ASCOTT RESIDENCE TRUST

2019 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

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Summary of Group Results

	3Q 2019 S$'000	3Q 2018 S$'000	Better / (Worse) %	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better / (Worse) %
Revenue	132,446	134,481	(2)	380,855	377,764	1
Gross Profit [1]	65,048	64,150	1	187,319	175,956	6
Unitholders' Distribution [2], [3]	41,593	39,372	6	116,216	108,315	7
Distribution Per Unit ("DPU") (cents)	1.91	1.82	5	5.34	5.01	7
For information only DPU (cents) (adjusted for one-off items [4])	1.73	1.72	1	4.76	4.66	2

(1) FRS 116 *Leases* is effective from 1 January 2019. The adoption of this standard changes the nature of expense for the Group's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities. Please see paragraph 5 for more details. Gross profit (excluding FRS 116 impact) for 3Q 2019 and YTD Sep 2019 is S$59.9 million and S$171.9 million respectively.

(2) Unitholders' distribution for 3Q 2019 included a one-off partial distribution of divestment gain of S$4.0 million from the divestment of Ascott Raffles Place Singapore.

(3) Unitholders' distribution for YTD Sep 2019 included a realised exchange gain of S$5.7 million arising from the repayment of foreign currency bank loans with the divestment proceeds from Ascott Raffles Place Singapore, and the partial distribution of divestment gain of S$4.0 million.

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

(4) DPU for 3Q 2019 was adjusted to exclude the divestment gain (as mentioned above) and DPU for 3Q 2018 was adjusted to exclude the contribution from Ascott Raffles Place Singapore.

DPU for YTD Sep 2019 was adjusted to exclude the divestment gain, realised exchange gain and contribution from Ascott Raffles Place. DPU for YTD Sep 2018 was adjusted to exclude the realised exchange gain and contribution from Ascott Raffles Place.

INTRODUCTION

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

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

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

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

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

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

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

Ascott Reit announced the acquisition of Felix Hotel, its first limited-service business hotel in Australia, on 27 March 2019. The property was rebranded as Citadines Connect Sydney Airport upon completion of the acquisition on 1 May 2019.

As at 30 September 2019, Ascott Reit's portfolio comprises 73 operating properties[1] with 11,435 apartment units in 37 cities across 14 countries.

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

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

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

	Note	GROUP 3Q 2019 S$'000	GROUP 3Q 2018 S$'000	Better / (Worse) %	GROUP YTD Sep 2019 S$'000	GROUP YTD Sep 2018 S$'000	Better / (Worse) %
Revenue	A.1	132,446	134,481	(2)	380,855	377,764	1
Direct expenses	A.2	(67,398)	(70,331)	4	(193,536)	(201,808)	4
Gross Profit	A.1	**65,048**	**64,150**	1	**187,319**	**175,956**	6
Finance income	A.3	550	228	141	1,290	828	56
Other operating income	A.4	130	806	(84)	433	1,202	(64)
Finance costs	A.3	(12,826)	(12,003)	(7)	(39,205)	(35,251)	(11)
Manager's management fees		(5,931)	(6,213)	5	(17,371)	(17,672)	2
Trustee's fee		(144)	(147)	2	(436)	(399)	(9)
Professional fees	A.5	(780)	(722)	(8)	(1,902)	(2,038)	7
Audit fees	A.6	(543)	(724)	25	(1,626)	(2,093)	22
Foreign exchange gain / (loss)	A.7	922	1,001	(8)	4,264	(2,288)	n.m.
Other operating expenses	A.8	(272)	(322)	16	(1,381)	(1,788)	23
Share of results of associate (net of tax)		10	–	n.m.	(15)	(40)	63
Net income before changes in fair value of financial derivatives, investment properties and assets held for sale		**46,164**	**46,054**	–	**131,370**	**116,417**	**13**
Net change in fair value of financial derivatives	A.9	(1,417)	(83)	n.m.	(813)	200	n.m.
Net change in fair value of investment properties and assets held for sale		–	–	–	144,030	26,696	440
Loss upon divestment		–	–	–	–	(488)	n.m.
Assets written off		(1)	(62)	98	(1)	(76)	99
Total return for the period before tax		**44,746**	**45,909**	**(3)**	**274,586**	**142,749**	**92**
Income tax expense	A.10	(6,243)	(7,347)	15	(23,159)	(24,579)	6
Total return for the period after tax		**38,503**	**38,562**	–	**251,427**	**118,170**	**113**
Attributable to:							
Unitholders and perpetual securities holders		36,829	36,553		249,374	111,210	
Non-controlling interests		1,674	2,009		2,053	6,960	
Total return for the period		**38,503**	**38,562**	–	**251,427**	**118,170**	**113**

