughout both the city and wider metropolitan region. In 2016 there were only five hotel transactions, totaling A\$849.6 million, including the A\$620 million deal to develop The Ribbon Hotel and Residences at the site of the previous IMAX Theatre in Darling Harbour. Other transactions included the 106-room Adina Norwest, the 229-room Pullman Sydney Airport, the 165-room Mercure Parramatta, and the 122-room Park Regis City Centre.

# MELBOURNE

## TOURISM MARKET OVERVIEW

Melbourne is Australia's second most populous city with around 4.4 million residents. The city sits on the northern banks of the Yarra River, around the shores of Port Phillip Bay, and is renowned for its extensive annual calendar of festivals, exhibitions and major sporting events as well as being a major corporate centre of Australia.

According to Tourism Research Australia, Melbourne's tourism region recorded an increase in demand over the twelve months to December 2016, with total visitor nights increasing by 7.7% y-o-y to 80.2 million.

International visitors accounted for 69.4% of total visitor nights in Melbourne during 2016, increasing 8.7% to 55.7 million compared to the previous year. Mainland China, United Kingdom and Malaysia were the primary inbound markets. Domestic visitor nights rose 5.3% to 24.5 million, with travel for the purposes of visiting friends and family, holiday/leisure and business recording the largest increases y-o-y.

## EXISTING HOTEL SUPPLY

According to STR Global, there were 120 establishments with 19,430 accommodation rooms in Melbourne city at the end of 2016. Some of the key openings in 2016 include the 184-room QT Hotel Melbourne, the 87-room Peppers Docklands, the 130-room Punthill Northbank Melbourne Hotel as well as the 26-room extension of the Stamford Plaza Melbourne. Our research indicates an additional 427 rooms in 2016, representing a 2.3% y-o-y increase in room inventory.

## FUTURE HOTEL SUPPLY

There are six properties which are currently under construction in Melbourne City which, once completed, will result in a net increase of 1,771 rooms. Hotel room supply is projected to grow at an average of around 2.5% per annum over the four years to the end of 2020.

## HOTEL MARKET PERFORMANCE

STR Global showed market wide occupancy levels in Melbourne have increased 0.2 percentage points to 85.6% in 2016. ADR moderated slightly by 0.1% to A\$197 resulting in a RevPAR of A\$169. Melbourne's calendar of major global events and international conference program is a draw card for visitors to the city and has contributed to the growth in the accommodation market.

## HOTEL MARKET OUTLOOK

Melbourne's accommodation market has experienced a robust level of growth over the last five years, capitalising on the city's extensive calendar of events and the closure of the Sydney Convention and Exhibition Centre between 2014 and 2016.

Melbourne city also has a long history of investment in tourism and transportation infrastructure as well as successful marketing of the city nationally and globally. Notwithstanding this, the underlying market buoyancy of recent years is anticipated to moderate slightly over the medium term as the development pipeline continues to build, with a number of large mixed use developments and standalone hotel projects concentrated around the CBD and Docklands area.

## HOTEL INVESTMENT OUTLOOK

Investor appetite for hotel investment opportunities in Melbourne remains strong with the city ranked as the second hotel investment destination in Australia. There were six major hotel transactions in 2016, being the sale of the 111-room Como Melbourne MGallery by Sofitel, the 291-room Travelodge Docklands, the 225-room Tune Hotel Melbourne, the 380-room Novotel on Collins, the 221-room Quest Docklands and the 200-room Novotel Glen Waverley.

## MARKET REVIEW

# BRISBANE

### TOURISM MARKET OVERVIEW

Brisbane is the gateway to Queensland and the state's southeast region. With a current population of over 2.0 million, Brisbane has experienced consistently strong economic growth in recent years, underpinned by the resources sector. Other major industries within the metropolitan area include information technology, financial services and public sector administration. Tourism is also an important part of the Brisbane economy.

According to Tourism Research Australia, Brisbane recorded an increase in tourism demand in 2016, with total visitor nights increasing by 1.1% y-o-y to 42.9 million

International visitors accounted for 57.0% of total visitor nights in Brisbane during 2016, moderating slightly by 1.6% to 24.5 million compared to the previous year. Mainland China, Korea and Taiwan were the primary inbound markets. Domestic visitor nights rose by 5.0% to 18.4 million with travel for the purposes of visiting family and friends, holiday and business recording the largest increases y-o-y.

### EXISTING HOTEL SUPPLY

As at December 2016, there were approximately 81 establishments with 11,129 accommodation rooms in Brisbane, according to STR Global. Some of the key openings in 2016 include the 208-room Rydges Fortitude Valley, the 108-room Mantra Richmond Hotel, the 80-room Oaks Woolloongabba, the 368-room Ibis Styles Brisbane, the 83-room Art Series Hotel The Johnson Hotel and the 134-room Swiss-Belhotel Brisbane. This represents an additional 981 rooms in 2016, a 9.7% y-o-y increase in room inventory.

### FUTURE HOTEL SUPPLY

There are eight properties which are currently under construction in Brisbane city which, once completed, will result in a net increase of 1,688 rooms. Hotel room supply is projected to grow at an average of around 4.5% per annum over the four years to the end of 2020.

### HOTEL MARKET PERFORMANCE

According to STR Global, there was a softening in the Brisbane market in 2016, with market wide occupancy declining by 2.9 percentage points to 71.9%. An ADR of A\$162 was achieved, down by approximately 3% y-o-y, and resulted in a RevPAR decrease of 10.3% to A\$116. While demand from the government and resources sector remains subdued, leisure demand in Brisbane city has improved. However, any improvements in demand at present are quickly absorbed by the new hotel room supply.

### HOTEL MARKET OUTLOOK

In the short to medium term, conditions are likely to remain stagnant as further supply enters the market. Any notable uplift in performance will also be dependent on the extent of recovery in the corporate and conference segment as well as growth in the leisure segment. Resource sector demand may improve over the medium term with renewed investment in mining infrastructure projects. However, a timeframe on these potential trends remains unclear.

In the medium to long term, investments in major projects such as the Destination Brisbane Consortium's redevelopment of the Queens Wharf precinct and the Howard Smith Wharfs revitalisation project is expected to underpin future tourism demand. The addition of a second runway at Brisbane airport is also expected to improve accessibility and enhance both domestic and international visitation.

### HOTEL INVESTMENT OUTLOOK

There were three major hotel transactions in 2016, being the sale of the 65-room Tryp by Wyndham Hotel, the 78-room Quest Chermside Hotel Brisbane and the 51-room Jephson Hotel and Apartments. Investor appetite for hotel investment opportunities in Brisbane remains strong with the city ranked as one of the key investment destinations in Australia.

# BEIJING

## TOURISM MARKET OVERVIEW

Data from Beijing's Tourism Bureau showed the city's international arrivals dropped 0.8% y-o-y to 4.2 million at the end of 2016. Declines were seen in both top Asian and Western source markets. Visitors from South Korea and Japan decreased 8.8% and 4.0%, respectively, due to their slowing economies and dampening trading activities. Visitors from France and Germany also trended downwards by 12.3% and 2.9%, respectively. This is largely attributed to the weakening Euro and reduced trading activities.

Domestic tourism registered growth in 2016. According to the Beijing Tourism Bureau, Beijing received approximately 281 million domestic visitors, reflecting a 4.7% y-o-y increase. Beijing's hotel demand is driven by corporate demand, particularly in the MICE segment. This is attributed to Beijing being the political and commercial centre of China, resulting in a large number of corporate firms setting up their headquarters in Beijing.

Rapid development in tertiary industries such as IT, finance and the creative sectors have also increased overall accommodation demand, particularly in emerging submarkets such as Guomao, Zhongguancun and Wangjing submarkets.

## EXISTING HOTEL SUPPLY

In 2016, moderate new supply entered the market. Five new hotels opened in Beijing, adding 1,479 rooms to the market and increasing stock by 4.3%. High-profile openings included the 300-room Intercontinental Beijing Sanlitun and the 180-room Chao Clubhouse, both of which are located in Sanlitun. Other openings included the 427-room Grand Metropark Hotel Beijing, the 226-room Tylfull Hotel and the 346-room Grand Metropark Longxi Conference Center, which was rebranded from the former Longxi Hot Spring Hotel.

## FUTURE HOTEL SUPPLY

Strict development restrictions within the city centre are expected to continue to restrain future supply in Beijing. The slow development trend is expected to continue over the forecast horizon as the number of new hotels for other fast-growing cities like Shanghai and Chengdu double that of Beijing.

In 2017, 10 hotels with 2,854 rooms are expected to enter the market, representing an 8.2% increase in room inventory. Trophy projects include the 120-room Beijing Bvlgari Hotel, the 382-room Hualuxe Beijing Xinan Hotel, the 116-room The Puxuan Hotel and Spa, the 41-room Muji Hotel Beijing and the 200-room

Wonteddy Hotel. Hotel room supply is projected to grow at an average of around 3.0% per annum over the four years to the end of 2020.

## HOTEL MARKET PERFORMANCE

2016 saw a steady pickup in market wide trading performance. Increased corporate and leisure demand as well as a gradual recovery in the MICE market helped push occupancy up by 2.0 percentage points y-o-y to 62.6% and ADR increased by 2.0% y-o-y to RMB 533. As a result, RevPAR increased by 4.0% y-o-y to reach RMB 334 in 2016. The upscale and luxury segments also enjoyed a slight increase in trading performance as a result of increasingly balanced supply and demand.

## HOTEL MARKET OUTLOOK

The Beijing hotel market will benefit from enhanced intercity transportation and tourism facility development in the future. In view of key events such as the opening of Universal Studios in 2020 and the 2022 Winter Olympics in Beijing and Zhangjiakou, several infrastructure upgrades have been planned and should lend support to growth in the hotel sector. Examples include a special railway connecting Beijing and Zhangjiakou as well as two new highways linking Beijing to nearby tourism destinations, such as Chongli, Yanqing, and Qinhuangdao.

Overall, these projects will enhance accessibility in the Beijing-Tianjin-Hebei (Jing-Jin-Ji) region as a whole, and this will help to promote tourism and generate further hotel demand. Additionally, further economic integration in the Jing-Jin-Ji area is expected to generate considerable corporate demand. This should bode well for the overall tourism sector, boosting hotel demand as well.

## HOTEL INVESTMENT OUTLOOK

Investors showed more interest in hotel assets in Tier 1 cities in 2016. Although only one hotel was transacted in Beijing, the 154-room Somerset Zhongguancun Beijing, in 2016, hotel transactions in China reached RMB 4.1 billion between January to October 2016.

As global private equity firms are increasingly drawn to China, the hospitality market in Beijing is of key focus as it offers prime assets with strong locations and good returns in a Tier 1 city. Meanwhile, improvements in lodging fundamentals, a steady flow of visitors, and corporate expansion in Tier 1 markets have also increased investor appetite in Beijing.

## MARKET REVIEW

# TOKYO

### TOURISM MARKET OVERVIEW

According to statistics from Japan National Tourism Organization, international visitors to Japan reached a record 24.0 million visitors in 2016, exceeding 20.0 million for the first time in history.

In 2016, Tokyo's tourism market continued to see growth in inbound visitors, although growth slowed when compared to 2015. The slowdown was due to several factors including the earthquake which occurred in Kumamoto in May and the recent JPY appreciation.

Visitors from Mainland China registered double-digit growth of 27.6% y-o-y making it the top source market to Japan in 2016. The second largest source market was South Korea, followed by Taiwan and Hong Kong. The top three source markets comprise approximately 65.0% of total international arrivals to Japan. Visitors from all regions, including the Americas, Europe and others, recorded a double-digit growth on a y-o-y basis as well.

As for accommodation demand in Tokyo, Japan Tourism Agency data recorded 50.9 million guests in 2016, marking a y-o-y decrease of 4.6% from 2015. Accommodation demand from domestic guests, which accounts for approximately 64.0% of the total accommodation demand in Tokyo, registered a y-o-y decrease of 5.6% while demand from international guests marginally decreased by 1.6% y-o-y.

Due to recent hikes in room rates resulting from high hotel occupancy in Tokyo and the recent currency appreciation, some international guest accommodation demand may have shifted from Tokyo to satellite cities where room rates are lower, leading to the marginal 1.6% y-o-y decline. Some repeat visitors will skip Tokyo and visit other destinations in order to gain unique local experiences which they cannot find in their home country.

### EXISTING HOTEL SUPPLY

Based on the latest statistics from the Japan Ministry of Health, Labour and Welfare, Tokyo had 682 hotels with 100,122 guestrooms as at end-March 2016. As compared to March 2015, the number of hotel establishments increased by seven properties, registering a marginal increment of 1.5%.

In 2016, there were two major hotel openings in Tokyo, the 84-room Hoshinoya Tokyo and the 250-room Prince Gallery Tokyo Kiocho. The majority of new hotels were in the limited-service segment and managed by domestic hotel operators, such as APA hotels.

### FUTURE HOTEL SUPPLY

In 2017, JLL is aware of four major hotel openings, as specified below, and more than 5,000 new rooms in the limited-service category.

The major hotel openings in 2017 include the 130-unit serviced-apartment Ascott Marunouchi and the 400-room limited-service hotel Remm Roppongi, Trunk Hotel, a 70-key upscale limited-service hotel and the 205-key Moxy Tokyo Kinshicho.

For the following three years from 2018 until 2020, approximately 16,000 new rooms are expected. Overall, from 2017 until end-2020, hotel supply is estimated to grow at 4.9% per annum, although some existing hotels might be closed during this period.

In anticipation of the 2020 Tokyo Olympics and the post-Olympic games, more than 1,000 additional rooms (which are included in the 16,000 rooms mentioned above) in full-service and life-style hotels are expected. Major new openings include the 164-key Hyatt Centric Ginza in 2018 and the 190-key Four Seasons Otemachi in 2020 as the second Four Seasons hotel in Tokyo. In addition, the redevelopment of Hotel Okura Tokyo is scheduled to be completed by spring 2019. The redeveloped Hotel Okura will be part of a new 38-storey mixed-use complex consisting of office space and 550 hotel rooms.

### HOTEL MARKET PERFORMANCE

According to STR Global, Tokyo's market-wide hotel RevPAR improved by 3.9% y-o-y to JPY 16,292 in 2016. While occupancy level dropped by 1.8 percentage points to reach 86.9%, ADR increased by 6.1% y-o-y to achieve JPY 19,147 in 2016.

The increase in ADR can be attributed to high occupancy rates underpinned by strong accommodation demand. These resultant effects were the high ADR which has made it expensive for



inbound visitors, reducing accommodation demand particularly in Tokyo where occupancy rates have fallen.

### **HOTEL MARKET OUTLOOK**

According to the local authorities, Japan is targeting 40 million inbound visitors by 2020, an estimated 14.0% CAGR from 2017 to 2020. The anticipated international visitor growth should fuel greater international accommodation demand in Japan, including Tokyo.

From 2012 to 2016, Tokyo experienced steady growth in accommodation demand at a CAGR of 3.5%. While domestic accommodation guests decreased by a CAGR of 1.1%, international accommodation guests increased by 19.4% annually from 2012 to 2016. Moving forward, it is expected that inbound visitors will continue to contribute to growth in the Tokyo hotel market.

In terms of hotel trading performance, RevPAR growth in 2017 is likely to be stable from 2016 or just a marginal growth is expected, given the recent trend in the hotel trading performance and taking into consideration expected new supply in 2017.

### **HOTEL INVESTMENT OUTLOOK**

In 2016, there were 11 hotel transactions in Tokyo. The majority of the sold assets were limited-service hotels. Buyers include Japanese real estate companies, domestic REITs and investment funds. Hotel REITs were the most active buyers, accounting for approximately 40% of Japan's total hotel transaction volume in 2016.

Full-service hotels in Tokyo are tightly held and rarely offered for sale. However, in May 2016, a Japanese real estate company, Hulic, acquired the 884-room Grand Pacific Le Daiba.

Due to the favorable overall market environment and low interest rates, investor interest in hotel assets remains strong in the short to medium term.

## MARKET REVIEW

# OSAKA

### TOURISM MARKET OVERVIEW

In 2016, Osaka's tourism market registered a marginal growth of 1.4% in inbound visitors to 29.0 million compared to 2015.

Similar to the trend seen in Tokyo, the recent slowdown in accommodation demand in Osaka may be due to hikes in room rates arising from high hotel occupancy and the JPY appreciation, which resulted in a shift in demand to satellite cities where room rates are lower.

Japan Tourism Agency statistics indicate that international accommodation guests in Osaka Prefecture recorded a healthy y-o-y increase of 10.4% to 9.9 million in 2016, while domestic accommodation guests decreased by 2.7%.

### EXISTING HOTEL SUPPLY

Based on the latest statistics from the Japan Ministry of Health, Labour and Welfare, Osaka City had 307 hotels with 49,728 guestrooms as at end-March 2016. In comparison to March 2015, there were 10 additional establishments which resulted in a 2.6% y-o-y growth in room inventory. Hotel supply in Osaka city has been steadily increasing since 2012 with a CAGR of 2.1%.

All new hotel supply added in 2016 was categorised as limited-service hotels. Due to the significant growth in hotel demand driven by the increase in inbound visitors, smaller domestic real estate companies who did not have hotel assets before are now developing limited-service hotels in Osaka.

### FUTURE HOTEL SUPPLY

In 2017, more than 5,000 new rooms are expected in Osaka. Major openings include the 164-key Conrad Osaka and two Candao hotels with a total room count of 886. The remaining new supply in 2017 is of limited-service hotels.

In view of the increase in accommodation demand in Osaka fuelled by the spike in inbound visitation, the number of hotel rooms is anticipated to increase by approximately 6.1% per annum in the next four years from 2017 until end-2020.

Some of the new hotel supply include developments of large scale limited-service hotels. The 860-key APA Hotel & Resort Midosuji Honmachi Tower is scheduled to open in March 2019 and another large scale project is planned at a development site of Yodobashi Camera in Umeda with more than 1,000 rooms. This project is scheduled to complete in late 2019.

### HOTEL MARKET PERFORMANCE

According to STR Global and JLL's research, Osaka's market-wide hotel RevPAR improved by 2.7% y-o-y to JPY 16,604 in 2016. While occupancy dropped by 1.4 percentage points to reach 88.0%, ADR increased by 4.3% y-o-y to JPY 18,859 in 2016.

Similar to the trend observed in Tokyo, the high occupancy at hotels in Osaka has resulted in the spike in ADR. This has likely resulted in lower accommodation demand in Osaka which led to the fall in occupancy in 2016.

### HOTEL MARKET OUTLOOK

From 2012 to 2016, accommodation demand in Osaka recorded a CAGR of 9.0%. The increase in the number of accommodation guests was driven by significant growth in international demand.

While domestic accommodation guests steadily increased at a CAGR of 2.1%, international accommodation guests increased significantly by 35.9% annually from 2012 to 2016. It is expected that inbound visitors will continue to contribute to growth in the Osaka hotel market, while domestic demand is expected to grow at a more modest pace.

In terms of hotel trading performance, RevPAR in 2017 is likely to remain stable or see marginal growth, given the recent trend in hotel trading performance and the incoming supply in 2017.

### HOTEL INVESTMENT OUTLOOK

Osaka is expected to remain of keen interest to investors given that the city is the key business gateway to western Japan and trading performance is robust, leading to strong demand for hotels.

In 2016, JLL recorded four hotel transactions in Osaka. Major transactions include the sale of the 314-room Hotel Vista Grande Osaka and the 480-room Hyatt Regency Osaka.

It is expected that the transaction opportunities in 2017 will continue to be limited.

# SINGAPORE

## TOURISM MARKET OVERVIEW

In 2016, international visitor arrivals to Singapore reached a record high of 16.4 million, an increase of 7.7% y-o-y as compared to 2015. The stellar performance, which exceeded the forecast set by the Singapore Tourism Board ("STB"), was achieved amidst global economic uncertainties and the Zika virus outbreak in Singapore. Tourism receipts likewise posted exceptional results, rising 13.9% y-o-y to \$24.8 billion. The strong tourism receipt result was buoyed by increased visitor spending on F&B, Shopping and Accommodation. Visitor arrivals were also buoyed by strong performance in the MICE and Cruise sectors, which saw visitor growth of 20.0% and 16.0%, respectively.

The top three source markets were Indonesia, China and Malaysia, which combined comprise 42.1% of total visitor arrivals to Singapore. The strong tourism showing in 2016 was underpinned by significant growth in key source markets, particularly China, which registered the largest y-o-y increase of 36.0%. Other top growth markets include India (8.2%), Indonesia (5.9%), Thailand (5.8%) and the Philippines (2.7%). According to STB, this was the result of improved marketing efforts in these markets, especially in the Tier 1 and 2 cities of China, India and Indonesia. The deployment of a tourism development fund to improve productivity and enhance visitor experiences was identified as a key growth factor as well. Positive growth in these markets helped offset the decline in visitor arrivals in other key markets, including Malaysia (-1.7%), Australia (-1.6%), South Korea (-1.8%) and Hong Kong (-11.8%), where currency depreciation and weak economic sentiments impacted travel demand.

Despite lingering global economic uncertainties and regional competition, STB is cautiously optimistic, projecting modest visitor growth on the back of increasing tourism demand in the Asia Pacific region and the strong pipeline for MICE events.

## EXISTING HOTEL SUPPLY

Based on statistics provided by STB and JLL's own research, Singapore's hotel room inventory comprised a total of 63,708 rooms in 2016. Approximately 4,450 rooms opened in 2016, an increase of around 7.8% y-o-y. The majority of the hotel openings were in the Central and Eastern region of Singapore. Major openings in 2016 include the 1,500-room Hotel Boss, 634-room JW Marriott Hotel Singapore South Beach, the 451-room Holiday Inn Express Singapore Katong and the 395-room Mercure Singapore Bugis.

## FUTURE HOTEL SUPPLY

Singapore's hotel room supply is projected to grow by an average of 1.9% per annum to 68,716, with an addition of approximately 5,008 rooms over the four years to the end of 2020. This excludes any proposed Government Land Sales sites for hotels. The upcoming pipeline is predominantly in the midscale and upscale sectors and comprises new international brands such as Andaz, Courtyard by Marriott, Patina and Yotel.

In 2017, approximately 2,570 rooms are expected to open. Some of the expected new openings include the 600-room Yotel Orchard Road, the 340-room Andaz Singapore, the 300-room Park Hotel Farrer Park and the 250-room Courtyard by Marriott Novena.

## HOTEL MARKET PERFORMANCE

According to STB statistics, market-wide hotel trading performance declined in 2016. Occupancy showed a marginal 0.9 percentage point decrease to 84.2% while ADR decreased by 3.6% y-o-y to \$237, resulting in a 4.6% y-o-y decline in RevPAR to \$199. The declines come amidst the backdrop of record tourism arrivals, underscoring how the recent large influx of hotel supply has intensified competition between hotels for guests, adding to the downward pressure on occupancy rates and ADR. This in turn has resulted in the continued decline in RevPAR.

# MARKET REVIEW

## HOTEL MARKET OUTLOOK

In 2017, STB forecasts moderate growth in visitor arrivals and tourism receipts, targeting a 0.0% – 2.0% increase in visitor arrivals to 16.4 million – 16.7 million and a 1.0% – 4.0% increment in tourism receipts ranging between \$25.1 billion and \$25.8 billion.

Corporate demand is anticipated to remain strong in the short term due to the strong pipeline of MICE events and the positioning of Singapore as a key commercial hub in Asia Pacific. Singapore was recently ranked top by Cvent's Top 25 Meeting Destinations in Asia Pacific, and was awarded Asia Pacific's Top Convention City for the 13th consecutive year in 2014, according to the latest global rankings by the International Congress and Convention Association. Leisure demand is expected to remain strong on the back of concerted efforts by STB to enhance Singapore's destination attractiveness and improved marketing in key markets. Tourism growth in Asia Pacific is expected to continue its upward trend, increasing tourism demand in the region which will benefit Singapore.

Additionally, the hotel industry is set to get an added boost under the Hotel Industry Transformation Map, which aims to address key challenges faced by the industry through a series of government-led initiatives and increased funding. This complements existing tourism marketing strategies and efforts to enhance Singapore's destination attractiveness.

Due to the large hotel supply pipeline, we anticipate continued downward pressure on hotel trading performance in Singapore over the next two years resulting from increased competition in the hotel sector. Ongoing global economic and political uncertainties and increasing regional competition may have a dampening effect on demand growth.

## HOTEL INVESTMENT OUTLOOK

In 2016, the Singapore market experienced limited transaction activity with only one hotel-related transaction. The Cuscaden Bungalow at 9 Cuscaden Road was sold for \$145 million to Shun Tak Holdings, a company owned by Hong Kong billionaire Stanley Ho. The 25,741 square foot freehold site is zoned for hotel use with allowable gross plot ratio of 4.2.

诺富特三元酒店

NOVOTEL



BEIJING  
SANYUAN

Welcome  
欢迎光临

# INVESTOR RELATIONS

## OVERVIEW

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

Announcements, press releases and investor presentations are promptly released on SGXNET as well A-HTRUST's

corporate website ([www.a-htrust.com](http://www.a-htrust.com)) so as to keep investors updated of the material developments and financial performance of A-HTRUST in a timely manner. Stapled Securityholders and the general public can also subscribe to A-HTRUST's electronic mailing list via the corporate website and they will receive email notification of latest updates.

The Managers ensure that price sensitive information is disseminated to the public at the same time via SGXNet as well as on A-HTRUST's corporate website, and care is exercised to ensure that there is no selective disclosure of material information. Information relating to the portfolio, financial results and annual reports are also available on the corporate website, which is updated regularly.

## KEY INVESTOR RELATIONS EVENTS IN FY2016/17

FY2016/17	Country	Date
4Q FY2015/16 Analysts Teleconference	Singapore	May 2016
Standard Chartered Bank Investors Luncheon	Singapore	June 2016
REITs Symposium 2016	Singapore	June 2016
OCBC Bank Investors Meeting	Singapore	June 2016
Fourth Annual General Meeting	Singapore	June 2016
1Q FY2016/17 Analysts Teleconference	Singapore	August 2016
2Q FY2016/17 Analysts Teleconference	Singapore	November 2016
DBS Investors Luncheon	Singapore	November 2016
Bank of China Non-Deal Roadshow	Hong Kong	December 2016
3Q FY2016/17 Analysts Teleconference	Singapore	January 2017
Citi Asia Pacific Investor Conference 2017	Singapore	February 2017
Maybank Kim Eng Invest ASEAN 2017	Singapore	March 2017

## INVESTOR OUTREACH

The Managers regularly communicate with the investment community to maintain engagement with existing Stapled Securityholders and to cultivate new relationships with prospective investors. This is done through one-on-one meetings, participation in investor conferences and non-deal roadshows. During such meetings, both existing and prospective investors can have a better understanding of A-HTRUST as the Managers provide updates on A-HTRUST's development and financial performance. Through these meetings, the Managers also seek to enhance the profile of A-HTRUST amongst the investment community. In addition, the Managers also conduct results briefing with analysts via teleconferences every quarter following the release of A-HTRUST's financial results.

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



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

## FINANCIAL CALENDAR

### FY2016/17

12 May 2016	4Q FY2015/16 results announcement
17 June 2016	Payment of distribution for the period from 1 October 2015 to 31 March 2016
27 June 2016	Fourth Annual General Meeting
4 August 2016	1Q FY2016/17 results announcement
9 November 2016	2Q FY2016/17 results announcement
15 December 2016	Payment of distribution for the period from 1 April 2016 to 30 September 2016
26 January 2017	3Q FY2016/17 results announcement

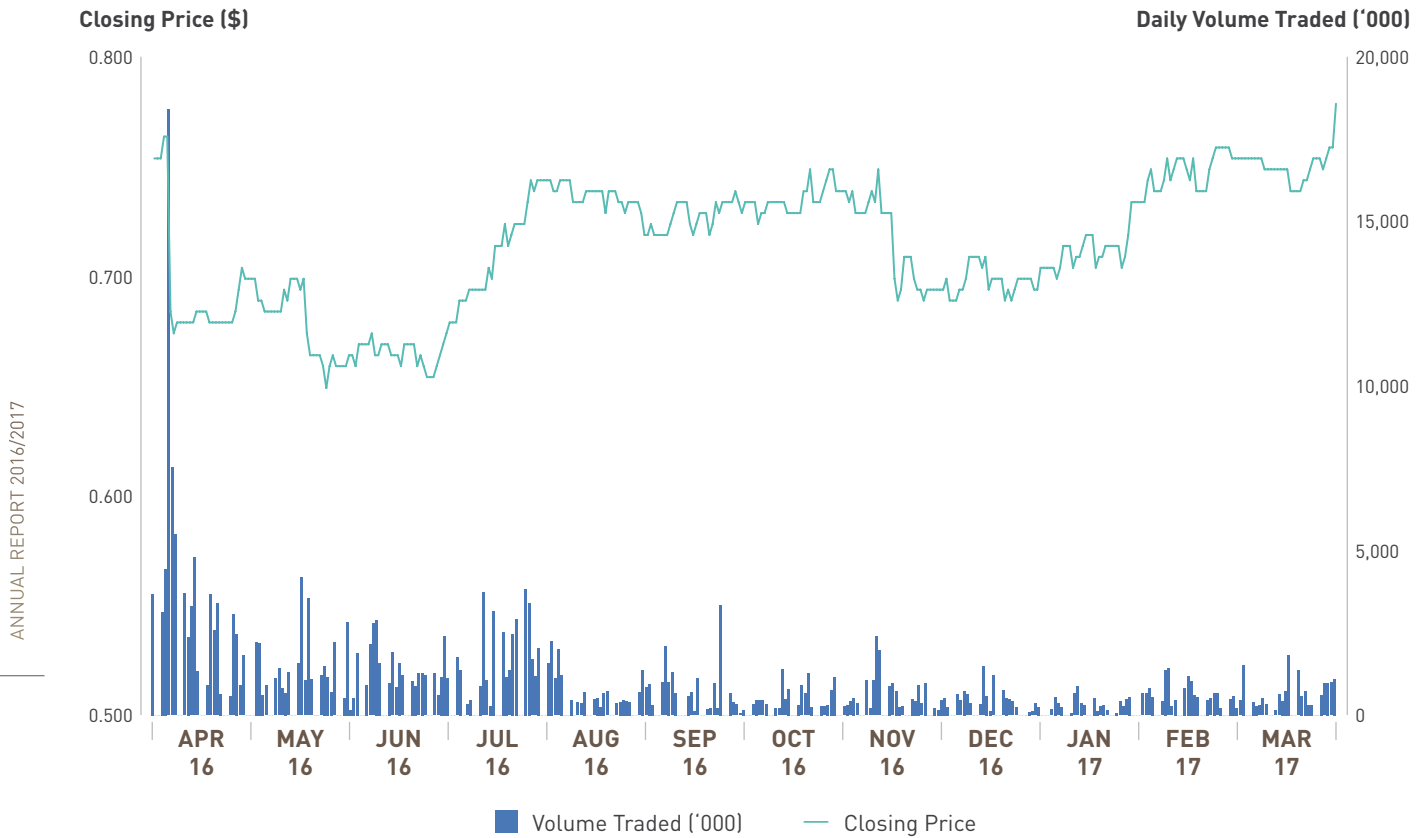
### FY2017/18

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

\* Subject to change

# INVESTOR RELATIONS

## STAPLED SECURITY TRADING PERFORMANCE



### Stapled Security Price Performance

\$

Closing Price as at 31 March 2016

0.750

Closing Price as at 31 March 2017

0.780

Highest Closing Price

0.780

Lowest Closing Price

0.650

### Volume Traded

Number of Stapled Securities ('000)

Total Trading Volume

287,891

Average Daily Traded Volume

1,133

Source: Bloomberg

Assuming the dividends paid during FY2016/17 are reinvested into A-HTRUST, the total return for an investor in FY2016/17 would be 12.4%.



# SUSTAINABILITY REPORT

## MESSAGE FROM CEO

A-HTRUST is pleased to present its inaugural Sustainability Report. As creating a sustainable business environment to achieve long term growth in a competitive corporate world becomes increasingly important, A-HTRUST acknowledges the importance of creating a sustainable business model, through the environmental, social and governance (“ESG”) aspects, while driving the performance of the Trust. Together with Management, the Boards are responsible for identifying and overseeing the management and monitoring of material ESG factors, as it commits to adopting responsible ESG practices in delivering long term value to the Stapled Securityholders. A-HTRUST will strive to continually engage its stakeholders and improve the quality of its sustainability reporting, going forward.

## ABOUT THE SUSTAINABILITY REPORT

This is A-HTRUST’s first sustainability report, which summarizes the ESG topics identified as most important to A-HTRUST and its stakeholders. The report has been prepared in accordance to the sustainability reporting rules as set out by the Singapore

Exchange (“SGX”), and with reference to the universally adopted Global Reporting Initiative (“GRI”) G4 sustainability reporting guidelines, for comparability with peers in the market. While the report has not undergone external assurance, information has been disclosed in good faith and to the best of the Managers’ knowledge.

## Reporting Scope

The sustainability information disclosed in this report covers the period FY2016/17, with prior year (FY2015/16) data for comparison, where available. The Managers have chosen to focus on reporting on the portfolio hotels which are under management contract, for which the Managers retain a semblance of operational control (see full list in Figure 1). The inaugural report will start with the largest portfolio of hotels under management contract which is in Australia, as well as the corporate office in Singapore, with the rest of the hotels under management contract to be included in subsequent years of reporting.

**Figure 1: Properties in Sustainability Reporting Scope**

Portfolio by Country	The Managers	Under management contract with			China Lodging Group	Under master lease arrangement
		Accor	Oakwood	Marriott		
<b>AUSTRALIA</b>						
Pullman Sydney Hyde Park		•				
Novotel Sydney Central		•				
Novotel Sydney Parramatta		•				
Courtyard by Marriot Sydney-North Ryde				•		
Pullman and Mercure Melbourne Albert Park		•				
Pullman and Mercure Brisbane King George Square		•				
<b>CHINA</b>						
Novotel Beijing Sanyuan					•	
Ibis Beijing Sanyuan <sup>1</sup>					•	
<b>JAPAN</b>						
Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo <sup>2</sup>			•			•
Hotel Sunroute Osaka Namba						•
<b>SINGAPORE</b>						
Park Hotel Clarke Quay						•
Corporate Office	•					

1 With effect from 1 January 2016, the hotel management agreements relating to Novotel Beijing Sanyuan and Ibis Beijing Sanyuan (collectively “Beijing Hotels”) have been novated to Huazhu Hotels Group Ltd (also known as China Lodging Group, Limited).

2 Hotel Sunroute Ariake is under master lease arrangement, while Oakwood Apartments Ariake Tokyo is under management contract.

# SUSTAINABILITY REPORT

## SUSTAINABILITY APPROACH

### Stakeholder Engagement

Understanding the needs and concerns of A-HTRUST's diverse stakeholder groups are important to improve A-HTRUST's operational and financial performance, so as to maintain its competitiveness. The Managers frequently seek out the stakeholders' views and a summary of their engagement with key stakeholders has been gathered below (Figure 2):

**Figure 2: A-HTRUST's Stakeholder engagement**

Key Stakeholder Groups	Investment Community and Stapled Securityholders	Employees	Business Partners (i.e. Hotel Operators)	Regulators	Local Communities
<b>Key Topics Of Interest</b>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Key business risks and risk mitigating measures</li> <li>Business strategies</li> <li>Competitive strengths</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for career development and progression</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for asset enhancement</li> <li>Property maintenance</li> <li>Asset performance</li> <li>Business strategies and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with rules and regulation</li> <li>Regulatory updates</li> <li>Consultation on changes</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the less privileged group of local communities</li> <li>Helping to improve lives and environment</li> </ul>
<b>Engagement Methods</b>	<ul style="list-style-type: none"> <li>One-on-one meetings</li> <li>Investor conferences</li> <li>Non-deal roadshows</li> <li>Quarterly results postings</li> <li>Quarterly analyst calls</li> <li>Annual General Meeting</li> <li>Corporate website</li> <li>Emails and discussions</li> <li>Annual reports</li> <li>Announcements</li> <li>Media</li> </ul>	<ul style="list-style-type: none"> <li>Ascendas-Singbridge Employee Forum</li> <li>Welcome briefing by Senior Management for new employees</li> <li>360 Degree Feedback Survey on Leadership</li> <li>OurVoice@ asb (employee engagement survey)</li> <li>Creative Blender (employee suggestion scheme)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly performance review</li> <li>Regular calls and meetings throughout the year</li> <li>Annual budget setting</li> <li>Weekly performance update</li> </ul>	<ul style="list-style-type: none"> <li>Circulars throughout the year</li> <li>Consultations when deemed necessary</li> <li>Round table sessions when deemed necessary</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement activities via Ascendas-Singbridge Gives</li> <li>Charity fundraising activities</li> </ul>
<b>Actions and Goals</b>	<p>The Managers aim to raise the profile of A-HTRUST amongst the investment community. Transparency is key, and the managers keeps the investment community and Stapled Securityholders informed of material developments in a fair and timely manner and providing platforms for them to provide necessary feedback and seek clarifications.</p>	<p>As employees are its foremost assets, the Managers aim to foster a strong sense of unity and identification with the organisation by providing necessary skills and knowledge development, as well as a conducive work environment that promotes teamwork.</p>	<p>The Managers are dedicated to working with their business partners by ensuring that their interests are aligned in the development of the assets. Together, the business risks and opportunities and the corresponding strategies are identified to improve the performance and competitiveness of A-HTRUST's assets.</p>	<p>Non-compliance of rules and regulations may have serious repercussions on the operations of A-HTRUST. Hence, the Managers keep themselves updated of developments in rules and regulations and also provides feedback to regulators on proposed changes in regulations.</p>	<p>With its position as a respected organisation, the Managers are aware of their roles and responsibilities as a considerate corporate citizen and strive to actively contribute to support the needy in the local communities.</p>

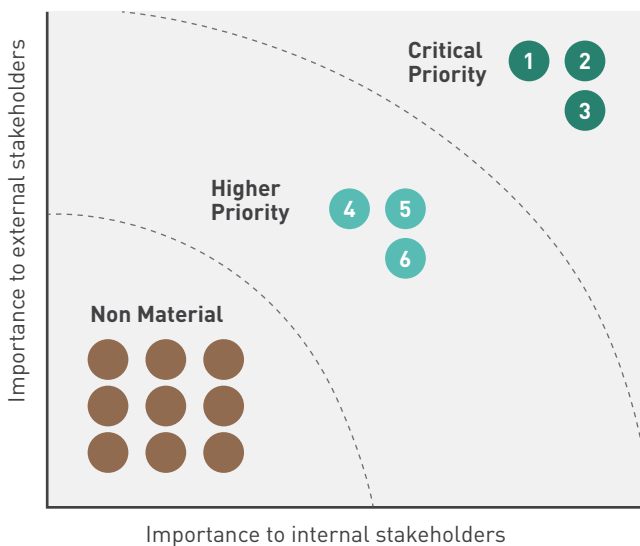
### Spotlight on the Managers' Team Profile

A-HTRUST is supported by a high-performing team of professionals working under the Managers and their related companies, Ascendas Hospitality Australia Fund Management Pty Ltd and Ascendas Japan Incorporated, to actively manage and deliver sustainable and long-term investment returns to the Stapled Securityholders. As at 31 March 2017, the team comprised 19 professionals, made up of 10 male and 9 female employees. Of the 19 professionals, 4 of them made up the senior management team, being the CEO and the heads of department.

### Materiality Assessment

In 2016, the Managers, in consultation with an independent sustainability practitioner, undertook a formal materiality assessment to identify the material ESG factors pertinent to A-HTRUST and its stakeholders. A-HTRUST's materiality definition is guided by the GRI reporting framework, which is defined as reflecting the organisation's significant ESG impacts, and substantively influencing the assessments and decisions of stakeholders. The assessment involved key personnel from the Managers, who, with their frequent interactions with other stakeholders in their day-to-day operations, were able to bring an external perspective to the process. The results of the assessment are reflected in the materiality matrix below, and will help to direct the Managers on which key ESG topics to focus on in the future (Figure 3). As an initial step towards sustainability reporting for the first year, the Managers, with the approval of the Boards, have decided to focus on reporting on the 3 most critical ESG factors this year, and will expand the scope of reporting progressively to other issues, if deemed critical in priority, in the subsequent years.

Figure 3: A-HTRUST's Materiality Matrix



Mapping Material ESG Matters to GRI-G4 Aspects		
No.	ESG Matters	GRI Aspects
1	Corporate Governance <ul style="list-style-type: none"> <li>Governance</li> <li>Business Ethics</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>Ethics and Integrity</li> <li>Compliance</li> </ul>
2	Security of Information	<ul style="list-style-type: none"> <li>Customer Privacy</li> </ul>
3	Energy and Carbon Footprint	<ul style="list-style-type: none"> <li>Energy</li> <li>Emissions</li> </ul>
4	Customer (guests) Satisfaction	<ul style="list-style-type: none"> <li>Product and Service Labelling</li> </ul>
5	Customer (guests) Safety and Security <ul style="list-style-type: none"> <li>Security of Hotels</li> <li>Health, Hygiene and Safety Protection of Guests</li> </ul>	<ul style="list-style-type: none"> <li>Customer Health and Safety</li> </ul>
6	Succession Planning	<ul style="list-style-type: none"> <li>N.A.<sup>3</sup></li> </ul>

<sup>3</sup> There is no corresponding aspect for this ESG topic under the GRI Standards.

# SUSTAINABILITY REPORT

## GOVERNANCE

### Corporate Governance

The Boards and the Management at A-HTRUST firmly believe that high standards of corporate governance serve as a crucial foundation for the continuing success of A-HTRUST in achieving its fundamental objectives. As part of the Ascendas-Singbridge ("ASB") Group, A-HTRUST's corporate governance framework is aligned with the ASB Group direction, and has been developed in line with the Code of Corporate Governance 2012.

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

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

More information on the Managers' corporate governance framework and ERM approach can be found on pages 83 to 103 respectively of the Annual Report. The target is no material breaches or lapses of corporate governance best practices and principles, and the Managers did not record any material breaches or lapses in FY2016/17.

### Business Ethics

The integrity of the Managers builds trust in the Staped Securityholders and other stakeholders. Any lapses could pose as a reputational risk for the Managers. Since the inception of A-HTRUST, the Managers have upheld strict standards of ethical business conduct, establishing, reviewing, and communicating policies and procedures to new and existing employees through mandatory induction programmes and refresher trainings, with an unblemished record to date of zero confirmed cases of corruption. A few of the key policies and procedures, which are aligned with ASB Group, are highlighted below:

#### Anti-Bribery and Corruption Policy and Guidelines

Launched in 2016, the Anti-Bribery and Corruption Policy and Guidelines outlines the procedures for specific circumstances such as providing and/or receiving gifts, donations and sponsorships, as well as the procedures in seeking clearance and approval from the relevant persons. Under the ASB Group's policy and guidelines, any employee found to be receiving,

accepting or condoning a bribe, kickback or any other unlawful payment and attempting to initiate such activities, are clearly stated to be liable to termination along with potential criminal proceedings.

#### Code of Ethics and Conduct

The Code of Ethics and Conduct sets out expected behaviours relating to general employee conduct, workplace harassment, conflict of interest, fraud, gratification, corruption and bribery.

#### Conflict of Interest

The ASB Group takes an active approach to ensure that the Managers and other key employees at A-HTRUST conduct themselves honestly, in good faith and in the best interests of the business. Several procedures are put in place which reiterate the Managers' responsibility for preserving and enhancing public confidence in the integrity of the A-HTRUST by avoiding any conflicts of interest.

#### Whistleblowing Policy

The ASB Group tolerates no improprieties in matters of fraud, theft, dishonest acts, profiteering, corruption, intimidation, discrimination, harassment and other wrongful acts by its employees, service providers or associates. To discourage such acts, the ASB Group has established a Whistleblowing Policy which acts as a channel with well-defined procedures for reporting and investigation. Reports can be made directly to the Audit and Risk Committee of the Managers or to an independent hotline/online channel managed by an external professional organization. These channels are available for use by all employees and all other stakeholders, such as suppliers, contractors and all reports are handled with confidentiality<sup>4</sup>. The target is no material breaches or lapses of business ethics and employee conduct, and the Managers did not record any material breaches or lapses in FY2016/17.

#### Regulatory Compliance

The Managers recognize the risk of regulatory penalties and loss of reputation arising from non-compliances to relevant legal requirements. To ensure all employees keep abreast of relevant changes in the law, a compliance officer from ASB Group, with the support of ASB Group Legal, proactively updates the internal repository of applicable guidelines and best practices. The target is no material breaches of lapses of applicable laws and regulations. In FY2016/17, both A-HTRUST and its Australian hotels did not record any material breaches of relevant laws and regulations in their respective jurisdictions of operations.

<sup>4</sup> For more information on the Whistleblowing Policy, you may refer to this link: <http://www.a-htrust.com/en/contact-us/whistle-blowing-policy>

## Information Security

Protecting the privacy and confidentiality of corporate data and customer data is essential for maintaining the integrity of operating systems. In addition to compliance with relevant laws and regulations such as the Personal Data Protection Act (PDPA) and MAS Technology Risk Management Guidelines (MAS TRMG), the Managers follow the ASB Group Integrated Technology Risk Framework (AITRF) in managing technology risks and reducing the probability of an information security breach. Annual Vulnerability Assessment and Penetration Testing (VAPT) and bi-annual Information Technology (IT) audits are conducted to identify security gaps for improvement. The ASB Group framework, together with the following policies and directives,

is continuously reviewed to address evolving threats. Employee awareness is raised on these policies and directives through the monthly information security newsletter, and a mandatory e-training module on information security (required before new employees are confirmed in their positions).

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

**Figure 4: Targets and performances of Information Security**

Focus Area	FY 2016/17		FY 2017/18
	Targets	Performance	Targets / Actions
Enhancing information security	<ul style="list-style-type: none"> <li>• To implement a two-layer defence solution for electronic mail protection</li> <li>• To deploy 2nd layer of protection against advanced malwares for laptops</li> </ul>	Roll-out completed with effective results	<ul style="list-style-type: none"> <li>• To integrate with existing security information and event management (SIEM) software for a holistic view of security threats</li> <li>• To integrate with other security devices to cross-share information on malwares</li> </ul>
Substantiated complaints regarding breaches of privacy and losses of data	0 Cases	0 Cases	0 Cases

## Responsible Supply Chain

In the course of managing A-HTRUST, the Managers engage suppliers (including hotel operators) for various services. The Managers recognise that the quality of services is essential in their operations and ensure that the suppliers engaged have the ability to deliver quality services to A-HTRUST and / or its assets. The Managers seek to select reputable suppliers with strong track records and preferably leaders in their field. For engagements that are complex or entail high financial risks, the Managers carry out due diligence on the suppliers which may include ascertaining their financial standing and checking their profile against database of heightened risk individuals and organisations.

# SUSTAINABILITY REPORT

## OUR GREEN FUTURE

Following the 2015 Paris Climate Agreement which formalised the global commitment to combat climate change, governments around the world are taking steps to reduce the environmental impact of their countries. While the Australian government has committed to a target set out to reduce the greenhouse gases (GHG) by 26% to 28% below 2005 levels by 2030<sup>5</sup>, the recent global Climate Change Performance Index (CCPI)<sup>6</sup> placed Australia at 57th out of 61 countries for its climate policies and efforts, signalling that more could be done for climate protection. The Managers recognise their roles as responsible corporate citizens and are proud to be working towards a greener future with its Australian business partners, who are forerunners in the hospitality industry in environmental conservation.

### Energy and Carbon Emissions

The Managers acknowledge the intensive energy consumption and carbon footprint of A-HTRUST's portfolio hotels. As global travel continues to rise, increasing stress will be placed on depleting natural resources to satisfy a growing pool of hotel guests. The operators of A-HTRUST's portfolio hotels in Australia (namely, Accor and Marriott) have put in efforts to achieve reductions in their environmental footprint. Their achievements and their performance are detailed below.

The Australian hotels primarily use electricity from the power grid as the main source of energy. Natural gas liquid is stored for light operational use such as laundry and cooking purposes as well as an emergency backup source in the event of power failure. Energy usage is tracked and monitored regularly in order to gauge the effectiveness of the energy saving initiatives implemented at the hotels.

In FY2016/17, the electrical energy consumption and intensities, which is a measure of the energy use efficiency, remained relatively stable for the Australia hotels (Figure 5). This was also observed for the corresponding carbon emissions and emission intensity (Figure 6) in spite of the influx in the visitors across the hotels, and can be attributed to energy saving measures put in place during the year. Figure 9 provides details on some of these initiatives. There was likewise a drop in the intensity use of direct energy (i.e. natural gas liquid) and its related carbon emissions intensity for the Australia hotels this year (Figures 7 - 8).

Figure 5: Electricity Consumption & Intensity

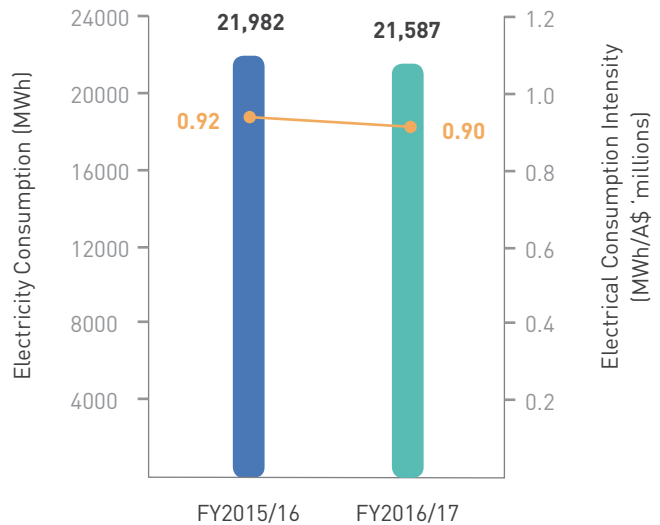
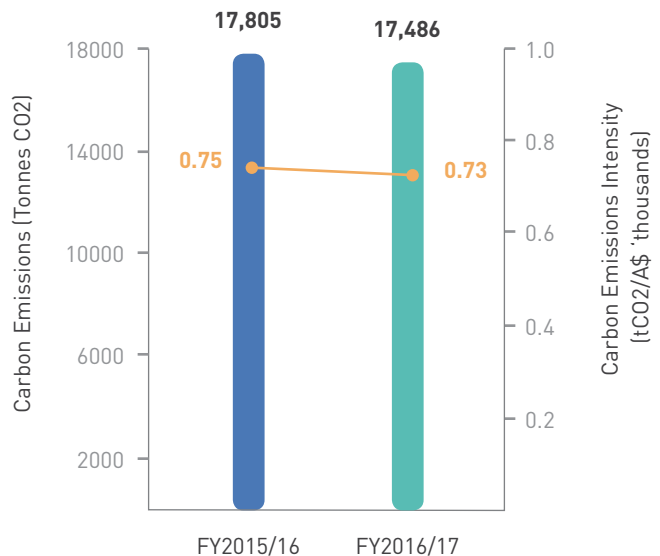


Figure 6: Indirect Carbon Emissions (Scope 2) & Intensity



5 The above information is extracted from the Australian Government Department of Environment and Energy 2030 Emission reduction target.

6 The Climate Change Performance Index (CCPI) Results 2017 is an annual publication by Climate Action Network and Germanwatch which is aimed at enhancing transparency in international climate politics.

Figure 7: Direct Energy Consumption & Intensity

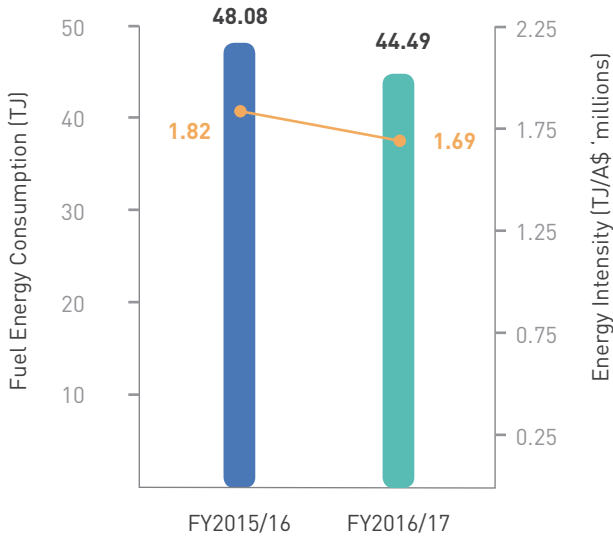


Figure 8: Direct Carbon Emissions (Scope 1) & Intensity

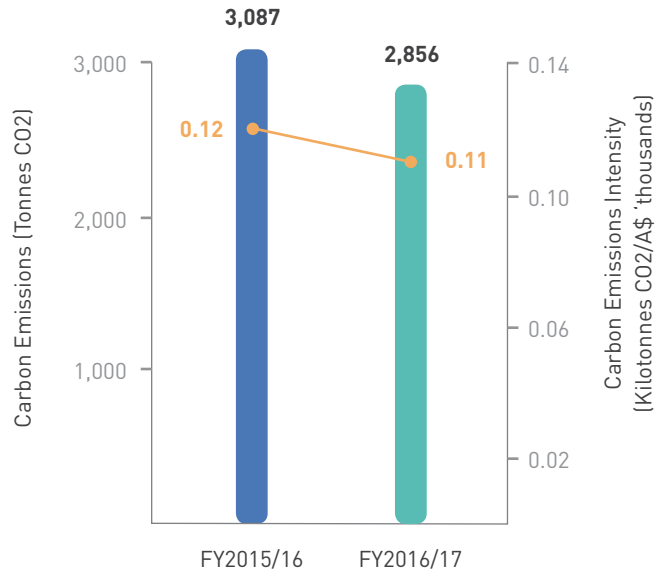


Figure 9: Selected energy Conservation Initiatives in FY2016/17

Selected energy conservation Initiatives in FY2016/17		
Name of Properties	Description of Initiatives	Amounts of Savings
Pullman and Mercure Melbourne Albert Park	<ul style="list-style-type: none"> <li>Conversion of ordinary lightbulbs to energy saving Light-emitting diode (LED) lightbulbs</li> </ul>	313,665 kWh
	<ul style="list-style-type: none"> <li>Use of energy in efficient manner in Conference Spaces such as adjusting the energy use when not utilised</li> <li>Reduces need for air conditioners to work harder during summer by keeping curtains in guest rooms drawn</li> <li>Ensuring that only one room key is issued to the guest to reduce energy usage</li> </ul>	Not Available <sup>7</sup>
	<ul style="list-style-type: none"> <li>Recycling of bottles which are left by the visitors of the hotels</li> </ul>	7,920 tonnes CO2

7 Data is not available due to complexity of calculation.

# SUSTAINABILITY REPORT

## GRI CONTEXT INDEX

### GENERAL STANDARD DISCLOSURES

Disclosure	Description	Cross-Reference/ Direct Answer
<b>Strategy and analysis</b>		
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Message from CEO, page 71
<b>Organisational profile</b>		
G4-3	Name of the organisation	Corporate Profile, Annual Report FY2016/17, page 4
G4-4	Primary brands, products, and/or services	Corporate Profile, Annual Report FY2016/17, page 4
G4-5	Location of organisation's headquarters	Corporate Information, inside back cover
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Corporate Profile, Annual Report FY2016/17, page 4
G4-7	Nature of ownership and legal form	Trust Structure, Annual Report FY2016/17 page 6
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Portfolio Summary, Annual Report FY2016/17, page 24
G4-9	Scale of the reporting organisation	Corporate Profile, Financial Highlights, Annual Report FY2016/17, pages 4,7
G4-10	Total workforce by employment type, gender, employment contract and region	Spotlight on the Manager's Team Profile, page 73
G4-11	Percentage of employees covered by collective bargaining agreements	All employees within the scope of this report are not covered by collective bargaining agreements, as they are professionals in nature.
G4-12	Description of the organisation's supply chain	Responsible Supply Chain, page 75
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	N.A.
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Corporate Governance, pages 74 and 83
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Tripartite Alliance for Fair & Progressive Employment (TAFEP)
G4-16	Memberships in associations (such as industry associations)	<ul style="list-style-type: none"> <li>- REIT Association of Singapore (REITAS)</li> <li>- Hoftel Asia Ltd</li> <li>- Singapore Business Federation (SBF)</li> </ul>
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures (list all entities in the consolidated financial statements)	Trust Structure, Annual Report FY2016/17, page 6
G4-18	Process for defining report content and the aspect boundaries and explain how the reporting principles has been implemented	Materiality Assessment, page 73
G4-19	List all material aspects identified	Materiality Assessment, page 73



## GENERAL STANDARD DISCLOSURES

Disclosure	Description	Cross-Reference/ Direct Answer
<b>Strategy and analysis</b>		
G4-20	The aspect boundary within the organisation: whether the aspect is material within the organisation; the list of entities included in G4-17 for which the aspect is or is not material; specific limitation regarding the aspect boundary within the organisation	Reporting Scope, page 71
G4-21	The aspect boundary outside the organisation: whether the aspect is material outside the organisation; the list of entities for which the aspect is material, relate to geographical location; specific limitation regarding the aspect boundary outside the organisation	Reporting Scope, page 71
G4-22	Explanation of the effect of any restatements	N.A., as this is the first report.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	N.A., as this is the first report.
<b>Stakeholder Engagement</b>		
G4-24	List of stakeholder groups engaged by the organisation	Stakeholder Engagement , page 72
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement , page 72
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement , page 72
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting; report the stakeholder groups that raised each of the key topics and concerns	Stakeholder Engagement , page 72
<b>Report Profile</b>		
G4-28	Reporting period	Reporting Scope, page 71
G4-29	Date of most recent previous report	Corporate Social Responsibility, Annual Report FY2015/16
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding the report or its contents	Corporate Information, inside back cover
G4-32	A. Report the 'in accordance' option the organisation has chosen B. Report the GRI content index for the chosen option	About the Sustainability Report, page 71
G4-33	Policy and current practice with regard to seeking external assurance for the report	About the Sustainability Report, page 71
<b>Governance</b>		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Corporate Governance, Annual Report FY2016/17, page 83
G4-38	Composition of the highest governance body and its committees	Corporate Governance, Annual Report FY2016/17, page 85
G4-39	Whether chair of the highest governance body is also an executive officer	Corporate Governance, Annual Report FY2016/17, page 86

# SUSTAINABILITY REPORT

## GENERAL STANDARD DISCLOSURES

Disclosure	Description	Cross-Reference/ Direct Answer
<b>Governance</b>		
G4-40	Nomination and selection process for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Corporate Governance, Annual Report FY2016/17, page 86
G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance, Annual Report FY2016/17, page 97
G4-51	Remuneration policies for the highest governance body and senior executives	Corporate Governance, Annual Report FY2016/17, page 89
G4-52	Process for determining remuneration	Corporate Governance, Annual Report FY2016/17, page 89
<b>Ethics and Integrity</b>		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Business Ethics, page 74
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Business Ethics, page 74

## SPECIFIC STANDARD DISCLOSURES

Disclosure	Description	Cross-Reference/ Direct Answer
<b>Environmental</b>		
<b>Energy</b>		
EN3	Energy consumption within the organisation	Our Green Future, pages 76 and 77
EN5/CRE1	Energy intensity	Our Green Future, pages 76 and 77
EN6	Reduction of energy consumption	Our Green Future, pages 76 and 77
EN7	Reductions in energy requirements of products and services	Our Green Future, page 77
<b>Emissions</b>		
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Our Green Future, page 77  Direct GHG emissions resulting from the use of natural liquid gas for the purpose of cleaning and kitchen use
EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	Our Green Future, page 76
EN18/ CRE3	Greenhouse gas (GHG) emissions intensity	Our Green Future, pages 76 and 77
EN19	Reduction of greenhouse gas (GHG) emissions	Our Green Future, page 76
<b>Compliance</b>		
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Regulatory Compliance, page 74

**SPECIFIC STANDARD DISCLOSURES**

Disclosure	Description	Cross-Reference/ Direct Answer
<b>Social</b>		
<b>Anti-Corruption</b>		
S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Business Ethics, page 74
S04	Communication and training on anti-corruption policies and procedures	Business Ethics, page 74
S05	Confirmed incidents of corruptions and actions taken	Business Ethics, page 74
<b>Compliance</b>		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Regulatory Compliance, page 74
<b>Product Responsibility</b>		
<b>Customer Privacy</b>		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Information Security, page 75
<b>Compliance</b>		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Regulatory Compliance, page 74



## CORPORATE GOVERNANCE

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

Ascendas Hospitality Fund Management Pte. Ltd., as the Manager of Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) (“REIT Manager”) and Ascendas Hospitality Trust Management Pte. Ltd., as the Trustee-Manager of Ascendas Hospitality Business Trust (“A-HBT”) (“Trustee-Manager”), believe that effective corporate governance is critical to the performance and the success of A-HTRUST. The REIT Manager and the Trustee-Manager (collectively, the “Managers”) remain focused on complying with the principles and requirements of prevailing legislation, regulations and codes (“relevant regulations”), including the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (“Code”) in Singapore.