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

	Note	GROUP 3Q 2019 S$'000	GROUP 3Q 2018 S$'000	Better / (Worse) %	GROUP YTD Sep 2019 %	GROUP YTD Sep 2018 S$'000	Better / (Worse) %
Total return for the period attributable to Unitholders and perpetual securities holders		36,829	36,553		249,374	111,210	
Net effect of non-tax deductible / chargeable items and other adjustments	A.11	10,034	7,659		(118,367)	11,466	
Total amount distributable for the period		**46,863**	**44,212**	**6**	**131,007**	**122,676**	**7**
Amount distributable:							
- Unitholders		41,593	39,372		116,216	108,315	
- Perpetual securities holders		5,270	4,840		14,791	14,361	
		46,863	**44,212**	**6**	**131,007**	**122,676**	**7**
Comprises:							
- from operations [1]		307	(2,650)		8,645	66,293	
- from unitholders' contributions		41,286	42,022		107,571	42,022	
		41,593	**39,372**	**6**	**116,216**	**108,315**	**7**

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

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

A.1 Revenue and Gross profit

Revenue for 3Q 2019 of S$132.4 million comprised S$18.2 million (14% of total revenue) from properties on Master Leases, S$21.8 million (16%) from properties on management contracts with minimum guaranteed income and S$92.4 million (70%) from properties on management contracts.

Revenue for 3Q 2019 decreased by S$2.1 million or 2% as compared to 3Q 2018. This was mainly attributed to the decrease in revenue of S$2.3 million from the divestment of Ascott Raffles Place Singapore.

The Group achieved a revenue per available unit ("REVPAU") of S$155 for 3Q 2019, a decrease of 2% as compared to 3Q 2018 mainly due to weaker exchange rates in 3Q 2019.

Gross profit for 3Q 2019 of S$65.0 million comprised S$16.4 million (25% of total gross profit) from properties on Master Leases, S$10.0 million (15%) from properties on management contracts with minimum guaranteed income and S$38.6 million (60%) from properties on management contracts.

As compared to 3Q 2018, gross profit increased by S$0.8 million or 1% due to the adoption of FRS 116 *Leases* with effect from 1 January 2019, partially offset by lower revenue. Please refer to paragraph 5 for more details on the impact arising from the adoption of this accounting standard.

On a same store basis and excluding the FRS 116 adjustments, gross profit decreased by S$2.4 million mainly due to the divestment of Ascott Raffles Place Singapore.

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

A.2 **Direct expenses include the following items:**

	GROUP 3Q 2019 S$'000	GROUP 3Q 2018 S$'000	Better / (Worse) %	GROUP YTD Sep 2019 S$'000	GROUP YTD Sep 2018 S$'000	Better / (Worse) %
Depreciation and amortisation [1]	(3,115)	(3,233)	4	(9,190)	(9,546)	4
Staff costs [2]	(15,457)	(14,415)	(7)	(44,122)	(43,383)	(2)

[1] Depreciation and amortisation were lower in 3Q 2019 and YTD Sep 2019 mainly due to fully depreciated assets.
[2] Staff costs were higher in 3Q 2019 and YTD Sep 2019 mainly due to the acquisition of Citadines Connect Sydney Airport in May 2019 and increase from the USA properties due to higher minimum wage requirements.

A.3 **Finance income / Finance costs**

Finance income was higher in 3Q 2019 due to fixed deposit placements with the net proceeds from the S$150.0 million fixed rate perpetual securities issued on 4 September 2019. The proceeds from the issuance of the perpetual securities will be used to redeem the existing S$150.0 million perpetual securities with first call date on 27 October 2019.

Finance costs were higher in 3Q 2019 due to the interest expense of S$2.8 million recognised on the lease liability arising from the adoption of FRS 116.

Excluding the FRS 116 adjustments, finance costs were lower by S$2.0 million in 3Q 2019 mainly due to refinancing of medium-term notes at lower interest rates and repayment of bank loans with the divestment proceeds from Ascott Raffles Place Singapore.

A.4 **Other operating income**

Other operating income was higher in 3Q 2018 due to refund of GST received in August 2018.

A.5 **Professional fees**

Professional fees were higher in 3Q 2019 due to higher valuation expenses.