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

### THE MANAGERS OF A-HTRUST

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

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

Other key functions and responsibilities of the Managers include:

1. conducting all transactions on behalf of A-HTRUST at arm’s length;
2. approving and implementing A-HTRUST’s business plan and budget;
3. ensuring compliance with prevailing laws and regulations, such as those contained in the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Code on Collective Investment Schemes (“CIS”) including the Property Funds Appendix issued by the Monetary Authority of Singapore (the “MAS”), the Capital Markets Services (“CMS”) licence for REIT Management issued by the MAS, the Securities and Futures Act, Chapter 289 of Singapore (“SFA”), the Business Trusts Act, the Managers’ obligations under the A-HREIT and A-HBT Trust Deeds and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of A-HTRUST and the Stapled Securityholders;
4. ensuring the execution of works by the appointed hotel managers that provide hotel management and marketing services for the properties held by A-HTRUST, pursuant to the relevant hotel management agreements; and
5. monitoring and updating a framework of prudent and effective controls which enable financial, operational and compliance risks, to be assessed and managed.

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

## CORPORATE GOVERNANCE

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

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

### (A) BOARD MATTERS

#### Principle 1: The Boards’ Conduct of Affairs

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

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

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

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

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

The Boards meet every quarter to review the performance of A-HTRUST. The Boards also oversee the risks relating to the assets of A-HTRUST, examine liabilities and comments from the auditors of A-HTRUST and ensure that measures are implemented to address recommendations. When necessary, additional Board meetings are held to approve transactions or resolve issues.

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

## CORPORATE GOVERNANCE

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

- Audit and Risk Committee (“ARC”), following the merger of the Audit Committee (“AC”) and the Board Risk Committee (“BRC”) on 4 August 2016;
- Investment Committee (“IC”);
- Remuneration Committee (“RC”); and
- Nominating Committee (“NC”).

AC and BRC were merged into a single ARC so that the risk profile for A-HTRUST’s business and operations would be better assessed and addressed by a single committee.

Board composition and members of the respective Board Committees in FY2016/17 are:

<b>Board members</b>	<b>Audit Committee</b>	<b>Investment Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>	<b>Board Risk Committee</b>	<b>Audit and Risk Committee</b>
Mr Miguel Ko <sup>1</sup>		C		M		
Mr Lim Neo Chian <sup>2</sup>		M	C	C		
Mr Benson Puah Tuan Soon <sup>3</sup>			M	C	C	M
Mr Manohar Khiatani <sup>4</sup>		M	M	M		
Mr Chia Nam Toon <sup>5</sup>		M			M	
Mr Tan Juay Hiang **						
Mr Chia Kim Huat <sup>6</sup>		M		M		M
Dr Choo Kian Koon, Steven <sup>7</sup>	M	M	C			
Dr Ho Kim Wai	C					C
Mr Michael Issenberg		M				
Mr Tan Chong Huat <sup>8</sup>	M		M		M	M

C – denotes Chairman; M – denotes Member

AC and BRC were merged into a single ARC with effect from 4 August 2016

<sup>1</sup> Mr Miguel Ko joined the Boards on 15 July 2016, and was appointed Chairman of the Boards on 15 July 2016. He was appointed Member of the NC on 25 July 2016 and Chairman of the IC on 4 August 2016.

<sup>2</sup> Mr Lim Neo Chian retired from the Boards as the Chairman of the Boards on 15 July 2016 and relinquished his role as Chairman of the NC, Chairman of the RC and Member of the IC on 15 July 2016.

<sup>3</sup> Mr Benson Puah Tuan Soon was appointed Chairman of the NC on 25 July 2016, Lead Independent Director and Member of the ARC on 4 August 2016 and relinquished his role as Member of the RC on 4 August 2016.

<sup>4</sup> Mr Manohar Khiatani relinquished his role as Member of the NC on 25 July 2016. He was appointed Member of the IC on 4 August 2016.

<sup>5</sup> Mr Chia Nam Toon retired from the Boards on 6 May 2016 and relinquished his role as Member of the IC and the BRC on 6 May 2016.

<sup>6</sup> Mr Chia Kim Huat joined the Boards on 15 July 2016 and was appointed Member of the NC on 25 July 2016 and Member of the ARC and IC on 4 August 2016.

<sup>7</sup> Dr Choo Kian Koon, Steven relinquished his roles as Chairman of the IC and Member of the AC on 4 August 2016. He remains Member of the IC and was appointed Chairman of the RC on 4 August 2016.

<sup>8</sup> Mr Tan Chong Huat was appointed Member of the RC on 4 August 2016.

## CORPORATE GOVERNANCE

Members and their respective attendance at the Board, AC, IC, RC, NC, ARC and BRC meetings for FY2016/2017 are set out below:

	Board	Audit Committee	Investment Committee	Remuneration Committee	Nominating Committee	Board Risk Committee	Audit and Risk Committee
<b>No of meetings held</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>3</b>
Mr Miguel Ko*	5		2		1		
Mr Lim Neo Chian*	4		1	1	1		
Mr Benson Puah Tuan Soon	9			1	2		3
Mr Manohar Khatani	9		2	1	2		
Mr Chia Nam Toon*	1						
Mr Tan Juay Hiang **	9	3	3	1	1		3
Mr Chia Kim Huat*	5		2		1		3
Dr Choo Kian Koon, Steven	9	3	3				
Dr Ho Kim Wai	8	3					3
Mr Michael Issenberg	4		2				
Mr Tan Chong Huat	7	3					3

\* Mr Miguel Ko was appointed as Chairman and non-executive Director with effect from 15 July 2016.

Mr Lim Neo Chian retired as Chairman and Independent Director with effect from 15 July 2016.

Mr Chia Nam Toon retired as non-executive Director with effect from 6 May 2016.

Mr Chia Kim Huat was appointed as Independent Director with effect from 15 July 2016.

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

### PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

With effect from 15 July 2016, Mr Lim Neo Chian retired as Chairman and Independent Director of the Boards, while Mr Miguel Ko was appointed as non-executive Director and Chairman of the Boards and Mr Chia Kim Huat was appointed as Independent Director. Following these changes to the Boards, the Boards presently consist of nine (9) members, five (5) of whom are independent Directors. The composition of the Boards therefore complies with the Code, which requires at least one-third of the Board to be independent, as well as the REIT Regulations which require at least half the Boards to be independent. The Lead Independent Director is Mr Benson Puah Tuan Soon.

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

The Boards consider that its present size, composition and balance between non-independent and independent Directors are appropriate and allow for a balanced exchange of views, deliberations and debates among members and effective oversight of management.



## CORPORATE GOVERNANCE

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

- Mr Benson Puah Tuan Soon (Lead Independent Director)
- Mr Chia Kim Huat
- Dr Choo Kian Koon, Steven
- Dr Ho Kim Wai
- Mr Tan Chong Huat

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

A-HTRUST has a strategic collaboration agreement with AccorHotels Asia Pacific (AAPC Singapore Pte Ltd) ("Accor"), which allows A-HTRUST to benefit from Accor's technical expertise in hotel management. A-HTRUST may acquire assets from any vendor and is required to grant Accor a right of first offer to manage such newly acquired hotels if such hotels do not have any existing operator. Mr Michael Issenberg, the Chairman and CEO of Accor, is responsible for overseeing Accor's overall development and management activities in the Asia-Pacific region. In view of Accor's collaboration with A-HTRUST, Mr Michael Issenberg is considered a non-independent Director.

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

The profiles of the Directors are set out on pages 14 to 18 of the Annual Report.

### PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

### PRINCIPLE 4: BOARD MEMBERSHIP

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

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

- whether the Director has given sufficient time and attention to the affairs of the Managers and A-HTRUST, in particular, when a Director holds multiple directorships; and

## CORPORATE GOVERNANCE

- whether the Director is able to and has been adequately carrying out his duties as a Director.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. As a guide, Directors should not have more than six (6) listed company board representations so that they are able to commit time and effort to carry out duties and responsibilities effectively.

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

Upon their appointment to the Boards, the newly appointed Directors are given a letter setting out the Director's duties, obligations and responsibilities, together with the Trust Deeds and other relevant information and documentation relating to A-HTRUST and the Managers. They are also briefed on the business activities of A-HTRUST, its business plan, the regulatory environment in which A-HTRUST operates, its corporate governance practices and their statutory duties and responsibilities as Directors.

Directors are also kept updated on revisions to relevant laws and regulations as well as on relevant areas that may impact the business, through presentations and briefing sessions. The Managers support the Directors who receive further relevant training in connection with their duties. In the year under review, none of the independent Directors have served on the Boards for more than nine years from the date of their first appointment.

Key information regarding the Directors, such as their academic and professional qualifications, the committees served on, the date of first appointment as a Director, directorships, both present and those held over the last three years in other listed companies, and other major appointments, is disclosed on pages 14 to 18 of the Annual Report.

### PRINCIPLE 5: BOARD PERFORMANCE

The Boards' performance is reviewed annually to assess the effectiveness of the Boards as a whole and the contribution by each Director to the effectiveness of the Boards. The review includes assessing the Directors' commitment, attendance and ability to contribute effectively at meetings, the Board composition, access to information, processes, risk management, board committees, strategic planning, accountability and oversight, and standards of conduct. Each Director is required to complete a Board Evaluation Questionnaire (the "Questionnaire") and is allowed to individually express his personal and confidential assessment of the Boards' overall effectiveness in accomplishing its goals and discharging its responsibilities. This provides insights into the functioning of the Boards, while identifying areas that might need strengthening and development. Based on responses to the Questionnaire returned by each Director, a consolidated report is prepared and presented to the NC and the Boards. The NC will evaluate the responses and provide its comments and recommendations to the Boards on any changes that should be made to help the Boards discharge its duties more effectively. Accordingly, the annual review of the Boards' performance was carried out for FY2016/17.

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

### PRINCIPLE 6: ACCESS TO INFORMATION

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

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

## CORPORATE GOVERNANCE

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

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

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

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

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

### (B) REMUNERATION MATTERS

#### PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

#### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

#### PRINCIPLE 9: DISCLOSURE ON REMUNERATION

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

The Managers have established the RC which comprises three (3) Directors, the majority of whom, including the Chairman, are independent. The members of the RC are Dr Choo Kian Koon, Steven (Chairman), Mr Manohar Khiatani and Mr Tan Chong Huat. The RC has clear terms of reference and its primary duty and responsibility is to recommend to the Boards a framework of remuneration for the Boards and key executive officers, and the specific remuneration packages for each Director as well as for key executive officers including the CEO. The RC is also responsible for recommending the annual targets which are measurable to drive the performance of A-HTRUST and the Managers.

#### DIRECTORS’ REMUNERATION

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

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

#### KEY EXECUTIVE OFFICERS’ REMUNERATION

The Managers advocate a performance-based remuneration system for key executive officers of the Managers. The remuneration structure is designed with the objective of rewarding, motivating and retaining the individual to stay competitive and relevant. The principles governing the Managers’ remuneration policy for its key executive officers are as follows:

## CORPORATE GOVERNANCE

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

For FY2016/17, the total remuneration mix of key executive officers comprises a fixed annual salary, short-term incentives including benefits-in-kind and long-term incentives:

- a. The fixed annual salary includes a base salary, fixed allowances and compulsory employer's CPF contribution.
- b. The short-term incentive is essentially tied to the performance of A-HTRUST and the individual. The key performance indicators of A-HTRUST include Distribution per Stapled Security ("DPS"), Net Property Income ("NPI") and Total Stapled Securityholder Return ("TSR"), all of which are aligned to the interests of Stapled Securityholders.
- c. The long-term incentive is tied to the Ascendas-Singbridge Group performance. As the Managers are subsidiaries of the Ascendas-Singbridge Group, employees of the Managers are part of the larger group which allows the Managers increased flexibility and effectiveness to reward and motivate them with better career growth and exposure. The Managers will be in an advantageous position to attract and retain qualified key executive officers and employees. This will also provide continual development of talent and renewal of leadership for sustaining the long term business growth of A-HTRUST. Therefore, the rationale for granting the long-term incentive is aligned with Stapled Securityholders' interests. The long-term incentive pay-outs are conditional upon the achievement of pre-determined performance targets set by the Ascendas-Singbridge Board for a performance period of three years.

The RC is of the view that remuneration is aligned to FY2016/17 performance and that all the performance conditions used to determine the remuneration of key executive officers of the Managers were met.

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

The Managers have decided (a) to disclose the CEO's remuneration in bands of \$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Managers in bands of \$250,000, and (c) to disclose the total remuneration of the top five (5) key executives of the Managers (including the CEO). In arriving at its decision, the Managers took into account the sensitivity and confidential nature of remuneration matters and the competitive nature of the business environment in which the Managers operate, to ensure stability and continuity of the management team. The Managers are of the view that disclosure in such manner is not prejudicial to the interests of the Stapled Securityholders as the indicative range for the CEO's remuneration, as well as the total remuneration for the top five (5) key executives (including the CEO), is made known to the Stapled Securityholders. In addition, sufficient information is provided on the Managers' remuneration framework to enable the Stapled Securityholders to understand the link between A-HTRUST's performance and the remuneration of the top five (5) key executives (including the CEO). Lastly, the remuneration of the top five (5) key executives (including the CEO) of the Managers is paid out of the fees that the Managers receive (of which the quantum and basis have been disclosed), rather than the assets of A-HTRUST.

Remuneration of Directors and key executive officers of the Managers is paid in cash. There were no employees of the Managers who were immediate family members of a Director or the CEO in FY2016/17. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

## CORPORATE GOVERNANCE

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

The fees paid/payable to the Directors of the Managers for FY2016/17 are as follows:

### DIRECTORS' FEES <sup>1</sup>

BOARD MEMBERS	FY2016/17
Mr Miguel Ko <sup>2</sup>	\$79,200
Mr Lim Neo Chian	\$37,808
Mr Benson Puah Tuan Soon	\$85,397
Mr Manohar Khiatani <sup>2</sup>	\$62,658
Mr Chia Nam Toon <sup>2</sup>	\$5,699
Mr Tan Juay Hiang	N.A.
Mr Chia Kim Huat	\$57,863
Dr Choo Kian Koon, Steven	\$74,646
Dr Ho Kim Wai	\$85,154
Mr Michael Issenberg <sup>3</sup>	\$50,750
Mr Tan Chong Huat	\$71,327

N.A.: Not Applicable.

- Inclusive of attendance fees of (a) \$1,000 per meeting attendance in person, (b) \$1,000 per meeting via teleconferencing or video conferencing, (c) \$500 per meeting attendance allowance for ad-hoc meeting with Management, (d) an additional \$500 per day for overseas attendance allowance. Directors' fees are subject to the approval of the Managers' parent entity.
- Mr Miguel Ko, Mr Manohar Khiatani and Mr Chia Nam Toon have elected to waive their Directors' fees for the financial year ended 31 March 2017.
- Directors' fees paid/payable to Mr Michael Issenberg was/will be paid in cash to AHDF Pte Ltd, an indirect wholly owned subsidiary of Accor S.A..

The remuneration of the CEO in bands of \$250,000, and a breakdown of the remuneration of the top five (5) key executives (including the CEO) of the Managers in percentage terms, are provided below:-

### Top Five Key Executives Remuneration for FY2016/17

Total Remuneration Bands	Fixed Compensation and employer's CPF <sup>1</sup>	Short-term Incentives and employer's CPF <sup>2</sup>	Long-term Incentives <sup>3</sup>	Total
Above \$750,000 to \$1,000,000				
1. Mr Tan Juay Hiang	45%	49%	6%	100%
2. Ms Lim San San, Susanna				
3. Mr Bernard Teo	70%	22%	8%	100%
4. Ms Pang Hui Siang <sup>4</sup>				
5. Mr Tan Yoon Peng <sup>5</sup>				
Total for top five (5) key executives (including the CEO) : \$1,505,717				

## CORPORATE GOVERNANCE

1. The amount disclosed includes base salary, Annual Wage Supplement, allowances, other fixed benefits and employer's CPF contribution accrued for FY2016/17.
2. The amount disclosed includes bonuses and other variable benefits accrued for FY2016/17.
3. This refers to the FY2016/17 grant. The pay-out will be based on the achievement of the pre-determined performance targets over a period of three years.
4. Ms Pang Hui Siang (previously Head, Investments) was transferred to another business unit of the Ascendas-Singbridge Group on 1 May 2016. The fixed remuneration disclosed was pro-rated based on her service period. Her eligibility for both FY2016/17 short-term incentive and long-term incentive granted during the year with the Managers shall lapse in accordance with the Managers' policy.
5. Mr Tan Yoon Peng was appointed as Head, Investments with effect from 1 January 2017. The total remuneration disclosed was pro-rated based on his service period.

### (C) ACCOUNTABILITY AND AUDIT

#### PRINCIPLE 10: ACCOUNTABILITY

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

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

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

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

#### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

##### *Risk Management*

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

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

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

## CORPORATE GOVERNANCE

### *Internal Controls*

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

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

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

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

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

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

### *Directors' Opinion on Internal Controls*

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

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

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

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

## CORPORATE GOVERNANCE

Based on the system of risk management and internal controls established and maintained by the Managers, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Boards, and the assurance from the CEO and CFO of the Managers, the Boards concur with the ARC and are of the opinion that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks of A-HTRUST and its subsidiaries were adequate and effective as at 31 March 2017 in addressing material risks.

### PRINCIPLE 12: AUDIT AND RISK COMMITTEE

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

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

The core functions and responsibilities of the ARC are set out in the ARC's written terms of reference and comprise oversight of the integrity of the financial statements and related disclosures, oversight, assessment and review of internal controls, review of the internal and external auditors' findings on internal controls, making recommendations to the Boards on the appointment, reappointment of the external auditor and the remuneration of the external auditor. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports. The ARC is responsible for the nomination of external auditors and reviewing the adequacy of existing audits in respect of cost, scope and performance. The ARC also reviews the quarterly and annual financial statements before submission to the Boards for approval, including any Interested Party Transactions ("IPTs").

For the financial year under review, the ARC (inclusive of the AC) met six (6) times and has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC has also met with the external and internal auditors without the presence of Management. The aggregate amount of fees paid and payable by A-HTRUST and its subsidiaries to the external auditors for FY2016/17 was \$788,000, of which audit and non-audit fees amounted to \$563,000 and \$225,000, respectively. In recommending the appointment of the audit firm for A-HTRUST, the ARC is satisfied that A-HTRUST has complied with the requirements of Rules 712 and 715 of the Listing Manual of the SGX-ST.

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

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

In the review of the financial statements for FY2016/17, the ARC has discussed the following key audit matter identified by the external auditors with Management:



## CORPORATE GOVERNANCE

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

### EXTERNAL AUDIT

Ernst & Young LLP ("EY") was re-appointed as the external auditor for A-HTRUST for FY2016/17.

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

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

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

### PRINCIPLE 13: INTERNAL AUDIT

A-HTRUST's internal audit function is outsourced to KPMG LLP ("KPMG"), an international auditing firm. Staffed by qualified executives, KPMG has unrestricted access to the ARC. KPMG reports to the Chairman of the ARC and is guided by the Standards for the Professional Practice of Internal Auditing. These standards cover attributes as well as performance and implementation standards.

### (D) STAPLED SECURITYHOLDERS RIGHTS AND RESPONSIBILITIES

#### PRINCIPLE 14: STAPLED SECURITYHOLDERS' RIGHTS

#### PRINCIPLE 15: COMMUNICATION WITH STAPLED SECURITYHOLDERS

#### PRINCIPLE 16: CONDUCT OF STAPLED SECURITYHOLDERS' MEETINGS

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

## CORPORATE GOVERNANCE

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

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

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

Stapled Securityholders are informed of meetings through notices accompanied by annual reports or circulars sent to them. Stapled Securityholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Any Stapled Securityholders who are not able to attend these meetings are allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Members of the Boards together with the external auditors will be in attendance at these meetings to address questions from Stapled Securityholders.

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

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

### (E) ADDITIONAL INFORMATION

#### TRADING OF STAPLED SECURITIES

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

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

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

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

## CORPORATE GOVERNANCE

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

### DEALING WITH CONFLICTS OF INTEREST

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

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

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

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

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

### DEALING WITH INTERESTED PARTY TRANSACTIONS

#### REVIEW PROCEDURES FOR INTERESTED PARTY TRANSACTIONS

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

## CORPORATE GOVERNANCE

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

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

In addition, the following procedures have been undertaken:

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

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

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

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

## CORPORATE GOVERNANCE

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes, save in respect of the guidelines on disclosure of remuneration where the Managers have provided the reasons under Remuneration Matters on pages 89 to 92 of the Corporate Governance Report in relation to the remuneration of the top five (5) executive officers (including the CEO) of the Managers.</p> <p>The information under Remuneration Matters on pages 89 to 92 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors and key executives, and performance.</p>
<b>BOARD RESPONSIBILITY</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to Principle 1 on The Boards' Conduct of Affairs.
<b>MEMBERS OF THE BOARD</b>		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>Please refer to Principle 4 on Board Membership.</p> <p>Please refer to Principle 2 on Board Composition and Guidance.</p> <p>Please refer to Principle 2 on Board Composition and Guidance and Principle 4 on Board Membership.</p>
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance.
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes. Please refer to Principle 4 on Board Membership.</p> <p>Please refer to Principle 4 on Board Membership.</p>

## CORPORATE GOVERNANCE

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	As a guide, Directors should not have more than six (6) listed company board representations. Please refer to Principle 4 on Board Membership.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable. Please refer to the response to question relating to Guideline 4.4(a) above.
	(c) What are the specific considerations in deciding on the capacity of directors?	Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance.

### BOARD EVALUATION

Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to Principle 5 on Board Performance.
	(b) Has the Board met its performance objectives?	Based on the Board assessment exercise, the Boards are satisfied that the Boards have achieved the performance objectives for FY2016/17 and that all Directors have demonstrated full commitment to their roles and contributed effectively to the discharge of their duties. Please refer to Principle 5 on Board Performance.

### INDEPENDENCE OF DIRECTORS

Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Please refer to Principle 2 on Board Composition and Guidance.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.

## CORPORATE GOVERNANCE

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Not applicable. None of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.
<b>DISCLOSURE ON REMUNERATION</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to Principle 7 on Procedures for Developing Remuneration Policies, Principle 8 on Level and Mix of Remuneration, and Principle 9 on Disclosure on Remuneration.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of \$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to the response to question relating to Guideline 9.2 above.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to the response to question relating to Guideline 9.2 above.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds \$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	There were no employees of the Managers who were immediate family members of a Director or the CEO during FY2016/17.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to pages 89 to 92 of the Corporate Governance Report on Remuneration Matters.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to the response to question relating to Guideline 9.6(a) above.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to the response to question relating to Guideline 9.6(a) above.

## CORPORATE GOVERNANCE

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
<b>RISK MANAGEMENT AND INTERNAL CONTROLS</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 on Access to Information and Principle 11 on Risk Management and Internal Controls.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The internal audit function is outsourced to KPMG LLP, an international auditing firm. Please refer to Principle 13 on Internal Audit.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to Principle 11 on Risk Management and Internal Controls.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to the response to question relating to Guideline 11.3(a) above.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to Principle 12 on Audit Committee.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to page 95 on External Audit.



## CORPORATE GOVERNANCE

GUIDELINE	QUESTIONS	HOW HAS THE COMPANY COMPLIED?
<b>COMMUNICATION WITH SHAREHOLDERS</b>		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Please refer to Principle 14 on Stapled Securityholders' Rights, Principle 15 on Communication with Stapled Securityholders, and Principle 16 on Conduct of Stapled Securityholders' Meetings.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to the response to question relating to Guideline 15.4(a) above.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. Please refer to the Distribution Statement on page 123 of the Annual Report.

## FINANCIAL STATEMENTS

Report of the Trustee-Manager of Ascendas Hospitality Business Trust	105
Statement by the Chief Executive Officer of the Trustee-Manager	108
Report of the Trustee of Ascendas Hospitality Real Estate Investment Trust	109
Report of the Manager of Ascendas Hospitality Real Estate Investment Trust	110
Statement on Policies and Practices in Relation to the Management and Governance of the Trust	111
Statement on Composition of the Boards of Directors	116
Independent Auditor's Report	117
Income Statements	121
Statements of Comprehensive Income	122
Distribution Statements	123
Statement of Total Return of A-HREIT Group	124
Balance Sheets	125
Statements of Changes in Stapled Securityholders' Funds	128
Statements of Cash Flows	138
Portfolio Statement of A-HREIT Group	140
Notes to the Financial Statements	142

## REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The Directors of Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of Ascendas Hospitality Business Trust (“A-HBT”) (the “Trustee-Manager”), are pleased to present their report to the Stapled Securityholders of Ascendas Hospitality Trust (the “Trust” or “A-HTRUST”) together with the audited financial statements of the A-HBT Group for the financial year ended 31 March 2017.

### OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (a) the consolidated financial statements of A-HTRUST as well as the A-HBT Group as set out on pages 121 to 218 are drawn up so as to give a true and fair view of the financial position of A-HTRUST and of A-HBT Group as at 31 March 2017, and the financial performance, changes in Stapled Securityholders’ funds and cash flows of A-HTRUST and the A-HBT Group, for the financial year ended 31 March 2017 in accordance with the provisions of the Business Trusts Act of Singapore (Chapter 31A) (the “Act”) and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfill, out of the trust property of the A-HBT Group, the liabilities of the A-HBT Group as and when they fall due.

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

- the fees or charges paid or payable out of the trust property of the A-HBT Group to the Trustee-Manager are in accordance with the Trust Deed of A-HBT;
- the interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and
- the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the A-HBT Group or the interest of the Stapled Securityholders as a whole.

### DIRECTORS

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

Mr Miguel Ko (Chairman)	(Appointed 15 July 2016)
Mr Benson Puah Tuan Soon	
Mr Manohar Khatani	
Mr Tan Juay Hiang (Chief Executive Officer)	
Mr Chia Kim Huat	(Appointed 15 July 2016)
Dr Choo Kian Koon, Steven	
Dr Ho Kim Wai	
Mr Michael Issenberg	
Mr Tan Chong Huat	

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose objective was to enable any or all Directors of the Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities in, or debentures of, the Trust.

## REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### DIRECTORS' INTERESTS IN STAPLED SECURITIES OR DEBENTURES OF THE TRUST

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Act, particulars of interests of Directors who hold office at the end of the financial year in the Trust are as follow:

Name of Director	Direct and deemed holdings registered in the name of the director, spouse or infant children					
	Direct At 1 April 2016 or date of appointment	Deemed At 1 April 2016 or date of appointment	Direct At 31 March 2017	Deemed At 31 March 2017	Direct At 21 April 2017	Deemed At 21 April 2017
Mr Miguel Ko	–	–	2,000,000	–	2,000,000	–
Mr Benson Puah Tuan Soon	300,000	–	300,000	–	300,000	–
Mr Manohar Khatani	52,000	–	52,000	–	52,000	–
Mr Tan Juay Hiang	125,000	–	125,000	–	125,000	–
Mr Chia Kim Huat	115,000 <sup>1</sup>	–	115,000	–	115,000	–
Dr Choo Kian Koon, Steven	200,000	–	200,000	–	200,000	–
Dr Ho Kim Wai	110,000	–	110,000	–	110,000	–
Mr Michael Issenberg	–	–	–	–	–	–
Mr Tan Chong Huat	–	–	–	–	–	–

<sup>1</sup> Mr Chia Kim Huat was appointed as Director on 15 July 2016. This reflects his interest in Stapled Securities of the Trust at the date of appointment.

### STAPLED SECURITY OPTIONS

During the financial year, there was:

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

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

### AUDIT AND RISK COMMITTEE

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

Dr Ho Kim Wai (Chairman)	
Mr Benson Puah Tuan Soon	(Appointed 4 August 2016)
Mr Chia Kim Huat	(Appointed 4 August 2016)
Mr Tan Chong Huat	

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

- Review of the audit plan and reports of the external and internal auditors and consideration of the effectiveness of actions/policies carried out by the Management of the Trustee-Manager, including but not limited to evaluation of the system of internal accounting controls, based on the recommendations and observations of the auditors.

## REPORT OF THE TRUSTEE-MANAGER OF ASCENDAS HOSPITALITY BUSINESS TRUST

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### AUDIT AND RISK COMMITTEE (CONT'D)

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

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

### INDEPENDENT AUDITOR

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

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

Miguel Ko  
Chairman

Tan Juay Hiang  
Chief Executive Officer

Singapore  
25 May 2017

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER  
OF THE TRUSTEE-MANAGER**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

Tan Juay Hiang  
Chief Executive Officer

Singapore  
25 May 2017

**REPORT OF THE TRUSTEE OF  
ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Perpetual (Asia) Limited (the "REIT Trustee") is under a duty to take into custody and hold the assets of Ascendas Hospitality Real Estate Investment Trust ("A-HREIT") in trust for the Stapled Securityholders of units in A-HREIT. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual, the REIT Trustee shall monitor the activities of Ascendas Hospitality Fund Management Pte. Ltd. (the "REIT Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Amended and Restated Trust Deed ("Trust Deed") dated 9 July 2012 between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed A-HREIT during the financial year covered by these financial statements set out on pages 121 to 218, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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

Sin Li Choo  
Director

Singapore  
25 May 2017

**REPORT OF THE MANAGER OF**  
**ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

In the opinion of the Directors of Ascendas Hospitality Fund Management Pte. Ltd., the manager of Ascendas Hospitality Real Estate Investment Trust ("A-HREIT") (the "REIT Manager"), the financial statements of the A-HREIT Group, set out on pages 121 to 218, comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds, Portfolio Statement, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio position of the A-HREIT Group as at 31 March 2017, the total returns, movements in Stapled Securityholders' funds, distributable income and cash flows of the A-HREIT Group for the financial year ended 31 March 2017, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Amended and Restated Trust Deed dated 9 July 2012 between the REIT Manager and Perpetual (Asia) Limited (the "REIT Trustee"). At the date of this statement, there are reasonable grounds to believe that the A-HREIT Group will be able to meet their respective financial obligations as and when they materialise.

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

Miguel Ko  
Chairman

Tan Juay Hiang  
Chief Executive Officer

Singapore  
25 May 2017



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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The Board of Directors of the REIT Manager and the Board of Directors of the Trustee-Manager are responsible for safeguarding the interests of the Stapled Securityholders as a whole and managing the business of the Trust. For the financial year ended 31 March 2017, the Directors of the REIT Manager Board are also the Directors of the Trustee-Manager Board (collectively, the “Boards of the Managers”).

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

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

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

### **TRUST PROPERTY PROPERLY ACCOUNTED FOR**

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

### **ADHERENCE TO BUSINESS SCOPE**

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

### **POTENTIAL CONFLICTS OF INTEREST**

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

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

- The Boards of the Managers comprise five independent Directors, who form the majority of the Boards;
- All executive officers are directly employed by the Managers;

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### POTENTIAL CONFLICTS OF INTEREST (CONT'D)

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

### PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

#### (i) Exempted Agreements

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

#### (ii) Future Interested Person Transactions

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

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

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

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

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### INTERESTED PERSON TRANSACTIONS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The interested person transactions for the financial year ended 31 March 2017 are set out below:

Name of Interested Person	Aggregate value of interested person transactions for transactions not conducted under Stapled Securityholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000 each) \$'000
Trustee-Manager's fees paid/payable*	
- Base fee	220
- Performance fee	2,855
- Trustee fee	162
REIT Manager's fees paid/payable*	
- Base fee	1,520
- Performance fee	1,080
Ascendas Hospitality Australia Fund Management Pty Ltd Manager's fees paid/payable*	
- Management fee	2,474
Ascendas Japan Kabushiki Kaisha Manager's fees paid/payable*	
- Management fee	477
Perpetual (Asia) Limited	
- Trustee fee paid/payable to REIT Trustee	162
The Trust Company (Australia) Limited	
- Trustee fee paid/payable to Trustee	176
Oakwood Property Management Services (Tokyo) Co., Ltd <sup>1</sup>	
- Hotel management fee paid/payable	244
Oakwood Asia Pacific Limited <sup>1</sup>	
- Marketing fees and trademark licence fees paid/ payable	114

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

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

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

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### FEES PAYABLE TO THE MANAGERS

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

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

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

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

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

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

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

The base fee and the performance fee are payable to the Managers in the form of cash and/or Stapled Securities (as the Managers may elect). The Managers have elected to receive 50% of both the base fee and performance fee in Stapled Securities and the remainder in cash for the financial year ended 31 March 2017.

For transactions, the Managers are entitled to:

- an acquisition fee at 1% of the value of the underlying real estate (after deducting the interest of any co-owners or co-participants) purchased by the Managers on behalf of the Trust, whether directly or indirectly through a special purpose vehicle ("SPV"), or 1% of the acquisition price of any authorised investment acquired by the Managers on behalf of the Trust; and
- a divestment fee at 0.5% of the value of the underlying real estate (after deducting the interest of any co-owners or co-participants) sold or divested by the Managers on behalf of the Trust, whether directly or indirectly through an SPV, or 0.5% of the sale price of any authorised investment sold or divested by the Managers on behalf of the Trust.

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

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### FEES PAYABLE TO THE MANAGERS (CONT'D)

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

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

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

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

The table below sets out the fees earned by the Managers and the REIT Trustee for the financial year ended 31 March 2017:

	REIT Manager \$'000	REIT Trustee \$'000	Trustee-Manager \$'000
Base Fee	1,520	–	220
Performance Fee	1,080	–	2,855
Trustee Fee	–	162	162
<b>Total</b>	<b>2,600</b>	<b>162</b>	<b>3,237</b>

The expenses charged to the Trust for the financial year ended 31 March 2017 are set out below:

	REIT Manager \$'000	Trustee-Manager \$'000
Travel related expenses	13	31

### COMPLIANCE WITH THE BUSINESS TRUSTS ACT AND LISTING RULES

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

### COMPLIANCE WITH THE REPORTING FRAMEWORK FOR UNIT TRUSTS

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

## STATEMENT ON COMPOSITION OF THE BOARDS OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

Mr Benson Puah Tuan Soon  
Mr Chia Kim Huat  
Dr Choo Kian Koon, Steven  
Dr Ho Kim Wai  
Mr Tan Chong Huat

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

Mr Michael Issenberg is considered a non-independent Director. He is the Chairman and CEO of AccorHotels Asia Pacific (AAPC Singapore Pte Ltd)("Accor") and is responsible for overseeing Accor's overall development and management activities in the Asia-Pacific region. A-HTRUST has a strategic collaboration agreement with Accor, which allows A-HTRUST to benefit from Accor's technical expertise in hotel management.

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited:

- (i) the financial statements of Ascendas Hospitality Real Estate Investment Trust (A-HREIT), which comprise the Balance Sheet and Portfolio Statement as at 31 March 2017, the Statement of Total Return, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year ended 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies;
- (ii) the financial statements of Ascendas Hospitality Business Trust (A-HBT), which comprise the Balance Sheet as at 31 March 2017, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year ended 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies; and
- (iii) the consolidated financial statements of Ascendas Hospitality Trust (A-HTRUST), which comprise the Balance Sheet as at 31 March 2017, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year ended 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies,

as set out on pages 121 to 218. A-HTRUST, which comprises A-HBT and A-HREIT, is hereinafter referred to as the "Stapled Group".

In our opinion,

- (a) the financial statements of A-HREIT present fairly, in all material respects, the financial position and portfolio position of A-HREIT as at 31 March 2017 and the total return, changes in Stapled Securityholders' funds, distributable income and cash flows of A-HREIT for the year ended 31 March 2017 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the A-HREIT Trust Deed; and
- (b) the financial statements of A-HBT and the Stapled Group are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of A-HBT and the Stapled Group as at 31 March 2017 and the results, changes in stapled securityholders' funds and cash flows of A-HBT and the Stapled Group for the year ended 31 March 2017.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

#### Valuation of investment properties and property, plant and equipment

The carrying amounts of investment properties and property, plant and equipment are \$824 million and \$744 million respectively as at 31 March 2017 which account for 47% and 43% of total assets respectively. The valuations of the investment properties and property, plant and equipment are significant to our audit due to their magnitude, their valuations are complex and highly dependent on a range of estimates made by the manager of A-HREIT and trustee-manager of A-HBT (collectively, the "Managers"), and the external appraisers engaged by the Managers. As disclosed in Note 30(d), the investment properties and property, plant and equipment are measured using significant unobservable inputs. The most significant judgements and estimates affecting the valuations are discount rates, capitalisation rates, revenue per available room and occupancy rates used.

The Managers use external appraisers to support their determination of the individual fair value of the investment properties and property, plant and equipment annually. Amongst others, we have considered the objectivity, independence and capability of the external appraisers. In addition, we inquired the external appraisers to obtain an understanding of their valuation models. We assessed the appropriateness of the valuation models and property related data such as operating expenses and property taxes used in the valuation process and adopted by the external appraisers and management. In addition, our internal valuation specialists assisted us in evaluating the appropriateness of the property related data by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. We assessed the appropriateness of the movements in fair value of the investment properties, and the revaluation surplus in the property, plant and equipment. We also assessed the appropriateness of Note 30(d) relating to the assumptions used in the valuation process, given the estimation uncertainty and sensitivity of the valuations. We also assessed the adequacy of the disclosures on the investment properties in Note 14 and property, plant and equipment in Note 16 to the financial statements.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Managers are responsible for the other information. The other information comprises the corporate profile, trust structure, financial highlights, letter to Stapled Securityholders, portfolio summary, financial reviews, operation reviews and corporate governance, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

### **A-HREIT Manager's Responsibilities for the Financial Statements**

The manager of A-HREIT (the "REIT Manager") is responsible for the preparation and fair presentation of the financial statements of A-HREIT in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **A-HBT Trustee-Manager's Responsibilities for the Financial Statements**

The trustee-manager of A-HBT (the "Trustee-Manager") is responsible for the preparation of financial statements of A-HBT and the Stapled Group that give a true and fair view in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the REIT Manager and Trustee-Manager are responsible for assessing the A-HREIT, and A-HBT and the Stapled Group's ability to continue as a going concern respectively, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager and Trustee-Manager either intends to liquidate or to cease operations of A-HREIT, and A-HBT and the Stapled Group respectively, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the A-HREIT, A-HBT and the Stapled Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the A-HREIT, A-HBT and the Stapled Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the A-HREIT, A-HBT and the Stapled Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the A-HREIT, A-HBT and the Stapled Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

ERNST & YOUNG LLP  
Public Accountants and Chartered Accountants

Singapore  
25 May 2017

## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	A-HTRUST		A-HREIT Group		A-HBT Group	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Gross revenue</b>		<b>224,432</b>	<b>215,109</b>	<b>32,628</b>	<b>32,324</b>	<b>209,543</b>	<b>199,097</b>
Gross rental revenue	4	161,760	152,694	31,542	30,849	147,703	137,912
Food and beverage revenue		45,336	45,073	–	–	45,336	45,073
Other income	5	17,336	17,342	1,086	1,475	16,504	16,112
<b>Property expenses</b>		<b>(125,265)</b>	<b>(124,239)</b>	<b>(4,794)</b>	<b>(4,432)</b>	<b>(137,956)</b>	<b>(135,875)</b>
Operations and maintenance expenses	6	(21,340)	(23,013)	(129)	(105)	(21,211)	(22,908)
Hotel management fee		(7,482)	(6,982)	–	–	(7,482)	(6,982)
Property taxes and insurance		(3,671)	(3,601)	(1,579)	(1,437)	(2,092)	(2,164)
Service and other taxes		(4,921)	(5,539)	–	–	(4,921)	(5,539)
Administrative and general expenses		(8,785)	(8,232)	(343)	(93)	(8,442)	(8,139)
Sales and marketing expenses		(9,217)	(8,371)	–	(3)	(9,217)	(8,368)
Staff costs		(54,646)	(51,758)	–	–	(54,646)	(51,758)
Energy and utilities expenses		(8,994)	(8,443)	(2,719)	(2,545)	(6,275)	(5,898)
Other expenses		(6,209)	(8,300)	(24)	(249)	(23,670)	(24,119)
<b>Net property income</b>		<b>99,167</b>	<b>90,870</b>	<b>27,834</b>	<b>27,892</b>	<b>71,587</b>	<b>63,222</b>
Depreciation	16	(26,421)	(24,493)	–	–	(26,421)	(24,493)
Amortisation of prepaid land leases	15	(1,206)	(1,285)	–	–	(1,206)	(1,285)
Finance income	7	897	1,279	88	52	809	1,227
Finance costs	8	(17,704)	(19,192)	(3,287)	(3,504)	(14,417)	(15,688)
Fund management fees	9(a)	(8,626)	(7,810)	(2,864)	(2,621)	(5,762)	(5,189)
Trustees' fees	9(b)	(662)	(615)	(166)	(165)	(496)	(450)
Foreign exchange (loss)/gain, net		(4,152)	(706)	(8,646)	268	4,494	(974)
Other operating expenses	10	(2,100)	(1,968)	(485)	(539)	(1,615)	(1,429)
Net change in fair value of derivative financial instruments	24	8,115	(1,762)	400	(389)	7,715	(1,373)
Net change in fair value of investment properties	14	9,385	145,514	1,144	56,321	8,241	89,193
Write-back of non-capitalisable business acquisition related expenses		–	88	–	–	–	88
<b>Profit before share of results of joint venture</b>		<b>56,693</b>	<b>179,920</b>	<b>14,018</b>	<b>77,315</b>	<b>42,929</b>	<b>102,849</b>
Share of results of joint venture (net of tax)		(3)	4,049	–	–	(3)	4,049
<b>Profit before tax</b>	11	<b>56,690</b>	<b>183,969</b>	<b>14,018</b>	<b>77,315</b>	<b>42,926</b>	<b>106,898</b>
Income tax expense	12	(8,150)	(37,378)	(2,205)	(12,335)	(5,945)	(25,043)
<b>Profit after tax</b>		<b>48,540</b>	<b>146,591</b>	<b>11,813</b>	<b>64,980</b>	<b>36,981</b>	<b>81,855</b>
<b>Profit attributable to:</b>							
Stapled Securityholders of the Trust		48,540	146,591	11,813	64,980	36,929	81,771
Non-controlling interests		–	–	–	–	52	84
		<b>48,540</b>	<b>146,591</b>	<b>11,813</b>	<b>64,980</b>	<b>36,981</b>	<b>81,855</b>
Earnings per Stapled Security attributable to Stapled Securityholders of the Trust, expressed in cents per Stapled Security							
- Basic and diluted (cents)	13	4.33	13.13	1.05	5.82	3.29	7.32

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	A-HTRUST		A-HREIT Group		A-HBT Group	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Profit for the year</b>		<b>48,540</b>	<b>146,591</b>	<b>11,813</b>	<b>64,980</b>	<b>36,981</b>	<b>81,855</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>							
Cash flow hedges – fair value gain/(loss)		265	3,189	(207)	(613)	472	3,802
Cash flow hedges – reclassification to profit or loss upon settlement		138	(524)	–	(342)	138	(182)
Foreign currency translation gain/(loss), net		27,872	(3,699)	18,827	4,981	9,045	(8,680)
		<u>28,275</u>	<u>(1,034)</u>	<u>18,620</u>	<u>4,026</u>	<u>9,655</u>	<u>(5,060)</u>
<b>Item that may not be reclassified to profit or loss:</b>							
Revaluation surplus on freehold land and building (net of tax)		49,645	45,956	–	–	49,645	45,956
<b>Other comprehensive income for the year, net of tax</b>		<b>77,920</b>	<b>44,922</b>	<b>18,620</b>	<b>4,026</b>	<b>59,300</b>	<b>40,896</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>126,460</b>	<b>191,513</b>	<b>30,433</b>	<b>69,006</b>	<b>96,281</b>	<b>122,751</b>
<b>Total comprehensive income for the year attributable to:</b>							
Stapled Securityholders of the Trust		126,460	191,513	30,433	69,006	95,598	122,203
Non-controlling interests		–	–	–	–	683	548
		<u>126,460</u>	<u>191,513</u>	<u>30,433</u>	<u>69,006</u>	<u>96,281</u>	<u>122,751</u>

## DISTRIBUTION STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	A-HTRUST		A-HREIT Group		A-HBT Group	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Income available for distribution to Stapled Securityholders of Stapled Securities at the beginning of the year</b>		-	-	-	-	-	-
<b>Profit for the year</b>		<b>48,540</b>	<b>146,591</b>	<b>11,813</b>	<b>64,980</b>	<b>36,981</b>	<b>81,855</b>
Add/(less):							
REIT Manager's Management fees payable in Stapled Securities		1,431	1,311	1,431	1,311	-	-
Trustee-Manager's Management fees payable in Stapled Securities		2,881	2,497	-	-	2,881	2,497
Depreciation		26,421	24,493	-	-	26,421	24,493
Amortisation of prepaid land leases		1,206	1,285	-	-	1,206	1,285
Write-back of non-capitalisable business acquisition related expenses		-	(88)	-	-	-	(88)
Foreign exchange loss/(gain), net		4,052	1,587	8,649	176	(4,597)	1,411
Net change in fair value of derivative financial instruments		(8,115)	1,947	(400)	487	(7,715)	1,460
Share of results of/distribution from joint venture (net of tax)		3	(3,026)	-	-	3	(3,026)
Loss on disposal of property, plant and equipment		76	718	-	-	76	718
Proceeds from sale of Cairns hotel		-	2,000	-	-	-	2,000
Change in fair value gain of investment properties (net of tax)		(8,613)	(114,268)	(197)	(45,076)	(8,416)	(69,192)
Others		(686)	(1,341)	(567)	(892)	(119)	(449)
Income available for distribution at end of year (before deducting income retained for working capital)		67,196	63,706	20,729	20,986	46,721	42,964
Less:							
Income retained for working capital		(3,305)	(3,161)	-	-	(3,305)	(3,161)
<b>Income available for distribution at end of year (after deducting income retained for working capital)</b>		<b>63,891</b>	<b>60,545</b>	<b>20,729</b>	<b>20,986</b>	<b>43,416</b>	<b>39,803</b>

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

**STATEMENT OF  
TOTAL RETURN OF A-HREIT GROUP**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	A-HREIT Group	
		2017 \$'000	2016 \$'000
<b>Income</b>			
Rental income	4	31,542	30,849
Other income	5	1,086	1,475
		<b>32,628</b>	<b>32,324</b>
<b>Property expenses</b>			
		<b>(4,794)</b>	<b>(4,432)</b>
<b>Less: Expenses</b>			
Finance income	7	88	52
Finance costs	8	(3,287)	(3,504)
Management fees	9(a)	(2,864)	(2,621)
Trustees' fees	9(b)	(166)	(165)
Foreign exchange (loss)/gain, net		(8,646)	268
Other operating expenses	10	(485)	(539)
		<b>(15,360)</b>	<b>(6,509)</b>
<b>Net income</b>			
		<b>12,474</b>	<b>21,383</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net change in fair value of investment properties	14	1,144	56,321
Net change in fair value of derivative financial instruments		400	(389)
<b>Total return for the year before income tax</b>			
		<b>14,018</b>	<b>77,315</b>
Income tax expense	12	(2,205)	(12,335)
<b>Total return for the year</b>			
		<b>11,813</b>	<b>64,980</b>

**BALANCE SHEETS**

AS AT 31 MARCH 2017

	Note	A-HTRUST		A-HREIT Group		A-HBT Group	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Investment properties	14	824,129	788,303	593,293	577,491	230,836	210,812
Prepaid land lease	15	32,665	34,922	–	–	32,665	34,922
Property, plant and equipment	16	744,393	684,016	–	–	744,393	684,016
Investment in joint venture	17	–	26	–	–	–	26
Available-for-sale securities	18	–	–	3,058	3,058	–	–
Derivative financial instruments	24	7,556	2,079	1,227	231	6,329	1,848
Deferred tax assets	12	6,059	6,485	–	–	6,059	6,485
Other non-current assets	19	5,394	5,235	19	22	5,375	5,213
		<u>1,620,196</u>	<u>1,521,066</u>	<u>597,597</u>	<u>580,802</u>	<u>1,025,657</u>	<u>943,322</u>
<b>Current assets</b>							
Inventories		431	369	–	–	431	369
Trade and other receivables	19	13,819	10,853	5,778	4,745	12,696	9,729
Prepayments		4,542	4,594	1,198	1,132	3,344	3,462
Cash and cash equivalents	20	86,213	94,589	23,849	22,931	62,364	71,658
Derivative financial instruments	24	370	154	188	47	182	107
Other current assets	19	337	258	–	–	337	258
		<u>105,712</u>	<u>110,817</u>	<u>31,013</u>	<u>28,855</u>	<u>79,354</u>	<u>85,583</u>
<b>Total assets</b>		<b><u>1,725,908</u></b>	<b><u>1,631,883</u></b>	<b><u>628,610</u></b>	<b><u>609,657</u></b>	<b><u>1,105,011</u></b>	<b><u>1,028,905</u></b>

**BALANCE SHEETS**

AS AT 31 MARCH 2017

	Note	A-HTRUST		A-HREIT Group		A-HBT Group	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade and other payables	21	39,817	47,646	9,604	7,905	34,869	43,363
Deferred income	22	1,904	1,863	134	130	1,770	1,733
Borrowings	23	64,287	57,979	64,287	–	–	57,979
Derivative financial instruments	24	624	3,100	48	242	576	2,858
Income tax payable		1,684	1,311	680	704	1,004	607
		108,316	111,899	74,753	8,981	38,219	106,540
<b>Net current (liabilities)/assets</b>		<b>(2,604)</b>	<b>(1,082)</b>	<b>(43,740)</b>	<b>19,874</b>	<b>41,135</b>	<b>(20,957)</b>
<b>Non-current liabilities</b>							
Other payables	21	466	683	–	–	466	683
Rental and other deposits	21	11,944	11,248	5,412	5,130	6,532	6,118
Deferred income	22	9,151	10,801	702	811	8,449	9,990
Borrowings	23	346,091	400,452	46,940	107,960	299,151	292,492
Deferred tax liabilities	12	67,394	54,901	17,679	15,852	49,715	39,049
Derivative financial instruments	24	4,523	3,748	1,260	917	3,263	2,831
Medium term notes	23	144,794	74,897	49,728	49,432	95,066	25,465
		584,363	556,730	121,721	180,102	462,642	376,628
<b>Total liabilities</b>		<b>692,679</b>	<b>668,629</b>	<b>196,474</b>	<b>189,083</b>	<b>500,861</b>	<b>483,168</b>
<b>NET ASSETS ATTRIBUTABLE TO STAPLED SECURITYHOLDERS</b>		<b>1,033,229</b>	<b>963,254</b>	<b>432,136</b>	<b>420,574</b>	<b>604,150</b>	<b>545,737</b>



**BALANCE SHEETS**

AS AT 31 MARCH 2017

	Note	A-HTRUST		A-HREIT Group		A-HBT Group	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Stapled Securityholders' funds</b>							
Stapled Securities in issue	25	972,627	968,827	415,679	414,653	556,948	554,174
Issue costs	26	(15,761)	(15,761)	(5,994)	(5,994)	(9,767)	(9,767)
Managers' fees payable in Stapled Securities	25	1,472	960	758	353	714	607
Revenue reserve		16,858	29,298	70,027	78,516	(52,492)	(48,743)
Asset revaluation reserve	27(a)	155,955	106,310	–	–	154,324	105,213
Foreign currency translation reserve	27(b)	(96,143)	(124,015)	(48,339)	(67,166)	(47,196)	(56,155)
Hedging reserve	27(c)	(2,574)	(2,977)	5	212	(2,554)	(3,153)
Other reserves	27(d)	795	612	–	–	795	612
		<u>1,033,229</u>	<u>963,254</u>	<u>432,136</u>	<u>420,574</u>	<u>600,772</u>	<u>542,788</u>
<b>Non-controlling interests</b>		–	–	–	–	3,378	2,949
		<u><b>1,033,229</b></u>	<u><b>963,254</b></u>	<u><b>432,136</b></u>	<u><b>420,574</b></u>	<u><b>604,150</b></u>	<u><b>545,737</b></u>
Number of Stapled Securities in issue ('000)		1,124,481	1,119,142	1,124,481	1,119,142	1,124,481	1,119,142
Net asset value per Stapled Security (\$)		<u>0.92</u>	<u>0.86</u>	<u>0.38</u>	<u>0.38</u>	<u>0.54</u>	<u>0.49</u>

**STATEMENT OF CHANGES IN  
STAPLED SECURITYHOLDERS' FUNDS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

## STATEMENT OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### Attributable to Stapled Securityholders of the Trust

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

**STATEMENT OF CHANGES IN  
STAPLED SECURITYHOLDERS' FUNDS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2016 A-HTRUST	Stapled Securities in issue \$'000	Issue costs \$'000	Managers' fees payable in Stapled Securities \$'000
<b>Balance at 1 April 2015</b>	<b>965,035</b>	<b>(15,761)</b>	<b>944</b>
Profit for the year	–	–	–
<u>Other comprehensive income</u>			
Net fair value gain of cash flow hedges	–	–	–
Cash flow hedges – reclassification to profit or loss upon settlement	–	–	–
Revaluation surplus on freehold land and building (net of tax)	–	–	–
Foreign currency translation loss, net	–	–	–
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year, net of tax	–	–	–
<u>Contributions by and distributions to Stapled Securityholders</u>			
Managers' fees paid in Stapled Securities	3,792	–	(3,792)
Managers' fees payable in Stapled Securities	–	–	3,808
Distributions to Stapled Securityholders (Note 34)	–	–	–
Total contributions by and distributions to Stapled Securityholders	3,792	–	16
<u>Others</u>			
Transfer from revenue reserve to other reserves	–	–	–
<b>Balance at 31 March 2016</b>	<b>968,827</b>	<b>(15,761)</b>	<b>960</b>

## STATEMENT OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### Attributable to Stapled Securityholders of the Trust

Revenue reserve \$'000	Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	Hedging reserve \$'000	Other reserves \$'000	Total \$'000
(59,087)	(120,316)	60,354	(5,642)	599	826,126
146,591	-	-	-	-	146,591
-	-	-	3,189	-	3,189
-	-	-	(524)	-	(524)
-	-	45,956	-	-	45,956
-	(3,699)	-	-	-	(3,699)
-	(3,699)	45,956	2,665	-	44,922
146,591	(3,699)	45,956	2,665	-	191,513
-	-	-	-	-	-
-	-	-	-	-	3,808
(58,193)	-	-	-	-	(58,193)
(58,193)	-	-	-	-	(54,385)
(13)	-	-	-	13	-
<b>29,298</b>	<b>(124,015)</b>	<b>106,310</b>	<b>(2,977)</b>	<b>612</b>	<b>963,254</b>

**STATEMENT OF CHANGES IN  
STAPLED SECURITYHOLDERS' FUNDS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

ANNUAL REPORT 2016/2017

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

## STATEMENT OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2016 A-HREIT	Attributable to Stapled Securityholders of the Trust						
	Stapled Securities in issue	Issue costs	Managers' fees payable in Stapled Securities	Revenue reserve	Foreign currency translation reserve	Hedging reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2015</b>	413,379	(5,994)	316	33,810	(72,147)	1,167	370,531
Profit for the year	–	–	–	64,980	–	–	64,980
<u>Other comprehensive income</u>							
Net fair value loss of cash flow hedges	–	–	–	–	–	(613)	(613)
Cash flow hedges – reclassification to profit or loss upon settlement	–	–	–	–	–	(342)	(342)
Foreign currency translation gain, net	–	–	–	–	4,981	–	4,981
Other comprehensive income for the year, net of tax	–	–	–	–	4,981	(955)	4,026
Total comprehensive income for the year, net of tax	–	–	–	64,980	4,981	(955)	69,006
<u>Contributions by and distributions to Stapled Securityholders</u>							
Managers' fees paid in Stapled Securities	1,274	–	(1,274)	–	–	–	–
Managers' fees payable in Stapled Securities	–	–	1,311	–	–	–	1,311
Distributions to Stapled Securityholders (Note 34)	–	–	–	(20,274)	–	–	(20,274)
Total contributions by and distributions to Stapled Securityholders	1,274	–	37	(20,274)	–	–	(18,963)
<b>Balance at 31 March 2016</b>	<b>414,653</b>	<b>(5,994)</b>	<b>353</b>	<b>78,516</b>	<b>(67,166)</b>	<b>212</b>	<b>420,574</b>

ASCENDAS HOSPITALITY TRUST

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

**STATEMENT OF CHANGES IN  
STAPLED SECURITYHOLDERS' FUNDS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2017 A-HBT	Stapled Securities in issue \$'000	Issue costs \$'000	Managers' fees payable in Stapled Securities \$'000	Revenue reserve \$'000
<b>Balance at 1 April 2016</b>	554,174	(9,767)	607	(48,743)
Profit for the year	-	-	-	36,929
<u>Other comprehensive income</u>				
Net fair value gain of cash flow hedges	-	-	-	-
Cash flow hedges – reclassification to profit or loss upon settlement	-	-	-	-
Revaluation surplus on freehold land and building (net of tax)	-	-	-	-
Foreign currency translation gain, net	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	-	36,929
<u>Contributions by and distributions to Stapled Securityholders and non-controlling interests</u>				
Managers' fees paid in Stapled Securities	2,774	-	(2,774)	-
Managers' fees payable in Stapled Securities	-	-	2,881	-
Distributions to Stapled Securityholders (Note 34)	-	-	-	(40,495)
Dividend paid to non-controlling interests	-	-	-	-
Total contributions by and distributions to Stapled Securityholders and non-controlling interests	2,774	-	107	(40,495)
<u>Others</u>				
Transfer from revenue reserve to other reserves	-	-	-	(183)
<b>Balance at 31 March 2017</b>	<b>556,948</b>	<b>(9,767)</b>	<b>714</b>	<b>(52,492)</b>



## STATEMENT OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### Attributable to Stapled Securityholders of the Trust

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

**STATEMENT OF CHANGES IN  
STAPLED SECURITYHOLDERS' FUNDS**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2016 A-HBT	Stapled Securities in issue \$'000	Issue costs \$'000	Managers' fees payable in Stapled Securities \$'000	Revenue reserve \$'000
<b>Balance at 1 April 2015</b>	551,656	(9,767)	628	(92,582)
Profit for the year	–	–	–	81,771
<u>Other comprehensive income</u>				
Net fair value gain of cash flow hedges	–	–	–	–
Cash flow hedges – reclassification to profit or loss upon settlement	–	–	–	–
Revaluation surplus on freehold land and building (net of tax)	–	–	–	–
Foreign currency translation loss, net	–	–	–	–
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year, net of tax	–	–	–	81,771
<u>Contributions by and distributions to Stapled Securityholders and non-controlling interests</u>				
Managers' fees paid in Stapled Securities	2,518	–	(2,518)	–
Managers' fees payable in Stapled Securities	–	–	2,497	–
Distributions to Stapled Securityholders (Note 34)	–	–	–	(37,919)
Dividend paid to non-controlling interests	–	–	–	–
Total contributions by and distributions to Stapled Securityholders and non-controlling interests	2,518	–	(21)	(37,919)
<u>Others</u>				
Transfer from revenue reserve to other reserves	–	–	–	(13)
<b>Balance at 31 March 2016</b>	<b>554,174</b>	<b>(9,767)</b>	<b>607</b>	<b>(48,743)</b>

## STATEMENT OF CHANGES IN STAPLED SECURITYHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

### Attributable to Stapled Securityholders of the Trust

Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	Hedging reserve \$'000	Other reserves \$'000	Total \$'000	Non- controlling interests \$'000	Equity, Total \$'000
(47,527)	59,737	(6,737)	599	456,007	2,646	458,653
-	-	-	-	81,771	84	81,855
-	-	3,766	-	3,766	36	3,802
-	-	(182)	-	(182)	-	(182)
-	45,476	-	-	45,476	480	45,956
(8,628)	-	-	-	(8,628)	(52)	(8,680)
(8,628)	45,476	3,584	-	40,432	464	40,896
(8,628)	45,476	3,584	-	122,203	548	122,751
-	-	-	-	-	-	-
-	-	-	-	2,497	-	2,497
-	-	-	-	(37,919)	-	(37,919)
-	-	-	-	-	(245)	(245)
-	-	-	-	(35,422)	(245)	(35,667)
-	-	-	13	-	-	-
<b>(56,155)</b>	<b>105,213</b>	<b>(3,153)</b>	<b>612</b>	<b>542,788</b>	<b>2,949</b>	<b>545,737</b>

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>						
Profit before tax	56,690	183,969	14,018	77,315	42,926	106,898
Adjustments for:						
Depreciation and amortisation	27,627	25,778	–	–	27,627	25,778
Managers' fees paid/payable in Stapled Securities	4,312	3,808	1,431	1,311	2,881	2,497
Currency realignment	3,182	(4,507)	7,891	(239)	(4,709)	(4,268)
Foreign exchange (gain)/loss, net	(2,172)	2,260	178	233	(2,350)	2,027
Effects of recognising rental income on a straight-line basis over lease term	(764)	(1,281)	(698)	(1,098)	(66)	(183)
Net change in fair value of investment properties	(9,385)	(145,514)	(1,144)	(56,321)	(8,241)	(89,193)
Net change in fair value of derivative financial instruments	(7,707)	1,947	(400)	487	(7,307)	1,460
Share of results of joint venture, net of tax	3	(4,049)	–	–	3	(4,049)
Dividend from available-for-sale securities	–	–	(254)	(245)	–	–
Finance costs	17,704	19,192	3,287	3,504	14,417	15,688
Finance income	(897)	(1,279)	(88)	(52)	(809)	(1,227)
Amortisation of deferred income	(1,974)	(1,824)	(133)	(129)	(1,841)	(1,695)
Loss on disposal of property, plant and equipment	76	718	–	–	76	718
Non-capitalisable business acquisition related expenses	–	(88)	–	–	–	(88)
<b>Operating cash flows before working capital changes</b>	<b>86,695</b>	<b>79,130</b>	<b>24,088</b>	<b>24,766</b>	<b>62,607</b>	<b>54,363</b>
Changes in working capital:						
Inventories	(52)	107	–	–	(52)	107
Trade and other receivables	(4,066)	(3,467)	(856)	(1,868)	(2,848)	(619)
Prepayments	222	(61)	(8)	18	230	(79)
Other assets (current and non-current)	(61)	(5,216)	4	–	(65)	(5,216)
Trade and other payables	(10,395)	15,992	377	605	(11,134)	14,408
Rental and other deposits	391	3,438	282	178	109	3,260
<b>Cash generated from operations</b>	<b>72,734</b>	<b>89,923</b>	<b>23,887</b>	<b>23,699</b>	<b>48,847</b>	<b>66,224</b>
Income tax paid	(6,157)	(4,658)	(1,218)	(827)	(4,939)	(3,831)
Interest received	1,007	1,050	92	56	915	994
Interest paid	(16,688)	(16,852)	(2,368)	(2,500)	(14,320)	(14,352)
<b>Net cash generated from operating activities</b>	<b>50,896</b>	<b>69,463</b>	<b>20,393</b>	<b>20,428</b>	<b>30,503</b>	<b>49,035</b>

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

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Cash flows from investing activities</b>						
Acquisition of property, plant and equipment	(10,354)	(10,377)	-	-	(10,354)	(10,377)
Proceeds from disposal of property, plant and equipment	-	67	-	-	-	67
Proceeds from disposal of properties held for sale	-	2,957	-	-	-	2,957
Return of capital (partial) from joint venture	-	26,581	-	-	-	26,581
Subsequent capital expenditures incurred on investment properties	(863)	(11,515)	(102)	(161)	(761)	(11,354)
Subsequent expenditures incurred on properties held for sale	-	(36)	-	-	-	(36)
Dividend income received from available-for-sale securities	-	-	254	245	-	-
Dividend income received from joint venture	-	1,019	-	-	-	1,019
Repayment of loan to joint venture	-	502	-	-	-	502
Repayment of loan from joint venture	-	(3,935)	-	-	-	(3,935)
<b>Net cash (used in)/generated from investing activities</b>	<b>(11,217)</b>	<b>5,263</b>	<b>152</b>	<b>84</b>	<b>(11,115)</b>	<b>5,424</b>
<b>Cash flows from financing activities</b>						
Distribution to Stapled Securityholders	(60,797)	(58,193)	(20,302)	(20,274)	(40,495)	(37,919)
Dividends paid to non-controlling interests	-	-	-	-	(254)	(245)
Proceeds from borrowings	161,459	74,873	279	49,416	161,180	25,457
Payment of transaction costs related to bank loans	-	(715)	-	-	-	(715)
Repayment of borrowings	(150,300)	(82,978)	-	(47,000)	(150,300)	(35,978)
<b>Net cash used in financing activities</b>	<b>(49,638)</b>	<b>(67,013)</b>	<b>(20,023)</b>	<b>(17,858)</b>	<b>(29,869)</b>	<b>(49,400)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,959)</b>	<b>7,713</b>	<b>522</b>	<b>2,654</b>	<b>(10,481)</b>	<b>5,059</b>
Cash and cash equivalents at beginning of year	94,589	88,107	22,931	19,944	71,658	68,163
Effect of exchange rate changes on cash and cash equivalents	1,583	(1,231)	396	333	1,187	(1,564)
<b>Cash and cash equivalents at end of year (Note 20)</b>	<b>86,213</b>	<b>94,589</b>	<b>23,849</b>	<b>22,931</b>	<b>62,364</b>	<b>71,658</b>

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

## PORTFOLIO STATEMENT OF A-HREIT GROUP

AS AT 31 MARCH 2017

Property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease
Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo ("Sunroute and Oakwood Ariake")	27 July 2012	Freehold	–	–
Park Hotel Clarke Quay	28 June 2013	Leasehold	99 years from 27 November 2006	88 years

### Portfolio of investments

Other assets and liabilities (net)

### Net assets

Independent valuation of the investment properties was undertaken by Cushman & Wakefield K.K. and DTZ Cushman & Wakefield Limited based on the discounted cash flow method. The independent valuers have the appropriate professional qualifications and experience in the location and category of the property being valued.

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

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

## PORTFOLIO STATEMENT OF A-HREIT GROUP

AS AT 31 MARCH 2017

Location	Existing use	Latest valuation \$'000	Valuation date	2017		2016	
				At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
3-6-6 Ariake Koto-ku, Tokyo, Japan	Hotel	281,293	31 March 2017	281,293	65	261,491	62
1 Unity Street, Park Hotel Clarke Quay Singapore 237983	Hotel	312,000	31 March 2017	312,000	72	316,000	75
				<b>593,293</b>	<b>137</b>	<b>577,491</b>	<b>137</b>
				(161,157)	(37)	(156,917)	(37)
				<b>432,136</b>	<b>100</b>	<b>420,574</b>	<b>100</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 1. CORPORATE INFORMATION

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

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

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

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

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

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

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 *Basis of preparation*

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

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

The financial statements of the A-HREIT Group comprise the A-HREIT entity and its subsidiaries. The financial statements of the A-HREIT Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (“CIS”) issued by the MAS and the provisions of the A-HREIT Trust Deed.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.1 *Basis of preparation (cont'd)*

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

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

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

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

#### **FRSs that have been issued but not yet effective**

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined <sup>a</sup>

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

Except for FRS 109 and FRS 115, the REIT Manager and Trustee-Manager expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

#### FRS 109 *Financial Instruments*

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.1 *Basis of preparation (cont'd)*

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

##### FRS 109 *Financial Instruments (cont'd)*

##### (a) **Classification and measurement**

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

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

Available-for-sale financial assets are currently measured at fair value through other comprehensive income. The Group will elect to measure these investments at fair value through profit or loss. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening revenue reserve when the Group applies FRS 109.

##### (b) **Impairment**

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

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

##### (c) **Hedge accounting**

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

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

##### (d) **Transition**

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

##### FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.1 *Basis of preparation (cont'd)*

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

##### FRS 115 *Revenue from Contracts with Customers (cont'd)*

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

##### Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and
- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:
  - identifying the satisfied and unsatisfied performance obligations;
  - determining the transaction price; and
  - allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Group has done an initial assessment of the impact of the new standard on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.2 *Change in accounting policy*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group adopted the following new and revised standards that are relevant and effective for financial years beginning on or after 1 April 2016:

Amendments to FRS 27: *Equity Method in Separate Financial Statements*

Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*

Improvements to FRSs (November 2014)

Amendments to FRS 105: *Non-current Assets Held for Sale and Discontinued Operations*

Amendments to FRS 107: *Financial Instruments: Disclosures*

Amendments to FRS 19: *Employee Benefits*

Amendments to FRS 1: *Disclosure Initiative*

Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*

The adoption of these standards did not have any effect on the financial statements of the Group.

#### 2.3 *Currency translation*

##### (a) *Functional and presentation currency*

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

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

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

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

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

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.3 *Currency translation (cont'd)*

##### (c) *Translation of Group entities' financial statements (cont'd)*

- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

#### 2.4 *Basis of consolidation and business combinations*

##### (a) *Stapling*

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

##### (b) *Subsidiaries*

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

##### (c) *Consolidation*

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

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

##### (c) *Consolidation (cont'd)*

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

##### (d) *Business combinations*

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

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

##### (e) *Disposals*

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

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

#### 2.5 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

##### (a) *Joint operation*

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

##### (b) *Joint venture*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

On acquisition of the joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the joint venture is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the joint venture is acquired.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.5 *Joint arrangements (cont'd)*

##### (b) *Joint venture (cont'd)*

Under the equity method, the investment in joint venture are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### 2.6 *Investment properties*

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

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



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.6 *Investment properties (cont'd)*

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

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

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

#### 2.7 *Property, plant and equipment*

##### (a) *Measurement*

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

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

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

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

##### (b) *Depreciation*

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

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

Buildings	26 to 31 years
Computers, furniture and fittings	2 to 15 years
Motor vehicles	8 years
Plant and equipment	5 to 30 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.7 *Property, plant and equipment (cont'd)*

##### (c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

##### (d) *Disposal*

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon de-recognition of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

#### 2.8 *Properties held for sale*

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Property, plant and equipment once classified as held for sale are not depreciated or amortised.

#### 2.9 *Employee benefits*

##### *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### 2.10 *Impairment of non-financial assets*

##### (a) *Goodwill*

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.10 *Impairment of non-financial assets (cont'd)*

- (b) ***Prepaid land lease***  
***Property, plant and equipment***  
***Investment in joint venture***

Prepaid land lease, property, plant and equipment and investment in joint venture are reviewed for impairment at balance sheet date or whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised to other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this revised recoverable amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

#### 2.11 *Financial assets*

- (a) ***Classification***

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as cash and cash equivalents and trade and other receivables on the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.11 *Financial assets (cont'd)*

(a) ***Classification (cont'd)***

*Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(b) ***Recognition and de-recognition***

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised where the contractual rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of the assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(c) ***Initial measurement***

Loans and receivables and available-for-sale financial assets are initially recognised at fair value plus directly attributable transaction costs.

(d) ***Subsequent measurement***

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gain and loss on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.11 *Financial assets (cont'd)*

(d) ***Subsequent measurement (cont'd)***

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(e) ***Regular way purchase or sale of a financial asset***

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(f) ***Impairment***

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

*Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. Subsequent recovery of amounts previously written off is recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

*Available-for-sale financial assets*

A significant or prolonged decline in the fair value of the investment below its cost is considered as indicators of impairment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.11 *Financial assets (cont'd)*

##### (f) *Impairment (cont'd)*

###### *Available-for-sale financial assets (cont'd)*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of available-for-sale financial assets carried at cost, if there is objective evidence that an impairment loss on the financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (g) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.12 *Cash and cash equivalents*

For the purpose of presentation in the balance sheets and statements of cash flows, cash and cash equivalents comprise cash at bank and on hand, and fixed deposits with financial institutions which are subject to an insignificant risk of change in value, but exclude balances which are subjected to restriction.

#### 2.13 *Inventories*

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

#### 2.14 *Borrowings*

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### 2.16 Financial liabilities

##### (a) *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

##### (b) *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

##### Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

##### (c) *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.17 *Derivative financial instruments and hedging activities*

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

#### **Cash flow hedge**

##### (i) **Interest rate swaps**

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitled the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of the interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

##### (ii) **Currency swaps**

The Group has entered into currency swaps that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency swaps are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.17 *Derivative financial instruments and hedging activities (cont'd)*

##### *Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses loans and currency swaps as hedges of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

#### 2.18 *Provisions for other liabilities and charges*

Provisions for other liabilities and charges are recognised when A-HTRUST, the A-HREIT Group and the A-HBT Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.19 *Stapled Securityholders' funds*

Stapled Securityholders' funds represent the Stapled Securityholders' residual interest in A-HTRUST, the A-HREIT Group and the A-HBT Group's net assets upon termination.

Expenses incurred in connection with the issuance of Stapled Securities on the SGX-ST are deducted directly against Stapled Securityholders' funds.

#### 2.20 *Leases*

##### (a) *As lessor – operating lease*

Leases where A-HTRUST, the A-HREIT Group and the A-HBT Group retain substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.20 Leases (cont'd)

(b) **As lessee – operating lease**

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(c) **Prepaid land lease**

Prepaid land lease are up-front payments to acquire long-term leasehold interests in land. These payments are stated at cost and are amortised on a straight-line basis over the respective period of the leases.

#### 2.21 Distribution policy

Distributions from A-HTRUST comprise distributions from A-HREIT and A-HBT.

A-HTRUST's distribution policy is to distribute at least 90% of its distributable income to the Stapled Securityholders.

For the previous financial year ended 31 March 2016 as well as the financial year ended 31 March 2017, A-HTRUST retained 5% of its distributable income.

Both A-HREIT and A-HBT distributions will be made on a semi-annual basis for the periods ending 30 September and 31 March. Distributions, when paid, will be in Singapore dollars.

#### 2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to A-HTRUST, the A-HREIT Group and the A-HBT Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is recognised for the major business activities as follows:

(a) **Rental income**

Rental income receivable under operating leases is recognised on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Contingent rents are recognised as revenue in the period in which they are earned. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) **Hotel room revenue and food & beverage ("F&B") revenue**

Hotel room revenue and F&B revenue are recognised when the relevant rooms and F&B services have been provided to the customer.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.22 Revenue (cont'd)

(c) **Car park revenue and utilities income**

Car park revenue and utilities income are recognised when the relevant services have been rendered.

#### 2.23 Expenses

(a) **Property expenses**

Property expenses are recognised on an accrual basis.

(b) **REIT Manager's management fees**

REIT Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in the Statement on Policies and Practices in relation to the management and governance of the Trust.

(c) **Trustee-Manager's management fees**

Trustee-Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in the Statement on Policies and Practices in relation to the management and governance of the Trust.

(d) **Trust expenses**

Trust expenses are recognised on an accrual basis. Included in trust expenses are REIT Trustee's fees and Trustee-Manager's trustee fees which are based on the applicable formulae stipulated in the Statement on Policies and Practices in relation to the management and governance of the Trust.

(e) **Borrowing costs**

Borrowing costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

#### 2.24 Taxation

(a) **Current income tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in Stapled Securityholders' funds, in which case it is recognised as part of Stapled Securityholders' funds. The Managers periodically evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.24 Taxation (cont'd)

##### (b) *Deferred income tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

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

#### 2.24 *Taxation (cont'd)*

##### (c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

#### 2.25 *Segment reporting*

An operating segment is a distinguishable component of A-HTRUST, the A-HREIT Group and the A-HBT Group that is engaged either in providing goods or services (business segment), or in providing goods or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed by Chief Operating Decision Makers ("CODMs") that are used to make strategic decisions. CODMs review the internal reporting to assess performance and operations. Management has determined the operating segments based on these assessments. The CODMs consider the operating segments from a geographic perspective as well as a business perspective as it is based on the management and internal reporting structure.

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the financial statements requires the Managers to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and the disclosure of contingent liabilities as at the end of the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The Managers on their own or in reliance on third party experts, apply estimates and judgements in the following key areas:

- i. The fair valuations of investment properties, property, plant and equipment and derivative financial instruments (Note 14, 16 and 24);
- ii. The assessment of the adequacy of provision for current and deferred taxation (Note 12); and
- iii. The assessment of impairment of financial and non-financial assets (Note 31).

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 4. GROSS RENTAL REVENUE

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Hotel room revenue	120,274	116,094	–	–	120,274	116,094
Rental income	41,486	36,600	31,542	30,849	27,429	21,818
	<u>161,760</u>	<u>152,694</u>	<u>31,542</u>	<u>30,849</u>	<u>147,703</u>	<u>137,912</u>

### 5. OTHER INCOME

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Car park revenue	8,415	8,147	–	–	8,415	8,147
Utilities income	2,585	2,513	–	–	2,585	2,513
Other miscellaneous income	6,336	6,682	1,086	1,475	5,504	5,452
	<u>17,336</u>	<u>17,342</u>	<u>1,086</u>	<u>1,475</u>	<u>16,504</u>	<u>16,112</u>

### 6. OPERATIONS AND MAINTENANCE EXPENSES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Costs of food and beverage and other supplies	12,188	13,814	–	–	12,188	13,814
Repair and maintenance expenses	8,133	8,094	52	28	8,081	8,066
Management fees	608	595	77	77	531	518
Other expenses	411	510	–	–	411	510
	<u>21,340</u>	<u>23,013</u>	<u>129</u>	<u>105</u>	<u>21,211</u>	<u>22,908</u>

### 7. FINANCE INCOME

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income from:						
- Financial institutions	610	1,187	87	51	523	1,136
- Others	287	92	1	1	286	91
	<u>897</u>	<u>1,279</u>	<u>88</u>	<u>52</u>	<u>809</u>	<u>1,227</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 8. FINANCE COSTS

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest expense on:						
- Borrowings	16,724	18,077	3,023	3,137	13,701	14,940
- Amortisation of capitalised transaction costs	580	890	127	215	453	675
- Others	400	225	137	152	263	73
	<u>17,704</u>	<u>19,192</u>	<u>3,287</u>	<u>3,504</u>	<u>14,417</u>	<u>15,688</u>

### 9 (a). FUND MANAGEMENT FEES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>REIT Manager's fees</u>						
- Base fee <sup>1</sup>	1,520	1,311	1,520	1,311	-	-
- Performance fee <sup>1</sup>	1,080	1,067	1,080	1,067	-	-
<u>Trustee-Manager's fees</u>						
- Base fee <sup>1</sup>	220	53	-	-	220	53
- Performance fee <sup>1</sup>	2,855	2,521	-	-	2,855	2,521
<u>Others</u>						
- Management fees paid to related entities of the Managers <sup>2</sup>	2,951	2,663	264	243	2,687	2,420
- Divestment fees paid to a related entity of the Managers	-	195	-	-	-	195
	<u>8,626</u>	<u>7,810</u>	<u>2,864</u>	<u>2,621</u>	<u>5,762</u>	<u>5,189</u>

<sup>1</sup> For the financial year ended 31 March 2017, the REIT Manager and the Trustee-Manger have agreed to receive 50% of their management fees in Stapled Securities. An aggregate of 6,023,021 Stapled Securities (2016: 5,454,988 Stapled Securities) were issued or are issuable to the managers as satisfaction of the management fees incurred during the financial year. With effect from 1 April 2016, the performance fee component of management fee of the A-HREIT Manager will be crystallised and paid out on an annual basis in accordance with the A-HREIT Trust Deed.

<sup>2</sup> This relates to management fee paid/payable to Ascendas Japan Kabushiki Kaisha and Ascendas Hospitality Australia Fund Management Pty Ltd for asset management services for the Japan and Australia portfolios respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 9(b). TRUSTEES' FEES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REIT Trustee's fees	162	162	162	162	-	-
Trustee-Manager's fees	162	162	-	-	162	162
Other trustee fees	338	291	4	3	334	288
	<u>662</u>	<u>615</u>	<u>166</u>	<u>165</u>	<u>496</u>	<u>450</u>

### 10. OTHER OPERATING EXPENSES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loss on disposal of property, plant and equipment	77	718	-	-	77	718
Trust expenses	2,023	1,250	485	539	1,538	711
	<u>2,100</u>	<u>1,968</u>	<u>485</u>	<u>539</u>	<u>1,615</u>	<u>1,429</u>

### 11. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Audit fees paid/accrued to A-HTRUST auditors	563	542	155	128	408	414
Non-audit fees paid/accrued to A-HTRUST auditors	225	300	96	124	129	176
Non-audit fees paid/accrued to other accounting firms <sup>1</sup>	414	10	68	(74)	346	84
Valuation fees	88	161	25	48	63	113
Rental expenses paid to A-HREIT	-	-	-	-	17,485	16,067

<sup>1</sup> FY2016 included a reversal of excess provision made in prior years.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 12. INCOME TAX EXPENSE

The income tax expense is in respect of taxes applicable to A-HTRUST's operations in Australia, China and Japan.

For Singapore income tax purposes, A-HTRUST is not a taxable entity on its own. Instead, A-HREIT and A-HBT are subject to tax separately based on their own characteristics as a REIT and a registered business trust respectively.

A-HREIT and A-HBT have been granted tax exemption under Section 13(12) of the Singapore Income Tax Act in respect of certain foreign-sourced income derived from their respective overseas subsidiaries, subject to meeting certain conditions.

#### Income tax expense

The major components of income tax expense for the year ended 31 March 2017 and 2016 are:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated income statements:</b>						
Current income tax expense:						
- Current income tax	(3,483)	(3,121)	(790)	(726)	(2,693)	(2,395)
- Under provision in respect of previous years	(24)	(21)	(13)	(21)	(11)	-
Deferred income tax expense:						
- Origination and reversal of temporary differences	(1,652)	(32,635)	(1,012)	(11,294)	(640)	(21,341)
- Over provision in respect of previous years	10	-	-	-	10	-
Withholding tax expense	(3,001)	(1,601)	(390)	(294)	(2,611)	(1,307)
	<u>(8,150)</u>	<u>(37,378)</u>	<u>(2,205)</u>	<u>(12,335)</u>	<u>(5,945)</u>	<u>(25,043)</u>

The major components of income tax expense for the year ended 31 March 2017 and 2016 are:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated statements of comprehensive income:</b>						
Deferred tax expense related to other comprehensive income:						
- Net surplus on revaluation of freehold land and buildings	(9,393)	(4,245)	-	-	(9,393)	(4,245)

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 12. INCOME TAX EXPENSE (CONT'D)

#### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 March 2017 and 2016 is as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit before tax	56,690	183,969	14,018	77,315	42,926	106,898
Tax at the Singapore income tax rate of 17% (2016: 17%)	9,637	31,275	2,383	13,143	7,297	18,173
Adjustments:						
Expenses not deductible for tax purpose <sup>1</sup>	6,796	4,555	4,338	2,166	2,458	2,389
Tax on share of results of joint venture	–	1,271	–	–	–	1,271
Income not subject to tax <sup>2</sup>	(7,725)	(7,660)	(3,420)	(4,262)	(4,305)	(3,398)
Effect of different tax rates arising from foreign jurisdiction	(128)	9,369	341	2,448	(469)	6,921
Under provision in respect of previous years	14	21	13	21	1	–
Effect of previously unrecognised tax losses	(373)	(402)	–	–	(373)	(402)
Effect of tax losses not allowed to carry forward	4	113	2	111	2	2
Withholding tax expense	3,001	1,601	390	294	2,611	1,307
Group relief claimed/transferred	(14)	(14)	–	–	(14)	(14)
Others	(3,062)	(2,751)	(1,842)	(1,586)	(1,263)	(1,206)
	<u>8,150</u>	<u>37,378</u>	<u>2,205</u>	<u>12,335</u>	<u>5,945</u>	<u>25,043</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 12. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit (cont'd)

<sup>1</sup> The nature of expenses that are not deductible for income tax purposes is as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation	1,884	1,300	-	-	1,884	1,300
Fair value loss on derivative financial instruments	3	316	-	83	3	233
Fair value loss on investment properties	799	-	799	-	-	-
Exchange loss arising from revaluation of non-trade balances	1,525	1,660	1,119	1,002	406	658
Disposal of property, plant and equipment	12	122	-	-	12	122
Others	2,573	1,157	2,420	1,081	153	76
	<u>6,796</u>	<u>4,555</u>	<u>4,338</u>	<u>2,166</u>	<u>2,458</u>	<u>2,389</u>

<sup>2</sup> The nature of income that are not subject to tax is as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value gain on derivative financial instruments	(1,382)	(17)	(68)	(17)	(1,314)	-
Exchange gain arising from revaluation of non-trade balances	(1,996)	(1,463)	(1,089)	(1,149)	(907)	(314)
Fair value gain on investment properties	-	(493)	-	(493)	-	-
Write-back of non-capitalisable business acquisition related expenses	-	(15)	-	-	-	(15)
Tax transparency	(2,263)	(2,603)	(2,263)	(2,603)	-	-
Income from tax exempted entities	(865)	(2,694)	-	-	(865)	(2,694)
Others	(1,219)	(375)	-	-	(1,219)	(375)
	<u>(7,725)</u>	<u>(7,660)</u>	<u>(3,420)</u>	<u>(4,262)</u>	<u>(4,305)</u>	<u>(3,398)</u>

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 12. INCOME TAX EXPENSE (CONT'D)

#### Deferred tax assets/(liabilities)

Deferred tax as at 31 March 2017 and 2016 are shown on the balance sheets as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets (non-current):</b>						
Differences in depreciation and accruals for tax purposes and benefits from previously unrecognised tax losses from acquisition of subsidiaries	6,172	6,172	–	–	6,172	6,172
Origination of temporary differences	1,204	1,824	–	–	1,204	1,824
Translation differences	(1,317)	(1,511)	–	–	(1,317)	(1,511)
	<u>6,059</u>	<u>6,485</u>	<u>–</u>	<u>–</u>	<u>6,059</u>	<u>6,485</u>
<b>Deferred tax liabilities (non-current):</b>						
Fair value adjustments on acquisition of subsidiaries	(5,351)	(5,351)	(1,288)	(1,288)	(4,063)	(4,063)
Fair value gain on investment properties	(34,646)	(32,782)	(15,785)	(14,839)	(18,861)	(17,943)
Revaluation to fair value of freehold land and buildings	(25,657)	(17,357)	–	–	(25,657)	(17,357)
Translation differences	(327)	1,753	(491)	324	164	1,429
Others	(1,413)	(1,164)	(115)	(49)	(1,298)	(1,115)
	<u>(67,394)</u>	<u>(54,901)</u>	<u>(17,679)</u>	<u>(15,852)</u>	<u>(49,715)</u>	<u>(39,049)</u>
	<u>(61,335)</u>	<u>(48,416)</u>	<u>(17,679)</u>	<u>(15,852)</u>	<u>(43,656)</u>	<u>(32,564)</u>

The movements in the deferred tax assets/(liabilities) are as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At beginning of the financial year	(48,416)	(11,602)	(15,852)	(4,354)	(32,564)	(7,249)
Tax charged to profit or loss	(1,642)	(32,635)	(1,012)	(11,294)	(630)	(21,341)
Tax charged to asset revaluation reserve	(9,393)	(4,245)	–	–	(9,393)	(4,245)
Arising from disposal of property	–	(104)	–	–	–	(104)
Translation differences	(1,884)	170	(815)	(204)	(1,069)	375
At the end of the financial year	<u>(61,335)</u>	<u>(48,416)</u>	<u>(17,679)</u>	<u>(15,852)</u>	<u>(43,656)</u>	<u>(32,564)</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 12. INCOME TAX EXPENSE (CONT'D)

#### Unrecognised tax losses

At 31 March 2017, the Group has tax losses of approximately \$3,135,000 (2016: \$7,940,000) in a China subsidiary that are available for offset against future taxable profits of this subsidiary in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The tax losses can be carried forward for five consecutive years. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of China.

### 13. EARNINGS PER STAPLED SECURITY

The calculation of basic earnings per Stapled Security is based on:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total profit attributable to Stapled Securityholders	48,540	146,591	11,813	64,980	36,929	81,771
Weighted average number of Stapled Securities outstanding during the year ('000)	1,121,844	1,116,493	1,121,844	1,116,493	1,121,844	1,116,493
Earnings per Stapled Security (cents)	4.33	13.13	1.05	5.82	3.29	7.32

Diluted earnings per Stapled Security are the same as the basic earnings per Stapled Security as there are no dilutive instruments in issue during the financial year.

### 14. INVESTMENT PROPERTIES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated balance sheets:</b>						
At beginning of financial year	788,303	618,158	577,491	511,369	210,812	106,789
Subsequent capital expenditures incurred on investment properties	1,127	11,515	366	161	761	11,354
Fair value gain on revaluation	10,083	146,612	1,842	57,419	8,241	89,193
Translation differences	24,616	12,018	13,594	8,542	11,022	3,476
At end of financial year	824,129	788,303	593,293	577,491	230,836	210,812

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 14. INVESTMENT PROPERTIES (CONT'D)

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated income statements:</b>						
Gross rental revenue from investment properties:						
- Minimum lease payments	37,659	31,131	29,963	28,181	12,550	7,582
- Contingent rent based on tenant's turnover	1,579	2,668	1,579	2,668	-	-
	39,238	33,799	31,542	30,849	12,550	7,582
Fair value gain on revaluation	10,083	146,612	1,842	57,419	8,241	89,193
Effect of recognising rental income on a straight-line basis over lease term	(698)	(1,098)	(698)	(1,098)	-	-
Net change in fair value of investment properties	9,385	145,514	1,144	56,321	8,241	89,193

Total property expenses, recognised in the consolidated profit or loss, represent direct operating expenses arising from investment properties that generated rental income.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 14. INVESTMENT PROPERTIES (CONT'D)

The investment properties held by A-HTRUST at 31 March 2017 are as follows:

Description of property	Held by	Title	Location	Existing use	Carrying value as at 31.3.2017 \$'000	Date of valuation
Hotel Sunroute Ariake and Oakwood Apartments Ariake Tokyo	A-HREIT	Freehold	3-6-6 Ariake Koto-ku, Tokyo	Hotel	281,293	31.3.2017
Hotel Sunroute Osaka Namba	A-HBT	Freehold	1-1-13 Nipponbashi Chuo-ku Osaka	Hotel	230,836	31.3.2017
Park Hotel Clarke Quay	A-HREIT	99-year leasehold expiring in November 2105	1 Unity Street Park Hotel Clarke Quay Singapore 237983	Hotel	312,000	31.3.2017

Investment properties are carried at fair value, with change in fair values being recognised in consolidated profit or loss.

The Group has no restrictions on the realisability of its investment properties.

Investment properties are valued at balance sheet date by independent professional valuers, Cushman & Wakefield K.K. and DTZ Cushman & Wakefield Limited, having appropriate recognised professional qualification and experience in the location and category of property being valued. Details of valuation techniques and inputs used are disclosed in Note 30 (d).

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 15. PREPAID LAND LEASE

This relates to prepayment for the land use rights of the land on which Novotel Beijing Sanyuan and Ibis Beijing Sanyuan were erected. The land use rights have a remaining period of 27 years (2016: 28 years) and will expire on 29 August 2044.

	A-HTRUST \$'000	A-HREIT Group \$'000	A-HBT Group \$'000
<b>Cost:</b>			
At 1 April 2015	41,489	–	41,489
Translation differences	(2,615)	–	(2,615)
At 31 March 2016	38,874	–	38,874
Translation differences	(1,338)	–	(1,338)
At 31 March 2017	37,536	–	37,536
<b>Accumulated amortisation:</b>			
At 1 April 2015	(3,199)	–	(3,199)
Charge for the year	(1,285)	–	(1,285)
Translation differences	532	–	532
At 31 March 2016	(3,952)	–	(3,952)
Charge for the year	(1,206)	–	(1,206)
Translation differences	287	–	287
At 31 March 2017	(4,871)	–	(4,871)
<b>Net carrying amount</b>			
At 31 March 2016	34,922	–	34,922
At 31 March 2017	32,665	–	32,665

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amount to be amortised:						
- Not later than one year	1,192	1,229	–	–	1,192	1,229
- Later than one year but not later than five years	4,768	4,916	–	–	4,768	4,916
- Later than five years	26,705	28,777	–	–	26,705	28,777



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 16 . PROPERTY, PLANT AND EQUIPMENT

2017 A-HTRUST and A-HBT Group	At valuation		At cost				Total \$'000
	Freehold land	Buildings	Computers, furniture and fittings	Motor vehicles	Plant and equipment	Capital work-in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Cost or valuation:</b>							
At 1 April 2016	150,001	453,350	35,427	20	68,200	3,700	710,698
Additions	–	3,225	3,814	–	2,294	1,021	10,354
Disposals/write-off	–	(124)	(8,045)	–	(2,431)	–	(10,600)
Revaluation surplus	17,004	42,098	–	–	–	–	59,102
Translation differences	4,746	11,252	727	–	2,995	354	20,074
Elimination of accumulated depreciation on revaluation	–	(15,941)	–	–	–	–	(15,941)
At 31 March 2017	171,751	493,860	31,923	20	71,058	5,075	773,687
<b>Accumulated depreciation:</b>							
At 1 April 2016	–	–	(10,140)	(20)	(16,522)	–	(26,682)
Charge for the year	–	(15,738)	(5,193)	–	(5,490)	–	(26,421)
Disposals/write-off	–	111	7,999	–	2,414	–	10,524
Translation differences	–	(314)	(877)	–	(1,465)	–	(2,656)
Elimination of accumulated depreciation on revaluation	–	15,941	–	–	–	–	15,941
At 31 March 2017	–	–	(8,211)	(20)	(21,063)	–	(29,294)
<b>Net carrying amount</b>							
At 31 March 2017	171,751	493,860	23,712	–	49,995	5,075	744,393

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2016 A-HTRUST and A-HBT Group	At valuation		At cost				Total \$'000
	Freehold land	Buildings	Computers, furniture and fittings	Motor vehicles	Plant and equipment	Capital work-in- progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Cost or valuation:</b>							
At 1 April 2015	144,990	434,623	36,182	24	68,892	1,760	686,471
Additions	–	1,822	2,785	–	3,824	1,946	10,377
Disposals/write-off	–	(4)	(1,140)	–	(2,226)	–	(3,370)
Revaluation surplus	8,048	42,277	–	–	–	–	50,325
Translation differences	(3,037)	(10,871)	(2,400)	(4)	(2,290)	(6)	(18,608)
Elimination of accumulated depreciation on revaluation	–	(14,497)	–	–	–	–	(14,497)
At 31 March 2016	150,001	453,350	35,427	20	68,200	3,700	710,698
<b>Accumulated depreciation:</b>							
At 1 April 2015	–	–	(7,951)	(23)	(14,148)	–	(22,122)
Charge for the year	–	(14,405)	(4,710)	(3)	(5,375)	–	(24,493)
Disposals/write-off	–	3	1,029	–	1,937	–	2,969
Translation differences	–	(95)	1,492	6	1,064	–	2,467
Elimination of accumulated depreciation on revaluation	–	14,497	–	–	–	–	14,497
At 31 March 2016	–	–	(10,140)	(20)	(16,522)	–	(26,682)
<b>Net carrying amount</b>							
At 31 March 2016	150,001	453,350	25,287	–	51,678	3,700	684,016

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain property, plant and equipment held by A-HTRUST and the A-HBT Group are revalued to their fair values at the end of each reporting period, with changes in fair values being recognised in the asset revaluation reserve in the balance sheet.

#### Revaluation of freehold land and buildings

The Group engaged independent valuers, Jones Lang LaSalle Advisory Services Pty Limited and DTZ Cushman & Wakefield Limited to determine the fair value of the freehold land and buildings. The valuers have the appropriate professional qualification and recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 30(d).

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

	A-HTRUST	
	2017	2016
	\$'000	\$'000
Freehold land at 31 March		
Cost and net carrying amount	124,234	120,359
Buildings at 31 March		
Cost	429,405	415,785
Accumulated depreciation	(62,861)	(47,498)
Net carrying amount	366,544	368,287

#### Asset pledged as security

Property, plant and equipment with a carrying amount of \$683,200,000 (2016: \$623,623,000) are mortgaged as security for the bank facilities obtained from financial institutions (Note 23).

### 17. INVESTMENT IN JOINT VENTURE

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment in joint venture, at cost	–	12,610	–	–	–	12,610
Share of post-acquisition reserves	–	16,234	–	–	–	16,234
Return of partial capital from joint venture	–	(26,581)	–	–	–	(26,581)
Distribution from joint venture	–	(3,497)	–	–	–	(3,497)
Translation differences	–	1,260	–	–	–	1,260
	–	26	–	–	–	26

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 17. INVESTMENT IN JOINT VENTURE (CONT'D)

The joint venture held by A-HTRUST and the A-HBT Group is as follows:

Name of joint venture	Held by	Country of constitution	Principal activities/ Place of business	Effective equity interest held by A-HTRUST	
				2017 %	2016 %
Notron No. 346 Trust ("NNT")	A-HBT	Australia	Hotel investment/ Australia	–	50

NNT was the owner of Pullman Cairns International hotel. The Group jointly controls the venture with the other partner under the contractual agreement and all major decisions over operational matters require unanimous consent from the joint venture partners. It is a strategic venture in the hospitality business.

In the prior year, NNT and Co-Tenancy (a joint operation between Ascendas Cairns International Pty Limited ("ACIPL") and Polaris Developments Pty Limited) disposed the Pullman Cairns International hotel ("Hotel") and its plant and equipment at a cash consideration of A\$75,080,000 and the transaction was completed on 29 June 2015. Following the disposal of the Hotel, NNT and ACIPL were wound up during the current financial year.

Summarised financial information in respect of NNT based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the financial statements of A-HTRUST and A-HBT are as follows:

Summarised balance sheet:

	2017 \$'000	2016 \$'000
<b>Non-current assets</b>		
Trade and other receivables	–	–
	–	–
<b>Current assets</b>		
Properties held for sale	–	–
Trade and other receivables	–	3
Prepayments	–	–
Cash and cash equivalents	–	59
	–	62
<b>Total assets</b>	–	62
<b>Current liabilities</b>		
Trade and other payables	–	11
	–	11
<b>Non-current liabilities</b>		
Borrowings	–	–
Derivative financial instruments	–	–
	–	–
<b>Total liabilities</b>	–	11
<b>Net assets</b>	–	51
Proportion of the Group's ownership	–	50%
<b>Group's share of net assets, representing carrying amount of the investment</b>	–	26

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 17. INVESTMENT IN JOINT VENTURE (CONT'D)

Summarised statement of comprehensive income:

	2017	2016
	\$'000	\$'000
Gross revenue	–	1,301
Property (expenses)/income	(6)	15
Net property (loss)/income	(6)	1,316
Finance costs	–	(957)
Fair value gain on investment property	–	–
Other income, net <sup>1</sup>	–	7,739
Net (loss)/profit before tax	(6)	8,098
Income tax expense	–	–
Net (loss)/profit after tax, representing total comprehensive (loss)/income	(6)	8,098

During the financial year, there were no dividends received from NNT (2016: \$1,019,000).

<sup>1</sup> Included gain on disposal of Pullman Cairns International hotel of \$3,700,000 in FY2015/16.

### 18. AVAILABLE-FOR-SALE SECURITIES

A-HREIT Group owns 1% interest in Ascendas Hospitality Australia Investment Fund No. 1 ("AHAIF1"). A-HREIT Group's ownership in AHAIF1 enables AHAIF1 to meet the Australian corporate law requirement for a Managed Investment Scheme and certain requirements to qualify as a Managed Investment Trust under the Australian tax law. AHAIF1 owns 100% (2016: 100%) equity interest in Ascendas Australia Hotel Trust, which owns the hotel properties in Australia.

Investment in available-for-sale securities whose fair value cannot be reliably measured are measured at cost less impairment loss. As at 31 March 2017, the carrying amount of A-HREIT Group's 1% (2016: 1%) interest in AHAIF1 is \$3,058,000 (2016: \$3,058,000).

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 19. TRADE AND OTHER RECEIVABLES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Current</b>						
Trade receivables	9,566	6,977	1,811	1,509	7,755	5,468
Sundry debtors	4,180	2,888	3,967	3,184	4,868	3,325
GST/VAT receivables	73	988	–	52	73	936
<b>Total trade and other receivables</b>	<b>13,819</b>	<b>10,853</b>	<b>5,778</b>	<b>4,745</b>	<b>12,696</b>	<b>9,729</b>
Cash and cash equivalents (Note 20)	86,213	94,589	23,849	22,931	62,364	71,658
Other current assets	337	258	–	–	337	258
<b>Non-current</b>						
Other non-current assets	5,394	5,235	19	22	5,375	5,213
Less:						
Deferred expenditure	(316)	(302)	(19)	(22)	(297)	(280)
Non-refundable deposit	(5,338)	(5,171)	–	–	(5,338)	(5,171)
<b>Total loans and receivables</b>	<b>100,109</b>	<b>105,462</b>	<b>29,627</b>	<b>27,676</b>	<b>75,137</b>	<b>81,407</b>

Trade receivables are non-interest bearing and are generally on 30 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Information regarding financial assets that are impaired is disclosed in Note 31 (b).

### 20. CASH AND CASH EQUIVALENTS

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and on hand	64,511	64,154	15,949	12,331	48,562	51,823
Fixed deposits	21,702	30,435	7,900	10,600	13,802	19,835
	<b>86,213</b>	<b>94,589</b>	<b>23,849</b>	<b>22,931</b>	<b>62,364</b>	<b>71,658</b>

Fixed deposits are placed for varying periods of between 1 month and 6 months (2016: 1 month and 6 months) at interest rates ranging from 1.05% to 1.69% (2016: 1.00% to 2.65%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 21. TRADE AND OTHER PAYABLES

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables	3,006	2,761	64	–	2,942	2,761
Sundry creditors	226	258	21	16	205	242
Amounts due to related companies	36	1,064	2,102	1,632	2,544	3,054
GST/VAT payables	1,491	1,134	573	594	918	540
Other payables	4,483	15,976	759	345	3,770	15,631
Accrued employee benefits	4,264	3,870	–	–	4,264	3,870
Accrued operating expenses	16,262	14,373	3,209	2,955	13,053	11,418
Accrued management fees	654	250	639	236	15	14
Rental and other deposits	–	5,058	–	–	–	5,058
Rental received in advance	9,395	2,902	2,237	2,127	7,158	775
<b>Total trade and other payables (current)</b>	<b>39,817</b>	<b>47,646</b>	<b>9,604</b>	<b>7,905</b>	<b>34,869</b>	<b>43,363</b>
Add:						
Other payables (non-current)	466	683	–	–	466	683
Current borrowings (Note 23)	64,287	57,979	64,287	–	–	57,979
Rental and other deposits (non-current)	11,944	11,248	5,412	5,130	6,532	6,118
Non-current borrowings (Note 23)	490,885	475,349	96,668	157,392	394,217	317,957
Less:						
GST/VAT payables	(1,491)	(1,134)	(573)	(594)	(918)	(540)
Total financial liabilities at amortised cost	605,908	591,771	175,398	169,833	435,166	425,560

Trade and other payables are non-interest bearing. Trade payables are normally settled on 30 days' term.

Amounts due to related companies are non-trade related, unsecured, interest-free and have no fixed term of repayment. These amounts are to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 22. DEFERRED INCOME

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At beginning of financial year	12,664	13,830	941	1,044	11,723	12,786
Additions during the financial year	28	908	28	26	–	882
Amount amortised during the financial year	(1,974)	(1,824)	(133)	(129)	(1,841)	(1,695)
Translation differences	337	(250)	–	–	337	(250)
At end of financial year	11,055	12,664	836	941	10,219	11,723
This comprises:						
Current	1,904	1,863	134	130	1,770	1,733
Non-current	9,151	10,801	702	811	8,449	9,990
At end of financial year	11,055	12,664	836	941	10,219	11,723

Deferred income mainly relates to the cash reimbursement received from Accor for its 50% share of the A\$30.0 million capital expenditure incurred by the six properties for refurbishment works which was completed in 2013. The reimbursement by Accor is conditional upon the non-termination of the hotel management agreement signed between Ascendas Hotel Investment Company Pty Limited and Accor prior to 30 June 2017.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 23. BORROWINGS

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current:</b>						
TMK Bonds	1,261	–	1,261	–	–	–
Unsecured bank loan	63,071	58,000	63,071	–	–	58,000
Less: Transaction costs capitalised	(45)	(21)	(45)	–	–	(21)
	63,026	57,979	63,026	–	–	57,979
Total current	64,287	57,979	64,287	–	–	57,979
<b>Non-current:</b>						
TMK Bonds	1,261	2,398	–	1,199	1,261	1,199
Secured bank loans	248,729	227,524	–	–	248,729	227,524
Less: Transaction costs capitalised	(852)	(1,165)	–	–	(852)	(1,165)
	247,877	226,359	–	–	247,877	226,359
Medium term notes	145,000	75,000	49,780	49,500	95,220	25,500
Less: Transaction costs capitalised	(206)	(103)	(52)	(68)	(154)	(35)
	144,794	74,897	49,728	49,432	95,066	25,465
Unsecured bank loans	97,382	171,975	47,000	106,975	50,382	65,000
Less: Transaction costs capitalised	(429)	(280)	(60)	(214)	(369)	(66)
	96,953	171,695	46,940	106,761	50,013	64,934
Total non-current	490,885	475,349	96,668	157,392	394,217	317,957
<b>Total borrowings</b>	<b>555,172</b>	<b>533,328</b>	<b>160,955</b>	<b>157,392</b>	<b>394,217</b>	<b>375,936</b>

(i) TMK Bonds

JPY100 million Japanese yen denominated bonds was issued by Ascendas Hospitality Tokutei Mokuteki Kaisha (“Ascendas Hospitality TMK”) in November 2013. Proceeds from the bond issuance were used to fully repay the JPY100 million bonds which matured in November 2013. The bonds carry a fixed interest rate of 1.333% per annum and mature on 15 November 2017.

JPY100 million Japanese yen denominated bonds was issued by Ascendas Japan Namba Tokutei Mokuteki Kaisha (“Ascendas Japan Namba TMK”) on 24 March 2017. Proceeds from the bond issuance were used to fully repay the JPY100 million bonds maturing on 7 April 2017. The bonds carry a floating interest rate of 3 Month JPY LIBOR + 1.50% per annum and mature on 23 March 2023.

A-HTRUST’s interests in the Sunroute and Oakwood Ariake and Osaka Namba properties in Japan are held via Tokutei Mokuteki Kaisha (“TMK”) structures, and such TMK structures are required to issue preferred shares and bonds to fund the acquisition of assets.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 23. BORROWINGS (CONT'D)

(ii) Secured bank loans

A-HBT Group's subsidiaries, Ascendas Australia Hotel Trust ("AAHF Trust") and Ascendas Hotel Investment Company Pty Limited ("AAHF Company") have a combined A\$260 million variable rate term loan and revolving credit facility ("AAHF Facility"), of which A\$233 million remains outstanding as at 31 March 2017. The AAHF Facility comprises A\$150 million tranche due in December 2018 and A\$110 million tranche due in August 2020, and the outstanding loans under this facility bear interest at the relevant BBSY rate plus an average margin of 1.43% (2016: 1.44%) per annum.

The securities for the AAHF Facility include (i) first registered mortgage over each property in the AAHF Trust portfolio, (ii) charges over cash, receivables and chattels in AAHF Trust, AAHF Company and Lodging Logistics Pty Ltd (a company associated with the Courtyard by Marriott Sydney-North Ryde), and (iii) a first registered mortgage over each hotel lease between AAHF Company and AAHF Trust. Under the facility, The Trust Company (RE Services) Limited as the trustee for the AAHF Trust and AAHF Company shall be subject to certain financial covenants including the loan to value ratio not exceeding 50%.

(iii) Unsecured bank loans and medium term notes

During the financial year, A-HREIT, through its wholly owned subsidiary, Ascendas Hospitality MTN Pte. Ltd., and A-HBT respectively issued \$0.3 million and \$69.7 million 3.325% notes due September 2022 pursuant to A-HTRUST's \$1.0 billion multicurrency stapled debt issuance programme. A-HBT also secured a new term loan cum revolving credit facility of \$90.0 million. The proceeds from the notes issuance and the term loan were used to prepay bank loans of A-HBT due in March 2017 and April 2017.

As at 31 March 2017, A-HREIT and A-HBT have outstanding bank loans of \$110.1 million (2016: \$107.0 million) and \$50.4 million (2016: \$123.0 million) respectively, of which \$63.1 million of A-HREIT's bank loans will be due for repayment within the next 12 months. Discussions with banks for the refinancing of these loans are ongoing and refinancing of these bank loans is expected to be completed before the end of 2017.

A-HBT has in place a \$30.0 million (2016: \$60.0 million) revolving credit facility, of which \$30.0 million (2016: \$25.3 million) was unutilised as at 31 March 2017.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 23. BORROWINGS (CONT'D)

Terms and debt repayment schedule

2017	Currency	Nominal interest rate %	Year of maturity	Carrying value \$'000
<b><u>A-HREIT Group</u></b>				
TMK fixed rate bond	JPY	1.333%	2017	1,261
Unsecured fixed rate term loan	JPY	1.099%	2017	63,071
Unsecured variable rate term loan	SGD	1.20% + SOR	2018	47,000
Medium term notes	SGD	3.30%	2020	49,500
Medium term notes	SGD	3.325%	2022	280
<b><u>A-HBT Group</u></b>				
TMK variable rate bond	JPY	1.50% + JPY LIBOR	2023	1,261
Unsecured variable rate term loan	USD	1.20% + USD LIBOR	2022	50,382
Secured variable rate term loans	AUD	1.43% + BBSY	2018 - 2020	248,729
Medium term notes	SGD	3.30%	2020	25,500
Medium term notes	SGD	3.325%	2022	69,720
Gross borrowings				556,704
Less: Transaction costs capitalised				(1,532)
<b>Total borrowings</b>				<b>555,172</b>
<hr/>				
2016	Currency	Nominal interest rate %	Year of maturity	Carrying value \$'000
<b><u>A-HREIT Group</u></b>				
TMK fixed rate bond	JPY	1.333%	2017	1,199
Unsecured fixed rate term loan	JPY	1.099%	2017	59,975
Unsecured variable rate term loan	SGD	1.20% + SOR	2018	47,000
Medium term notes	SGD	3.30%	2020	49,500
<b><u>A-HBT Group</u></b>				
TMK variable rate bond	JPY	1.00% + JPY LIBOR	2017	1,199
Unsecured variable rate term loans	SGD	1.15% + SOR	2016 - 2017	123,000
Secured variable rate term loans	AUD	1.44% + BBSY	2018 - 2020	227,524
Medium term notes	SGD	3.30%	2020	25,500
Gross borrowings				534,897
Less: Transaction costs capitalised				(1,569)
<b>Total borrowings</b>				<b>533,328</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 23. BORROWINGS (CONT'D)

#### A-HREIT Group

Included in the borrowings as at 31 March 2017 are bank borrowing of JPY5 billion (approximately \$63,070,000) (2016: JPY5 billion, approximately \$59,975,000) and medium term notes of \$32 million (2016: \$12 million), which together with cross currency swaps, have been designated as hedge of the net investment in a subsidiary in Japan, Ascendas Hospitality TMK. These borrowings are being used to hedge the Group's exposure to foreign exchange risk on this investment.

#### A-HBT Group

Included in the borrowings at 31 March 2017 are bank borrowings of \$50.4 million (2016: \$88.3 million) and medium term notes of \$91.0 million (2016: \$22.0 million), which together with certain cross currency swaps have been designated as hedge of the net investment in the subsidiaries in China, and Japan, namely, Ascendas (Beijing) Hotel Co., Ltd. and Ascendas 2 (Beijing) Hotel Co., Ltd., and Ascendas Japan Namba TMK (Note 24).

Gains or losses on the translation of borrowings designated as hedges of net investment in the subsidiaries are transferred to other comprehensive income to offset any gains or losses on translation of the net investment in the subsidiaries.

### 24. DERIVATIVE FINANCIAL INSTRUMENTS

2017	Year of maturity	A-HREIT Group		
		Contract/ Notional amount \$'000	Fair values	
			Assets \$'000	Liabilities \$'000
<u>Non-hedging instrument</u>				
Currency forward (buy)	2017 – 2018	10,884	247	(48)
<u>Cash flow hedge and net investment hedge</u>				
Interest rate swaps	2018	47,000	6	–
Currency swaps	2020	32,000	1,162	(1,260)
<b>Total</b>			<u>1,415</u>	<u>(1,308)</u>
Current			188	(48)
Non-current			1,227	(1,260)
<b>Total</b>			<u>1,415</u>	<u>(1,308)</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 24. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

2016	Year of maturity	A-HREIT Group		
		Contract/ Notional amount \$'000	Fair values	
			Assets \$'000	Liabilities \$'000
<i>Non-hedging instrument</i>				
Currency forward (buy)	2016 – 2017	9,306	66	(268)
<i>Cash flow hedge and net investment hedge</i>				
Interest rate swaps	2018	47,000	212	–
Currency swaps	2020	12,000	–	(891)
<b>Total</b>			<b>278</b>	<b>(1,159)</b>
Current			47	(242)
Non-current			231	(917)
<b>Total</b>			<b>278</b>	<b>(1,159)</b>
2017	Year of maturity	A-HBT Group		
		Contract/ Notional amount \$'000	Fair values	
			Assets \$'000	Liabilities \$'000
<i>Non-hedging instrument</i>				
Currency forward (buy)	2017 – 2018	31,765	241	(616)
<i>Cash flow hedge and net investment hedge</i>				
Interest rate swaps	2018 – 2020	128,100	–	(2,166)
Currency swaps	2020 – 2022	141,382	6,270	(1,057)
<b>Total</b>			<b>6,511</b>	<b>(3,839)</b>
Current			182	(576)
Non-current			6,329	(3,263)
<b>Total</b>			<b>6,511</b>	<b>(3,839)</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 24. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

2016	A-HBT Group			
	Year of maturity	Contract/ Notional amount \$'000	Fair values	
			Assets \$'000	Liabilities \$'000
<i>Non-hedging instrument</i>				
Currency forward (buy)	2016 – 2017	28,246	119	(477)
<i>Cash flow hedge and net investment hedge</i>				
Interest rate swaps	2016 – 2018	215,114	–	(3,912)
Currency swaps	2016 – 2020	110,300	1,836	(1,300)
<b>Total</b>			1,955	(5,689)
Current			107	(2,858)
Non-current			1,848	(2,831)
<b>Total</b>			1,955	(5,689)

#### A-HREIT Group

A-HREIT has entered into interest rate swaps to exchange floating rate interest on SGD loan of \$47 million (2016: \$47 million), into fixed rate interest at rate of 1.16% (2016: 1.16%) per annum. A-HREIT has also entered into cross currency swaps to exchange \$32 million fixed rate medium term notes for fixed rate JPY obligation.

There is no hedge ineffectiveness in the financial years ended 31 March 2017 and 2016.

#### A-HBT Group

A-HBT has entered into cross currency swaps to exchange floating rate USD loan of USD6.0 million (approximately \$8.4 million) and \$22 million fixed rate medium term notes for fixed rate RMB obligation.

A-HBT has also entered into cross currency swap to exchange floating rate USD loan of USD30.0 million (approximately S\$42 million) and \$69 million fixed rate medium term notes for fixed rate JPY obligation.

There is no hedge ineffectiveness in the financial years ended 31 March 2017 and 2016.

A-HBT's subsidiary, AAHF Trust, has entered into interest rate swaps to exchange floating rate interest on A\$120 million into fixed rate interest at an average rate of 4.34% per annum.

There is no hedge ineffectiveness in the financial year ended 31 March 2017.

In FY2015/16, interest rate hedge ineffectiveness of A\$413,000 was recognised as an expense in the income statements when a portion of the AAHF Facility was refinanced in February 2016.

During the financial year, the Group recorded a net gain on derivative financial instruments of \$8,115,000 (2016: net loss of \$1,762,000) in the profit or loss, a net gain on cash flow hedge of \$403,000 (2016: \$2,665,000) in hedging reserve and a net loss on net investment hedge in foreign operations of \$2,232,000 (2016: \$621,000) in foreign currency translation reserve.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 25. STAPLED SECURITIES IN ISSUE

2017	A-HTRUST		A-HREIT Group		A-HBT Group	
	No. of units ('000)	\$'000	No. of units ('000)	\$'000	No. of units ('000)	\$'000
Balance at 1 April 2016	1,119,142	968,827	1,119,142	414,653	1,119,142	554,174
Managers' fees paid in Stapled Securities	5,339	3,800	5,339	1,026	5,339	2,774
Balance at 31 March 2017	1,124,481	972,627	1,124,481	415,679	1,124,481	556,948
Stapled Securities to be issued:						
Managers' fees payable in Stapled Securities	1,956	1,472	1,956	758	1,956	714
Total issued and to be issued Stapled Securities	1,126,437	974,099	1,126,437	416,437	1,126,437	557,662

2016	A-HTRUST		A-HREIT Group		A-HBT Group	
	No. of units ('000)	\$'000	No. of units ('000)	\$'000	No. of units ('000)	\$'000
Balance at 1 April 2015	1,113,581	965,035	1,113,581	413,379	1,113,581	551,656
Managers' fees paid in Stapled Securities	5,561	3,792	5,561	1,274	5,561	2,518
Balance at 31 March 2016	1,119,142	968,827	1,119,142	414,653	1,119,142	554,174
Stapled Securities to be issued:						
Managers' fees payable in Stapled Securities	1,272	960	1,272	353	1,272	607
Total issued and to be issued Stapled Securities	1,120,414	969,787	1,120,414	415,006	1,120,414	554,781

Each unit in A-HREIT is stapled together with a unit in A-HBT under the terms of a stapling deed dated 13 March 2012 and subsequently amended and entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in A-HREIT and A-HBT.

A holder of the Stapled Securities has no equitable or proprietary interest in the underlying assets of A-HTRUST and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of A-HTRUST.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 25. STAPLED SECURITIES IN ISSUE (CONT'D)

Under the A-HREIT Trust Deed, every A-HREIT unit carries the same voting rights. Similarly, under the A-HBT Trust Deed, every A-HBT unit carries the same voting rights. Each unit carries one vote.

The holders of units of the Stapled Securities are entitled to receive distributions as and when declared by A-HTRUST.

All issued Stapled Securities are fully paid.

A further 5,339,066 (2016: 5,561,309) Stapled Securities were issued as settlement of management fees during the financial year. With effect from 1 April 2016, the performance fee component of management fee of the REIT Manager will be crystallised and paid out on an annual basis in accordance with the A-HREIT Trust Deed.

### 26. ISSUE COSTS

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning and end of the financial year	15,761	15,761	5,994	5,994	9,767	9,767

Apart from the issuance of Stapled Securities as settlement of management fees (refer to Note 25), there is no other issuance of Stapled Securities in the financial years ended 31 March 2017 and 2016.

### 27. RESERVES

(a) Asset revaluation reserve

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	106,310	60,354	–	–	105,213	59,737
Fair value gain, net of tax	49,645	45,956	–	–	49,111	45,476
Balance at end of the financial year	155,955	106,310	–	–	154,324	105,213

The asset revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 27. RESERVES (CONT'D)

(b) Foreign currency translation reserve

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	(124,015)	(120,316)	(67,166)	(72,147)	(56,155)	(47,527)
Disposal of subsidiary	(3,260)	-	-	-	(3,260)	-
Net currency translation differences arising from translation from functional currency to presentation currency and effect of net investment hedge in foreign operations	31,132	(3,699)	18,827	4,981	12,219	(8,628)
Balance at end of the financial year	(96,143)	(124,015)	(48,339)	(67,166)	(47,196)	(56,155)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The foreign currency translation reserve is also used to record the effect of net investment hedge in foreign operations.

(c) Hedging reserve

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	(2,977)	(5,642)	212	1,167	(3,153)	(6,737)
Net fair value gain/(loss) of cash flow hedges	265	3,189	(207)	(613)	461	3,766
Reclassification to profit or loss upon settlement	138	(524)	-	(342)	138	(182)
Balance at end of the financial year	(2,574)	(2,977)	5	212	(2,554)	(3,153)

Hedging reserve represents the cumulative fair value changes, net of tax, of derivative financial instruments until they are disposed of.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 27. RESERVES (CONT'D)

(d) Other reserves

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of the financial year	612	599	–	–	612	599
Transfer from revenue reserve	183	13	–	–	183	13
Balance at end of the financial year	795	612	–	–	795	612

Other reserves comprise mainly the statutory reserve fund in the People's Republic of China ("PRC"). In accordance with the Foreign Enterprise Law applicable to an A-HBT's subsidiary in the PRC, the subsidiary is required to make appropriation to a statutory reserve fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to Stapled Securityholders.

### 28. INVESTMENT IN SUBSIDIARIES

The subsidiaries of A-HTRUST, the A-HREIT Group and the A-HBT Group are as follows:

Name of subsidiary	Country of constitution	Principal activities / place of business	Effective equity held by A-HTRUST	
			2017 %	2016 %
<b>Held by A-HREIT</b>				
Ascendas Hospitality Japan 1 Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Hospitality MTN Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
<b>Held through A-HREIT subsidiaries</b>				
Ascendas Hospitality Japan 2 Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Hospitality Japan 3 Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Hospitality Tokutei Mokuteki Kaisha <sup>2</sup>	Japan	Hotel investment Japan	100	100

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 28. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of constitution	Principal activities / place of business	Effective equity held by A-HTRUST	
			2017 %	2016 %
<b>Held by A-HBT</b>				
Ascendas Hospitality Australia Investments Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Hospitality China Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Hospitality Operations Pty Ltd <sup>2</sup>	Australia	Investment holding Australia	100	100
Ascendas Hospitality Australia Investment Fund No.1 <sup>2</sup>	Australia	Investment holding Australia	100	100
Ascendas China Hotel Investment Limited <sup>2</sup>	Hong Kong	Investment holding Hong Kong	100	100
Ascendas Ariake Godo Kaisha <sup>2</sup>	Japan	Hotel operations Japan	100	100
Ascendas Namba 1 Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Namba Godo Kaisha <sup>2</sup>	Japan	Hotel operations Japan	100	100
<b>Held through A-HBT subsidiaries</b>				
Ascendas Hospitality Australia Investment Fund No.2 <sup>2</sup>	Australia	Investment holding Australia	100	100
Ascendas Australia Hotel Trust <sup>2</sup>	Australia	Hotel investment Australia	100	100
Ascendas Hotel Investment Company Pty Limited <sup>2</sup>	Australia	Hotel operations Australia	100	100
Ascendas (Beijing) Hotel Co., Ltd. <sup>2</sup>	PRC	Hotel operations PRC	100	100
Ascendas 2 (Beijing) Hotel Co., Ltd. <sup>2</sup>	PRC	Hotel operations PRC	100	100
Ascendas Namba 2 Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 28. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of constitution	Principal activities / place of business	Effective equity held by A-HTRUST	
			2017 %	2016 %
Ascendas Namba 3 Pte. Ltd. <sup>1</sup>	Singapore	Investment holding Singapore	100	100
Ascendas Japan Namba Tokutei Mokuteki Kaisha <sup>2</sup>	Japan	Hotel investment Japan	100	100

<sup>1</sup> Audited by Ernst & Young LLP, Singapore

<sup>2</sup> Audited by member firms of Ernst & Young Global in the respective countries

### 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence or control. Related parties may be individuals or entities. The REIT Manager and the Trustee Manager are related entities of a substantial Stapled Securityholder of A-HTRUST.

In relation to the management of the Trust, management fees have been paid or are payable to the Managers and entities related to the Managers and trustee fees have been paid or are payable to the Trustee-Manager. In addition, hotel management fees have been paid or are payable to a related entity, Oakwood Property Management Services (Tokyo) Co., Ltd for managing the operations of the Oakwood Ariake serviced apartments.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, in addition to the transactions disclosed elsewhere in the financial statements, the following were significant related party transactions which were carried out in the normal course of business on arm's length commercial terms:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fees paid/payable to:						
- REIT Manager	2,600	2,378	2,600	2,378	-	-
- Trustee-Manager	3,075	2,574	-	-	3,075	2,574
- Related entities of the Managers	2,951	2,663	264	243	2,687	2,420
Trustee fees paid/payable to:						
- Trustee-Manager	162	162	-	-	162	162
Divestment fees paid to a related entity of the Managers	-	195	-	-	-	195
Hotel management fees paid to a related entity of the Group	244	186	-	-	244	186
Marketing and trademark licence fees paid to a related entity of the Group	114	86	-	-	114	86

Details of the fee arrangements are set out on pages 114 to 115.

### 30. FAIR VALUE OF ASSETS AND LIABILITIES

#### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year:

2017 Group	Fair value measurements at the end of the reporting year using		Total \$'000
	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	
<b>Recurring fair value measurements:</b>			
<b>Assets</b>			
<b><i>Financial assets</i></b>			
<u>Derivatives</u>			
<i>Currency forwards</i>	488	-	488
<i>Currency swaps</i>	7,432	-	7,432
<i>Interest rate swaps</i>	6	-	6
Total derivatives	7,926	-	7,926
Financial assets as at 31 March 2017	7,926	-	7,926
<b><i>Non-financial assets</i></b>			
<u>Property, plant and equipment</u>			
<i>Freehold land</i>	-	171,751	171,751
<i>Buildings</i>	-	493,860	493,860
Total property, plant and equipment	-	665,611	665,611
Investment properties	-	824,129	824,129
Non-financial assets as at 31 March 2017	-	1,489,740	1,489,740
<b>Liabilities</b>			
<b><i>Financial liabilities</i></b>			
<u>Derivatives</u>			
<i>Currency forwards</i>	664	-	664
<i>Currency swaps</i>	2,317	-	2,317
<i>Interest rate swaps</i>	2,166	-	2,166
Total derivatives	5,147	-	5,147
Financial liabilities as at 31 March 2017	5,147	-	5,147

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value (cont'd)

2016 Group	Fair value measurements at the end of the reporting year using			Total \$'000
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)		
	\$'000	\$'000		
<b>Recurring fair value measurements:</b>				
<b>Assets</b>				
<i>Financial assets</i>				
<u>Derivatives</u>				
<i>Currency forwards</i>	185	–		185
<i>Currency swaps</i>	1,836	–		1,836
<i>Interest rate swaps</i>	212	–		212
Total derivatives	2,233	–		2,233
Financial assets as at 31 March 2016	2,233	–		2,233
<i>Non-financial assets</i>				
<u>Property, plant and equipment</u>				
<i>Freehold land</i>	–	150,001		150,001
<i>Buildings</i>	–	453,350		453,350
Total property, plant and equipment	–	603,351		603,351
Investment properties	–	788,303		788,303
Non-financial assets as at 31 March 2016	–	1,391,654		1,391,654
<b>Liabilities</b>				
<i>Financial liabilities</i>				
<u>Derivatives</u>				
<i>Currency forwards</i>	745	–		745
<i>Currency swaps</i>	2,191	–		2,191
<i>Interest rate swaps</i>	3,912	–		3,912
Total derivatives	6,848	–		6,848
Financial liabilities as at 31 March 2016	6,848	–		6,848

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

*Derivatives*

Currency forwards, interest rate swaps and currency swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(d) Level 3 fair value measurements

*Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

2017 Group Description	Fair value at 31 March 2017 \$'000	Valuation technique	Unobservable inputs	Range
<b>Recurring fair value measurements:</b>				
<b>Property, plant and equipment</b>				
Freehold land	171,751	Discounted cash flow	Discount Rate Capitalisation Rate	9.50% to 10.75% 7.00% to 8.50%
Buildings	493,860	Discounted cash flow	Discount Rate Capitalisation Rate Occupancy Rate RevPAR	9.00% to 10.75% 5.00% to 8.50% 76% to 95% \$59 to \$274
<b>Investment properties</b>				
Hotels and serviced apartments	824,129	Discounted cash flow	Discount Rate Capitalisation Rate Occupancy Rate RevPAR	4.40% to 6.75% 4.40% to 5.20% 80% to 93% \$114 to \$224



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

2016 Group Description	Fair value at 31 March 2016 \$'000	Valuation technique	Unobservable inputs	Range
<b>Recurring fair value measurements:</b>				
<b>Property, plant and equipment</b>				
Freehold land	150,001	Discounted cash flow	Discount Rate Capitalisation Rate	10.25% to 11.00% 7.25% to 9.25%
Buildings	453,350	Discounted cash flow	Discount Rate Capitalisation Rate Occupancy Rate RevPAR	9.00% to 11.00% 5.00% to 9.25% 75% to 90% \$61 to \$249
<b>Investment properties</b>				
Hotels and serviced apartments	788,303	Discounted cash flow	Discount Rate Capitalisation Rate Occupancy Rate RevPAR	4.70% to 6.75% 4.30% to 5.70% 85% to 92% \$103 to \$235

The fair value varies inversely against the discount rate and capitalisation rate and increases with higher occupancy rates and revenue per available room ("RevPAR").

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

- (e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 March 2017 and 2016 but for which fair value is disclosed:

2017 Group	Fair value using significant unobservable inputs (Level 3) \$'000	Carrying amount \$'000
<b>Assets</b>		
Other non-current assets		
- Non-refundable deposit	5,898	5,338
<b>Liabilities</b>		
Rental and other deposits	12,298	11,944
Borrowings (non-current)		
- Fixed rate medium term notes	153,989	145,000
<b>2016 Group</b>		
	Fair value using significant unobservable inputs (Level 3) \$'000	Carrying amount \$'000
<b>Assets</b>		
Other non-current assets		
- Non-refundable deposit	5,752	5,171
<b>Liabilities</b>		
Rental and other deposits	11,757	11,248
Borrowings (non-current)		
- Fixed rate bank loans and bonds	61,482	61,174
- Fixed rate medium term notes	77,494	75,000

#### Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting year.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments such as currency forwards, interest rate swaps and currency swaps to hedge certain financial risk exposures.

The Managers are responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Managers' organizational and reporting structure, operating manuals and delegation of authority guidelines.

The Boards of the Managers, assisted by the Audit and Risk Committee and Internal Audit, oversee how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee. The Audit and Risk Committee then reports to the Boards of Directors on any inadequacies, deficiencies or matters of concern of which Internal Audit becomes aware or that it suspects, arising from its review of the Group's risk management policies and procedures.

(a) **Market risk**

(i) **Foreign currency risk**

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of A-HTRUST, the A-HREIT Group and the A-HBT Group. The currencies giving rise to this risk are primarily JPY and AUD.

The Group's borrowings are mainly denominated in AUD, JPY, SGD and USD. Natural hedging is preferred as far as possible by matching assets and liabilities of the same currency. Derivative financial instruments are only used when necessary to reduce exposure to fluctuation in foreign exchange rates. To manage the currency risk involved in having borrowings denominated in currencies that are different from the underlying assets, the Group entered into currency swaps to convert a portion of the borrowings to match the currency of the asset investment as a natural currency hedge.

The Group hedges its exposure to fluctuations on the translation into SGD of its foreign operations by using currency swaps and loan denominated in the same currency and designated them as net investment hedge in the foreign operations.

The Group's distribution to Stapled Securityholders is in SGD. To enhance the stability of distribution to Stapled Securityholders, the Group entered into currency forwards to hedge a substantial portion of the cash flows it expects to receive. The hedging of JPY cash flows receivable from the subsidiary companies of A-HREIT and AUD and JPY cash flows receivable from the subsidiary companies of A-HBT are effected through forward sale of the JPY and AUD and purchase of SGD.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT

(a) **Market risk (cont'd)**

(i) **Foreign currency risk (cont'd)**

The Group's main currency exposure is as follows:

2017	SGD \$'000	RMB \$'000	JPY \$'000	AUD \$'000	USD \$'000	HKD \$'000	Total \$'000
<b>Financial assets</b>							
Cash and cash equivalents	16,477	21,265	17,534	30,874	56	7	86,213
Trade and other receivables (current)	722	1,293	5,968	5,718	118	–	13,819
Other current assets	–	57	–	20	–	–	77
Interest rate swaps	6	–	–	–	–	–	6
	17,205	22,615	23,502	36,612	174	7	100,115
<b>Financial liabilities</b>							
Trade and other payables	(3,859)	(4,351)	(5,164)	(17,517)	–	–	(30,891)
Borrowings	(46,526)	–	(65,593)	(247,877)	(50,382)	–	(410,378)
Medium term notes	(144,794)	–	–	–	–	–	(144,794)
Interest rate swaps	–	–	–	(2,166)	–	–	(2,166)
Rental and other deposits	(5,412)	(112)	(6,420)	–	–	–	(11,944)
	(200,591)	(4,463)	(77,177)	(267,560)	(50,382)	–	(600,173)
Net financial (liabilities)/ assets	(183,386)	18,152	(53,675)	(230,948)	(50,208)	7	(500,058)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	183,386	(16,229)	(2,540)	330,118	–	–	494,735
Currency forwards	–	–	(19,302)	(23,346)	–	–	(42,648)
Currency swaps	–	(30,397)	(142,985)	–	–	–	(173,382)
Loan and currency swaps designated as net investment hedges	–	30,397	206,055	–	50,382	–	286,834
<b>Net currency exposure</b>	–	1,923	(12,447)	75,824	174	7	65,481

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

2016	SGD \$'000	RMB \$'000	JPY \$'000	AUD \$'000	HKD \$'000	Total \$'000
<b>Financial assets</b>						
Cash and cash equivalents	14,380	27,241	28,330	24,630	8	94,589
Trade and other receivables (current)	899	522	3,866	5,566	-	10,853
Other current assets	-	-	-	19	-	19
Interest rate swaps	212	-	-	-	-	212
	15,491	27,763	32,196	30,215	8	105,673
<b>Financial liabilities</b>						
Trade and other payables	(3,212)	(3,262)	(15,745)	(23,208)	-	(45,427)
Borrowings	(169,698)	-	(62,374)	(226,359)	-	(458,431)
Medium term notes	(74,897)	-	-	-	-	(74,897)
Interest rate swaps	-	-	-	(3,912)	-	(3,912)
Rental and other deposits	(5,129)	(116)	(6,003)	-	-	(11,248)
	(252,936)	(3,378)	(84,122)	(253,479)	-	(593,915)
Net financial (liabilities)/assets	(237,445)	24,385	(51,926)	(223,264)	8	(488,242)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	237,445	(23,353)	(2,433)	319,204	-	530,863
Currency forwards	-	-	(14,891)	(22,661)	-	(37,552)
Currency swaps	-	(45,300)	(77,000)	-	-	(122,300)
Loan and currency swaps designated as net investment hedges	-	45,300	136,975	-	-	182,275
<b>Net currency exposure</b>	-	1,032	(9,275)	73,279	8	65,044

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) **Market risk (cont'd)**

(i) **Foreign currency risk (cont'd)**

If SGD change against AUD, JPY and RMB by 3%, 5% and 3% (2016: 2%, 5% and 7%) respectively with all other variables including tax rate being held constant, the effects from the net financial liability/asset position will be as follow:

	Profit after tax	
	2017	2016
	\$'000	\$'000
<b>Group</b>		
SGD against AUD		
- strengthened	(2,275)	(1,465)
- weakened	2,275	1,465
 SGD against JPY		
- strengthened	622	464
- weakened	(622)	(464)
 SGD against RMB		
- strengthened	(58)	(72)
- weakened	58	72

(ii) **Cash flow and fair value interest rate risk**

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable rate borrowings. The Group borrows at variable rates mainly in SGD, USD and AUD. The Group manages its interest rate risk by converting a significant portion of its floating rate interest into fixed rate interest using interest rate swaps. If interest rates increase/decrease by 65 basis points (2016: 125 basis points) with all other variables including tax rate being held constant, the Group's profit after tax will be lower/higher by \$658,000 (2016: \$501,000) as a result of higher/lower interest expense on these borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed by the REIT Manager and the Trustee-Manager before lease agreements are entered into with customers. The risk is also mitigated by having customers place security deposits for the lease.

The hotel operators which manage the hotels under hotel management contracts with the Group perform credit evaluations on customers before accepting customers and monitor their balances on an on-going basis.

Cash and short term bank deposits are placed with financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheets.

The credit risk for trade receivables based on the information provided to the Managers is as follows:

(i) **Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with banks which are regulated. Trade and other receivables (including finance lease receivables) that are neither past due nor impaired are substantially from companies with a good collection track record with the Group. The Group's trade receivables that are neither past due nor impaired include amounts of \$8,671,000 (2016: \$2,080,000).

(ii) **Financial assets that are past due and/or impaired**

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The Group has trade receivables amounting to \$895,000 (2016: \$4,897,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Past due 0 to 30 days	696	4,007	-	-	696	4,007
Past due 31 to 60 days	31	843	-	-	31	843
Past due more than 60 days	168	47	-	-	168	47
	<u>895</u>	<u>4,897</u>	<u>-</u>	<u>-</u>	<u>895</u>	<u>4,897</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Credit risk (cont'd)*

(ii) *Financial assets that are past due and/or impaired (cont'd)*

The carrying amounts of trade receivables determined to be impaired and the movement in the related allowance for impairment is as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Allowance for impairment</b>						
Balance at beginning of financial year	(23)	(44)	–	–	(23)	(44)
Allowance made	(4)	–	–	–	(4)	–
Bad debts written off	–	2	–	–	–	2
Allowance written back	16	–	–	–	16	–
Translation differences	–	19	–	–	–	19
Balance at end of financial year	(11)	(23)	–	–	(11)	(23)

The Group establishes an allowance for impairment that represents its estimate of incurred losses of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) **Credit risk (cont'd)**

(iii) **Credit risk concentration profile**

The Group determines concentrations of credit risk by monitoring the country and segment profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting year is as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
By country:						
Australia	5,062	4,864	–	–	5,062	4,864
China	425	359	–	–	425	359
Japan	4,079	1,754	1,811	1,509	2,268	245
	<u>9,566</u>	<u>6,977</u>	<u>1,811</u>	<u>1,509</u>	<u>7,755</u>	<u>5,468</u>
By segment:						
Master leases	4,079	1,509	1,811	1,509	2,268	–
Hotels under management	5,487	5,468	–	–	5,487	5,468
	<u>9,566</u>	<u>6,977</u>	<u>1,811</u>	<u>1,509</u>	<u>7,755</u>	<u>5,468</u>

(c) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds.

The Managers monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the Managers also monitor and observe the bank covenants imposed by the banks on the various borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) **Liquidity risk (cont'd)**

The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows:

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Later than 5 years \$'000
<b>A-HTRUST</b>			
<b>As at 31 March 2017</b>			
Net-settled interest rate swaps	1,419	671	–
Gross-settled currency swaps			
- Receipts	(5,205)	(17,054)	(1,125)
- Payments	3,060	9,044	369
Trade and other payables (current and non-current)	30,425	466	–
Borrowings (including interest)	80,498	537,381	72,383
Rental and deposits (non-current)	–	–	11,944
	110,197	530,508	83,571
<b>As at 31 March 2016</b>			
Net-settled interest rate swaps	3,276	4,651	–
Gross-settled currency swaps			
- Receipts	(2,362)	(3,419)	–
- Payments	2,331	3,979	–
Trade and other payables (current and non-current)	44,744	617	66
Borrowings (including interest)	73,782	510,433	–
Rental and deposits (non-current)	–	–	13,210
	121,771	516,261	13,276
<b>A-HREIT</b>			
<b>As at 31 March 2017</b>			
Net-settled interest rate swaps	131	31	–
Gross-settled currency swaps			
- Receipts	(1,056)	(2,135)	–
- Payments	360	726	–
Trade and other payables (current and non-current)	7,366	–	–
Borrowings (including interest)	67,458	100,068	284
Rental and deposits (non-current)	–	–	5,412
	74,259	98,690	5,696

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Liquidity risk (cont'd)*

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Later than 5 years \$'000
<b>A-HREIT (cont'd)</b>			
<b>As at 31 March 2016</b>			
Net-settled interest rate swaps	64	79	-
Gross-settled currency swaps			
- Receipts	(396)	(1,196)	-
- Payments	139	420	-
Trade and other payables (current and non-current)	5,778	-	-
Borrowings (including interest)	3,316	164,353	-
Rental and deposits (non-current)	-	-	6,100
	8,901	163,656	6,100
<b>A-HBT</b>			
<b>As at 31 March 2017</b>			
Net-settled interest rate swaps	1,288	640	-
Gross-settled currency swaps			
- Receipts	(4,149)	(14,919)	(1,125)
- Payments	2,700	8,318	369
Trade and other payables (current and non-current)	27,714	466	-
Borrowings (including interest)	13,040	437,313	72,099
Rental and deposits (non-current)	-	-	6,532
	40,593	431,818	77,875
<b>As at 31 March 2016</b>			
Net-settled interest rate swaps	3,212	4,572	-
Gross-settled currency swaps			
- Receipts	(1,966)	(2,223)	-
- Payments	2,191	3,558	-
Trade and other payables (current and non-current)	42,588	617	66
Borrowings (including interest)	70,466	346,080	-
Rental and deposits (non-current)	-	-	7,110
	116,491	352,604	7,176

A-HTRUST, the A-HREIT Group and the A-HBT Group manage liquidity risk by maintaining sufficient cash from borrowings and cash generated from operations to enable them to meet their capital expenditure and operating commitments.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) **Capital management**

The Managers' objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the A-HREIT Trust Deed and the A-HBT Trust Deed to fund future acquisitions and asset enhancement works at the Group's properties. To maintain or achieve an optimal capital structure, the Managers may issue new stapled securities or source additional borrowing from both financial institutions and capital markets.

The Managers monitor capital based on gearing ratio, which is total borrowings divided by total assets. The Group's policy is to cap the gearing ratio to no more than 45%, which is in line with the revised guideline for aggregate leverage set out in Appendix 6: Investment Property Funds under the CIS (effective from 1 January 2016).

The gearing ratio is calculated as total borrowings divided by total assets.

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total borrowings	555,172	533,328	160,955	157,392	394,217	375,936
Total assets	1,725,908	1,631,883	628,610	609,657	1,105,011	1,028,905
Gearing ratio	32%	33%	26%	26%	36%	37%

A-HTRUST, the A-HREIT Group and the A-HBT Group are in compliance with the borrowing limit requirements imposed by the relevant Trust Deeds and all externally imposed capital requirements for the financial year ended 31 March 2017.

### 32. SEGMENT REPORTING

The Boards of the Managers decide on strategic resource allocation and assess the performance of A-HTRUST based on operating segments.

Segment information is presented in respect of the Group's operating segments from two dimensions: (a) by geography; and (b) by business.

The operations of each of the Group's geographical segments are separately managed because of the different economic environments in which they operate in. This forms the basis of identifying the geographical segments of the Group.

There are four reportable geographical segments, as described below:

- Australia – the six hotels in Sydney, Melbourne and Brisbane that are being operated under management contracts
- China – the two hotels in Beijing that are being operated under management contracts
- Japan – the investment properties in Tokyo and Osaka that are being leased and operated primarily as hotels
- Singapore – the investment property that is being leased and operated as a hotel

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 32. SEGMENT REPORTING (CONT'D)

The operations of the Group under master leases and management contracts have different risks and returns. This forms the basis of identifying the business segments of the Group.

There are two reportable business segments, as described below:

- Master leases – the properties are leased to tenants to operate as hotels for which the Group earns rental income
- Hotels under management – the properties are managed by third party operators, who are paid a management fee to run the hotel operations for the Group

(a) **Segmental information by geographical segment**

	Australia \$'000	China \$'000	Japan \$'000	Singapore \$'000	Total \$'000
<b>For the financial year ended 31 March 2017</b>					
Segment revenue	154,720	20,798	35,604	13,310	224,432
Segment net property income	51,987	7,943	25,968	13,269	99,167
Share of results of joint venture					(3)
Depreciation and amortisation					(27,627)
Net change in fair value of derivative financial instruments					8,115
Net change in fair value of investment properties					9,385
Finance costs					(17,704)
Finance income					897
Foreign exchange loss, net					(4,152)
Others					(11,388)
<b>Profit before tax</b>					56,690
Income tax expense					(8,150)
<b>Profit after tax</b>					48,540
Non-current assets <sup>1</sup>	683,200	93,858	512,129	312,000	1,601,187
<b>Segment assets</b>	732,775	116,737	537,718	338,678	1,725,908
<b>Segment liabilities</b>	283,845	10,447	57,032	341,355	692,679

<sup>1</sup> Non-current assets information presented above consist of investment properties, prepaid land lease and property, plant and equipment as presented in the consolidated balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 32. SEGMENT REPORTING (CONT'D)

(a) **Segmental information by geographical segment (cont'd)**

	Australia \$'000	China \$'000	Japan \$'000	Singapore \$'000	Total \$'000
<b>For the financial year ended 31 March 2016</b>					
Segment revenue	150,312	21,675	28,462	14,660	215,109
Segment net property income	49,528	7,327	19,393	14,622	90,870
Share of results of joint venture					4,049
Depreciation and amortisation					(25,778)
Net change in fair value of derivative financial instruments					(1,762)
Net change in fair value of investment properties					145,514
Finance costs					(19,192)
Finance income					1,279
Foreign exchange loss, net					(706)
Non-capitalisable business acquisition related expenses					88
Others					(10,393)
<b>Profit before tax</b>					183,969
Income tax expense					(37,378)
<b>Profit after tax</b>					146,591
Non-current assets <sup>1</sup>	623,648	95,316	472,303	316,000	1,507,267
<b>Segment assets</b>	666,956	123,380	506,681	334,866	1,631,883
<b>Segment liabilities</b>	264,849	8,125	62,896	332,759	668,629

<sup>1</sup> Non-current assets information presented above consist of investment properties, prepaid land lease, property, plant and equipment and investment in joint venture as presented in the consolidated balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 32. SEGMENT REPORTING (CONT'D)

(b) **Segmental information by business segment**

	Master leases \$'000	Hotels under management \$'000	Elimination \$'000	Total \$'000
<b>For the financial year ended 31 March 2017</b>				
Segment revenue	45,271	196,899	(17,738)	224,432
Segment net property income	39,337	60,084	(254)	99,167
Share of results of joint venture				(3)
Depreciation and amortisation				(27,627)
Net change in fair value of derivative financial instruments				8,115
Net change in fair value of investment properties				9,385
Finance costs				(17,704)
Finance income				897
Foreign exchange loss, net				(4,152)
Others				(11,388)
<b>Profit before tax</b>				56,690
Income tax expense				(8,150)
<b>Profit after tax</b>				48,540
Additions to non-current assets <sup>1</sup>	1,127	10,354	–	11,481
<b>Segment assets</b>	866,035	867,589	(7,716)	1,725,908
<b>Segment liabilities</b>	206,353	490,982	(4,656)	692,679

<sup>1</sup> Additions to non-current assets consist of additions to investment properties and property, plant and equipment. There was no addition to prepaid land lease during the financial year ended 31 March 2017.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 32. SEGMENT REPORTING (CONT'D)

(b) **Segmental information by business segment (cont'd)**

	Master leases \$'000	Hotels under management \$'000	Elimination \$'000	Total \$'000
<b>For the financial year ended 31 March 2016</b>				
Segment revenue	39,962	191,459	(16,312)	215,109
Segment net property income	34,202	56,913	(245)	90,870
Share of results of joint venture				4,049
Depreciation and amortisation				(25,778)
Net change in fair value of derivative financial instruments				(1,762)
Net change in fair value of investment properties				145,514
Finance costs				(19,192)
Finance income				1,279
Foreign exchange loss, net				(706)
Non-capitalisable business acquisition related expenses				88
Others				(10,393)
<b>Profit before tax</b>				183,969
Income tax expense				(37,378)
<b>Profit after tax</b>				146,591
Investment in joint venture	-	26	-	26
Additions to non-current assets <sup>1</sup>	11,515	10,377	-	21,892
<b>Segment assets</b>	836,627	801,935	(6,679)	1,631,883
<b>Segment liabilities</b>	209,881	462,370	(3,622)	668,629

<sup>1</sup> Additions to non-current assets consist of additions to investment properties and property, plant and equipment. There was no addition to prepaid land lease during the financial year ended 31 March 2016.



## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 33. COMMITMENTS

#### (a) Operating lease commitments

The investment properties are under non-cancellable operating lease agreements. The future minimum lease payments receivable under non-cancellable operating leases contracted for but not recognised as receivables are as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivable						
- Within 1 year	37,089	34,987	25,242	24,259	11,847	10,728
- After 1 year but within 5 years	157,295	153,321	104,939	100,894	52,356	52,427
- After 5 years	48,508	97,694	39,174	64,408	9,334	33,286
	<u>242,892</u>	<u>286,002</u>	<u>169,355</u>	<u>189,561</u>	<u>73,537</u>	<u>96,441</u>

#### (b) Capital commitments

Capital expenditure approved as at the end of the reporting period but not recognised in the financial statements are as follows:

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital commitments						
- Amount approved and contracted for <sup>1</sup>	135,023	130,902	-	-	135,023	130,902
- Amount approved but not contracted for	801	7,498	-	-	801	7,498
	<u>135,824</u>	<u>138,400</u>	<u>-</u>	<u>-</u>	<u>135,824</u>	<u>138,400</u>

<sup>1</sup> Included in the amount of capital commitments approved and contracted for is an amount of A\$115.0 million for the acquisition of the serviced apartment component of Aurora Melbourne Central, which is currently under construction. A deposit of A\$5.0 million has been paid in December 2015 and the remaining balance is expected to be paid in the second half of 2019 upon completion of the construction of the property.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 34. DISTRIBUTION TO STAPLED SECURITYHOLDERS

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Distribution declared and paid</u>						
<u>during the financial year:</u>						
<i>Paid on 16 June 2015:</i>						
Capital distribution of 0.3675 cents per Stapled Security	-	4,098	-	4,098	-	-
Exempt distribution of 1.6465 cents per Stapled Security	-	18,358	-	-	-	18,358
Taxable income distribution of 0.5385 cents per Stapled Security	-	6,004	-	6,004	-	-
<i>Paid on 4 December 2015:</i>						
Capital distribution of 0.37 cents per Stapled Security	-	4,136	-	4,136	-	-
Exempt distribution of 1.75 cents per Stapled Security	-	19,561	-	-	-	19,561
Taxable income distribution of 0.54 cents per Stapled Security	-	6,036	-	6,036	-	-
<i>Paid on 17 June 2016:</i>						
Capital distribution of 0.48 cents per Stapled Security	5,378	-	5,378	-	-	-
Exempt distribution of 1.78 cents per Stapled Security	19,943	-	-	-	19,943	-
Taxable income distribution of 0.49 cents per Stapled Security	5,490	-	5,490	-	-	-
<i>Paid on 15 December 2016:</i>						
Capital distribution of 0.37 cents per Stapled Security	4,155	-	4,155	-	-	-
Exempt distribution of 1.83 cents per Stapled Security	20,552	-	-	-	20,552	-
Taxable income distribution of 0.47 cents per Stapled Security	5,279	-	5,279	-	-	-
<b>Total</b>	<b>60,797</b>	<b>58,193</b>	<b>20,302</b>	<b>20,274</b>	<b>40,495</b>	<b>37,919</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 34. DISTRIBUTION TO STAPLED SECURITYHOLDERS (CONT'D)

	A-HTRUST		A-HREIT Group		A-HBT Group	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Proposed but not recognised as liability as at end of the financial year:</u>						
<i>Paid on 17 June 2016:</i>						
Capital distribution of 0.48 cents per Stapled Security	-	5,378	-	5,378	-	-
Exempt distribution of 1.78 cents per Stapled Security	-	19,943	-	-	-	19,943
Taxable income distribution of 0.49 cents per Stapled Security	-	5,490	-	5,490	-	-
<i>Payable on 16 June 2017:</i>						
Capital distribution of 0.56 cents per Stapled Security	6,308	-	6,308	-	-	-
Exempt distribution of 2.01 cents per Stapled Security	22,641	-	-	-	22,641	-
Taxable income distribution of 0.44 cents per Stapled Security	4,956	-	4,956	-	-	-
<b>Total</b>	<b>33,905</b>	<b>30,811</b>	<b>11,264</b>	<b>10,868</b>	<b>22,641</b>	<b>19,943</b>

### 35. FINANCIAL RATIOS

	A-HREIT Group 2017	A-HREIT Group 2016
Expenses to weighted average net assets <sup>1</sup>		
- including performance component of REIT Manager's management fees	0.01	0.01
- excluding performance component of REIT Manager's management fees	0.01	0.01
Total operating expenses <sup>2</sup> to net asset value <sup>2</sup>	0.02	0.02
Taxation (\$'000) <sup>2</sup>	2,205	12,335
Turnover ratio <sup>3</sup>	-	-

<sup>1</sup> The annualised ratio is computed in accordance with the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to the expenses of A-HREIT Group and do not include (where applicable) transaction costs associated with the purchase and sales of investments, property expenses, interest expense, distribution paid out to the Stapled Securityholders, foreign exchange gains/losses and taxes incurred.

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 35. FINANCIAL RATIOS (CONT'D)

- <sup>2</sup> Total operating expenses of A-HREIT Group include property expenses, all fees and charges paid to the Manager and interested parties for the financial year. The total operating expenses to net asset value ratio is based on total operating expenses as a percentage of net asset value as at the end of the financial year. Taxation refers to taxes incurred by A-HREIT Group for the financial year.
- <sup>3</sup> The annualised ratio is calculated in accordance with the formula stated in the Code on Collective Investment Scheme. The calculation is based on the lesser of purchases or sales of underlying investment properties of the A-HREIT Group expressed as a percentage of weighted average net asset value.

### 36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with resolutions of the Boards of Directors of the Managers on 25 May 2017.

## STATISTICS OF STAPLED SECURITYHOLDINGS

AS AT 17 MAY 2017

### DISTRIBUTION OF STAPLED SECURITYHOLDINGS

Number of Stapled Securities issued: 1,126,437,109

Voting Rights: One (1) vote per Stapled Security

Size of Stapled Securityholders	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 - 99	18	0.14	902	0.00
100 - 1,000	1,844	14.30	1,807,070	0.16
1,001 - 10,000	6,246	48.45	33,412,439	2.97
10,001 - 1,000,000	4,751	36.86	212,995,542	18.91
1,000,001 AND ABOVE	32	0.25	878,221,156	77.96
<b>TOTAL</b>	<b>12,891</b>	<b>100.00</b>	<b>1,126,437,109</b>	<b>100.00</b>

### TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	ASCENDAS LAND INTERNATIONAL PTE LTD	308,474,056	27.38
2	DBS NOMINEES (PRIVATE) LIMITED	158,584,734	14.08
3	CITIBANK NOMINEES SINGAPORE PTE LTD	137,528,631	12.21
4	RAFFLES NOMINEES (PTE) LIMITED	82,977,645	7.37
5	AHDF PTE LTD	46,160,000	4.10
6	HSBC (SINGAPORE) NOMINEES PTE LTD	29,232,860	2.60
7	NTUC FAIRPRICE CO-OPERATIVE LTD	14,395,000	1.28
8	DBSN SERVICES PTE. LTD.	12,560,982	1.12
9	PHILLIP SECURITIES PTE LTD	12,456,949	1.11
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,588,060	0.76
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,494,570	0.75
12	HENG SIEW ENG	6,263,200	0.56
13	YIM CHEE CHONG	5,563,500	0.49
14	NOMURA SINGAPORE LIMITED	5,527,000	0.49
15	UOB KAY HIAN PRIVATE LIMITED	5,337,900	0.47
16	DB NOMINEES (SINGAPORE) PTE LTD	5,043,700	0.45
17	OCBC SECURITIES PRIVATE LIMITED	4,573,700	0.41
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,268,722	0.29
19	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	2,639,429	0.23
20	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,602,772	0.23
<b>TOTAL</b>		<b>860,273,410</b>	<b>76.37</b>

## STATISTICS OF STAPLED SECURITYHOLDINGS

AS AT 17 MAY 2017

### STATISTICS OF SUBSTANTIAL STAPLED SECURITYHOLDINGS

Name of Substantial Stapled Securityholders	Direct Interest		Indirect Interest		Total No. of Stapled Securities	
	No. of Stapled Securities	%	No. of Stapled Securities	%	No. of Stapled Securities	%
Temasek Holdings (Private) Limited <sup>1</sup>	-	-	315,074,056	27.97	315,074,056	27.97
Tembusu Capital Pte. Ltd. <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
Bartley Investments Pte. Ltd. <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
Mawson Peak Holdings Pte. Ltd. <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
Glenville Investments Pte. Ltd. <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
TJ Holdings (III) Pte. Ltd. <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
Ascendas-Singbridge Pte. Ltd. <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
JTC Corporation <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
Ascendas Pte Ltd <sup>1</sup>	-	-	308,474,056	27.38	308,474,056	27.38
Ascendas Land International Pte Ltd	308,474,056	27.38	-	-	308,474,056	27.38
Tang Gordon @ Tang Yigang @ Tang Gordon	86,998,900	7.72	-	-	86,998,900	7.72

Note:

<sup>1</sup> Temasek Holdings (Private) Limited ("Temasek"), Tembusu Capital Pte. Ltd., Bartley Investments Pte. Ltd., Mawson Peak Holdings Pte. Ltd., Glenville Investments Pte. Ltd., TJ Holdings (III) Pte. Ltd., Ascendas-Singbridge Pte. Ltd., JTC Corporation and Ascendas Pte Ltd are deemed to have an interest in the Stapled Securities held by Ascendas Land International Pte Ltd. Temasek is also deemed to have an interest in the Stapled Securities in which other subsidiaries and associated companies of Temasek hold or have deemed interests.

### PUBLIC STAPLED SECURITYHOLDERS

Pursuant to Rule 1207(9) of the SGX-ST Listing Manual, based on the information available to the Managers as at 17 May 2017, approximately 64.05% of the total number of Stapled Securities is held by public. Therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

## GLOSSARY

A-HBT	Ascendas Hospitality Business Trust
A-HREIT	Ascendas Hospitality Real Estate Investment Trust
A-HTRUST	Ascendas Hospitality Trust
Accor	AccorHotels Asia Pacific comprising AAPC Singapore Pte. Ltd. and its related entities
ADR	Average daily rate, which is the room revenue divided by the total number of rooms occupied
AUD, A\$	Australian Dollar
Boards / Directors	The directors of the REIT Manager and the directors of the Trustee-Manager
CAGR	Compounded Annual Growth Rate
CBD	Central Business District
Distributable Income	The distributable income of A-HTRUST, A-HREIT or A-HBT, as the case may be, in relation to a distribution period
DPS	Distribution per Stapled Security
FY	The financial year ended or (as the case may be) ending 31 March
FY2015/16	The financial year from 1 April 2015 to 31 March 2016
FY2016/17	The financial year from 1 April 2016 to 31 March 2017
FY2017/18	The financial year from 1 April 2017 to 31 March 2018
F&B	Food and beverage
Gearing	Ratio of total debt over total assets
Gross Revenue	Comprises hotel room revenue, rental income, F&B revenue and other income
JLL	Jones Lang LaSalle Property Consultants Pte Ltd / Jones Lang LaSalle Hotels & Hospitality Group
JPY	Japanese Yen
Managers / Management	The REIT Manager and the Trustee-Manager
MICE	Meetings, incentives, conventions and exhibitions
NPI	Net Property Income: Gross Revenue less property expenses
REIT Manager, AHFM	Ascendas Hospitality Fund Management Pte. Ltd., as manager of A-HREIT
REIT Trustee	Perpetual (Asia) Limited, as trustee of A-HREIT (previously known as The Trust Company (Asia) Limited)
RevPAR	Revenue per available room
RMB	China Renminbi
SGD, \$	Singapore Dollar
Stapled Securityholder	The holder of a Stapled Security
Stapled Securities	Stapled securities of A-HTRUST, each comprising one unit in A-HREIT and one unit in A-HBT stapled together under the terms of the Stapling Deed
Stapling Deed	The stapling deed dated 13 March 2012 and subsequently amended and entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager
Substantial Stapled Securityholders	Any Stapled Securityholder with an interest of not less than 5.0% of all the Stapled Securities in issue
Trustee-Manager, AHTM	Ascendas Hospitality Trust Management Pte. Ltd., as Trustee-Manager of A-HBT
y-o-y	year-on-year

## NOTICE OF ANNUAL GENERAL MEETING



A stapled group comprising:

**Ascendas Hospitality Real Estate Investment Trust**

(a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore)

**Ascendas Hospitality Business Trust**

(a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of the holders of Stapled Securities of Ascendas Hospitality Trust (“A-HTRUST”) will be held at The Ballroom, Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Monday, 3 July 2017 at 2.30 p.m. to transact the following business:

**(A) AS ORDINARY BUSINESS**

1. To receive and adopt the Report of Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust (“A-HBT”) (the “Trustee-Manager”), the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of Perpetual (Asia) Limited, as trustee for Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) (the “REIT Trustee”), the Report of Ascendas Hospitality Fund Management Pte. Ltd., as manager of A-HREIT (the “REIT Manager”); and the Audited Financial Statements of A-HBT, A-HREIT and A-HTRUST for the financial year ended 31 March 2017 and the Auditors’ Report thereon. (Ordinary Resolution 1)
2. To re-appoint Ernst & Young LLP as Independent Auditors of A-HTRUST, comprising A-HBT and A-HREIT, to hold office until the conclusion of the next AGM of A-HTRUST and to authorise the Trustee-Manager and REIT Manager to fix their remuneration. (Ordinary Resolution 2)

**(B) AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without any modifications, the following resolution as Ordinary Resolution:

3. That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to (Ordinary Resolution 3)
  - (a) (i) issue new units in A-HREIT (“A-HREIT Units”) and new units in A-HBT (“A-HBT Units”), together, the “Stapled Securities”) whether by way of rights, bonus or otherwise; and/or



## NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities.

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the Trustee-Manager may in their absolute discretion deem fit; and

- (b) issue Stapled Securities in pursuant of any instrument made or granted by the REIT Manager and the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force).

Provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuant of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Stapled Securities to be issued other than on a pro rata basis to Stapled Securityholders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) as calculated in accordance with sub-paragraph (2) below.
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the purpose of determining the aggregate number of Stapled Securities that may be issued under subparagraph (1) above, the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) at the time this Resolution is passed, after adjusting for:
  - (a) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the REIT Manager and the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trust Act, Chapter 31A of Singapore for the time being in force, the trust deed constituting A-HREIT (as amended) (the “**A-HREIT Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the trust deed constituting A-HBT (as amended) (the “**A-HBT Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

## NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Stapled Securityholders in a general meeting the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of A-HTRUST or (ii) the date by which the next AGM of A-HTRUST is required by law to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and
- (6) the REIT Manager, the REIT Trustee and the Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager may consider expedient or necessary or in the interest of A-HREIT and A-HBT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes)

By Order of the Board

**Mary Judith de Souza**  
Company Secretary

**Mary Judith de Souza**  
Company Secretary

**Ascendas Hospitality Fund Management Pte. Ltd.**  
(Company Registration No. 201133966D),  
as Manager of A-HREIT

**Ascendas Hospitality Trust Management Pte. Ltd.**  
(Company Registration No. 201135524E),  
as Trustee-Manager of A-HBT

13 June 2017

### Important Notice:

1. A Stapled Securityholder of A-HTRUST entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder of A-HTRUST.
2. Where a Stapled Securityholder of A-HTRUST appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her Stapled Securityholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The proxy form must be lodged at the Stapled Security Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for holding the AGM.

## NOTICE OF ANNUAL GENERAL MEETING

### EXPLANATORY NOTES:

#### Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the Trustee-Manager from the date of the AGM until the date of the next AGM of A-HTRUST, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury A-HREIT Units and treasury A-HBT Units, if any) may be issued other than on a pro rata basis to Securityholders.

The Ordinary Resolution 3 above, if passed, will also empower the REIT Manager and the Trustee-Manager from the date of the AGM until the date of the next AGM of A-HTRUST, to issue Stapled Securities as either full or partial payment of fees which the REIT Manager and the Trustee-Manager are entitled to receive for their own accounts pursuant to the A-HREIT Trust Deed and the A-HBT Trust Deed, respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued total number of Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of SGX-ST, the A-HREIT Trust Deed and the A-HBT Trust Deed or any applicable laws and regulations in such instances, the REIT Manager and the Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

#### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) for the purpose of the processing and administration by the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and the compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the REIT Manager and the Trustee-Manager and the REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the REIT Manager and the Trustee-Manager and the REIT Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

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**PROXY FORM**  
ANNUAL GENERAL MEETING



Total number of Stapled Securities held

**IMPORTANT:**

1. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.

2. PLEASE READ THE NOTES TO THE PROXY FORM

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 June 2017.

**ASCENDAS HOSPITALITY TRUST**

**ASCENDAS HOSPITALITY REAL ESTATE INVESTMENT TRUST**

(a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by

**Ascendas Hospitality Fund Management Pte. Ltd.**

**ASCENDAS HOSPITALITY BUSINESS TRUST**

(a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by

**Ascendas Hospitality Trust Management Pte. Ltd.**

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a Stapled Securityholder/Stapled Securityholders of Ascendas Hospitality Trust ("A-HTRUST"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

or, both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of A-HTRUST to be held on 3 July 2017, Monday at 2.30 p.m. at The Ballroom, Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

	Resolution	Number of Votes For *	Number of Votes Against *
1	To receive and adopt the Report of Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust ("A-HBT") (the "Trustee-Manager"), the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of Perpetual (Asia) Limited, as trustee for Ascendas Hospitality Real Estate Investment Trust ("A-HREIT") (the "REIT Trustee"), the Report of Ascendas Hospitality Fund Management Pte. Ltd., as manager of A-HREIT (the "REIT Manager"); and the Audited Financial Statements of A-HBT, A-HREIT and A-HTRUST for the financial year ended 31 March 2017 and the Auditors' Report thereon.		
2	To re-appoint Ernst & Young LLP as Independent Auditors of A-HTRUST, comprising A-HBT and A-HREIT, to hold office until the conclusion of the next Annual General Meeting of A-HTRUST and to authorise the Trustee-Manager and the REIT Manager to fix their remuneration.		
3	To authorise the Trustee-Manager and the REIT Manager to issue Stapled Securities and to make or grant convertible instruments.		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature(s) of Stapled Securityholder(s)/Common Seal



Affix  
Postage  
Stamp

**Ascendas Hospitality Fund Management Pte. Ltd.**  
(as manager of Ascendas Hospitality Real Estate Investment Trust)

**Ascendas Hospitality Trust Management Pte. Ltd.**  
(as trustee-manager of Ascendas Hospitality Business Trust)  
c/o

**Stapled Security Registrar**  
**Boardroom Corporate & Advisory Services Pte. Ltd.**  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

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#### Notes

1. Please insert at the top of this Proxy Form the number of Stapled Securities in Ascendas Hospitality Trust ("A-HTRUST") registered in your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") in respect of the Stapled Securities in your securities account with CDP. If no number is inserted, this Proxy Form shall be deemed to relate to all the Stapled Securities held by you.
2. A Stapled Securityholder of A-HTRUST entitled to attend and vote at the meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder of A-HTRUST.
3. A Stapled Securityholder is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Stapled Securityholders appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her Stapled Securityholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The sending of a Proxy Form by a Stapled Securityholder does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.
5. To be effective, this Proxy Form must be deposited at the registered office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for holding the meeting.
6. This Proxy Form must be signed by the appointor or by his/her attorney. In the case of a corporation, this form must be executed under its common seal or signed by its duly authorised attorney or officer.
7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof, must (failing previous registration with A-HTRUST) be lodged with this Proxy Form, failing which the instrument may be treated as invalid.
8. Any alteration made in this Proxy Form should be initialled by the person who signs it.
9. The Managers shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor specified in the Proxy Form. In the case of Stapled Securityholders whose Stapled Securities are entered against their names in the Depository Register, the Managers may reject any Proxy Form lodged if such Stapled Securityholders are not shown to have the corresponding number of Stapled Securities in A-HTRUST entered against their names in the Depository Register as at 48 hours before the time set for holding the meeting or the adjourned meeting, as appropriate.
10. Agent banks acting on the request of CPF/SRS Investors who wish to attend the meeting as observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of Stapled Securities held. The list, signed by an authorised signatory of the agent bank, should reach the Stapled Security Registrar's office not less than 48 hours before the time appointed for holding the meeting.

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# CORPORATE INFORMATION

## MANAGER OF A-HREIT

**Ascendas Hospitality Fund Management Pte. Ltd.**

(Co. Reg. No. 201133966D)

Registered Address:

1 Fusionopolis Place

#10-10 Galaxis

Singapore 138522

Tel : (65) 6774 1033

Fax : (65) 6778 0985

## TRUSTEE-MANAGER OF A-HBT

**Ascendas Hospitality Trust Management Pte. Ltd.**

(Co. Reg. No. 201135524E)

Registered Address:

1 Fusionopolis Place

#10-10 Galaxis

Singapore 138522

Tel : (65) 6774 1033

Fax : (65) 6778 0985

## DIRECTORS OF THE MANAGER OF A-HREIT AND THE TRUSTEE-MANAGER OF A-HBT

Mr Miguel Ko, Chairman and Non-Executive Director  
Mr Benson Puah Tuan Soon, Lead Independent Director  
Mr Manohar Khiatani, Non-Executive Director  
Mr Tan Juay Hiang, Chief Executive Officer  
Mr Chia Kim Huat, Independent Director  
Dr Choo Kian Koon, Steven, Independent Director  
Dr Ho Kim Wai, Independent Director  
Mr Michael Issenberg, Non-Executive Director  
Mr Tan Chong Huat, Independent Director

## AUDIT AND RISK COMMITTEE

Dr Ho Kim Wai (Chairman)  
Mr Benson Puah Tuan Soon  
Mr Chia Kim Huat  
Mr Tan Chong Huat

## INVESTMENT COMMITTEE

Mr Miguel Ko (Chairman)  
Mr Manohar Khiatani  
Mr Chia Kim Huat  
Dr Choo Kian Koon, Steven  
Mr Michael Issenberg

## NOMINATING COMMITTEE

Mr Benson Puah Tuan Soon (Chairman)  
Mr Miguel Ko  
Mr Chia Kim Huat

## REMUNERATION COMMITTEE

Dr Choo Kian Koon, Steven (Chairman)  
Mr Manohar Khiatani  
Mr Tan Chong Huat

## TRUSTEE OF A-HREIT

**Perpetual (Asia) Limited**

8 Marina Boulevard #05-02

Marina Bay Financial Centre Tower 1

Singapore 018981

## AUDITORS

**Ernst & Young LLP**

Public Accountants and Certified Public Accountants  
One Raffles Quay

North Tower, Level 18

Singapore 048583

Audit Partner-in-charge:

Mr Nelson Chen

Appointed with effect from the financial period ended  
31 March 2013

## STAPLED SECURITY REGISTRAR AND STAPLED SECURITY TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte. Ltd.**

50 Raffles Place

Singapore Land Tower, #32-01

Singapore 048623

## COMPANY SECRETARIES

Ms Mary Judith de Souza  
Mr Hon Wei Seng





**Ascendas Hospitality Trust**  
1 Fusionopolis Place #10-10  
Galaxis, Singapore 138522

**[www.a-htrust.com](http://www.a-htrust.com)**