A.6 **Audit fees**

Audit fees were higher in 3Q 2018 due to under-accrual in respect of prior periods.

A.7 **Foreign exchange gain / (loss)**

The foreign exchange gain recognised in 3Q 2019 mainly comprised unrealised exchange gain of S$0.7 million and realised exchange gain exchange of S$0.2 million (mainly arising from gain on the foreign currency forward contracts).

The unrealised exchange gain mainly arise from USD denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of USD against SGD as at balance sheet date and unrealised exchange gain on RMB inter-company payables recorded by the Hong Kong subsidiaries as a results of the depreciation of RMB against HKD, partially offset by unrealised exchange loss on USD bank loans recorded by the China subsidiaries as a result of the appreciation of USD against RMB).

The foreign exchange loss recognised in 3Q 2018 mainly comprised unrealised exchange gain of S$0.6 million and realised exchange gain of S$0.4 million (mainly arising from gain on scheduled repayment of USD bank loans recognised by the China subsidiaries and gain on the foreign currency forward contracts).

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

A.8 Other operating expenses

Other operating expenses were higher in 3Q 2018 mainly due to higher loss on disposal of plant and equipment.

A.9 Net change in fair value of financial derivatives

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

A.10 Income tax expense

Taxation for 3Q 2019 was lower by S$1.1 million as compared to the corresponding period last year. This was mainly due to reduction in tax rate in France.

A.11 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

	GROUP			GROUP		
	3Q 2019 S$'000	3Q 2018 S$'000	Better / (Worse) %	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000	Better / (Worse) %
Depreciation and amortisation	3,115	3,233	4	9,190	9,546	4
Manager's management fee payable / paid partially in units	4,317	4,557	5	12,709	12,967	2
Trustee's fees [1]	31	27	(15)	77	75	(3)
Unrealised foreign exchange (gain) / loss	(692)	(626)	11	1,467	4,751	69
Net change in fair value of financial derivatives (Note A.9)	1,417	83	n.m.	813	(200)	n.m.
Net change in fair value of investment properties and assets held for sale	–	–	–	(144,030)	(26,696)	440
Loss upon divestment	–	–	n.m.	–	488	n.m.
Operating lease expense recognised on a straight-line basis	–	799	n.m.	–	2,350	n.m.
Interest expense on lease liabilities [2]	2,812	–	n.m.	8,423	–	n.m.
Lease payments for right-of-use assets [2]	(4,416)	–	n.m.	(13,224)	–	n.m.
Assets written off	1	62	98	1	76	99
Deferred tax (credit) / expense	(316)	(536)	(41)	5,599	6,194	10
Effect of non-controlling interests arising from the above	(89)	185	148	(3,035)	2,068	247
Partial distribution of divestment gain	4,000	–	n.m.	4,000	–	n.m.

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

1(b)(i) **Statement of Financial Position**

	Note	GROUP 30/09/19 S$'000	GROUP 31/12/18 S$'000	TRUST 30/09/19 S$'000	TRUST 31/12/18 S$'000
Non-Current Assets					
Investment properties	B.1	5,075,331	4,679,295	740,158	739,193
Other non-current assets	B.2	–	65,535	–	65,535
Investment property under development	B.2	70,542	–	70,542	–
Plant and equipment		46,764	48,564	9,332	10,807
Subsidiaries		–	–	273,803	276,546
Associate		3,078	3,040	3,114	3,062
Financial derivatives	B.3	5,187	8,294	4,176	1,879
Deferred tax assets		4,458	4,309	–	–
		5,205,360	**4,809,037**	**1,101,125**	**1,097,022**
Current Assets					
Inventories		346	328	–	–
Assets held for sale	B.4	14,463	215,000	9,890	215,000
Trade and other receivables	B.5	68,566	56,919	2,345,363	2,299,467
Financial derivative assets	B.3	129	–	129	–
Cash and cash equivalents	B.6	385,423	227,847	166,285	40,112
		468,927	**500,094**	**2,521,667**	**2,554,579**
Total Assets		**5,674,287**	**5,309,131**	**3,622,792**	**3,651,601**
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,465,581)	(1,835,316)	(244,488)	(424,430)
Financial derivative liabilities	B.3	(7,766)	(6,850)	(5,459)	(5,269)
Trade and other payables		(821)	–	–	–
Deferred tax liabilities		(119,108)	(117,865)	–	–
Lease liabilities	B.7	(281,122)	–	–	–
		(1,874,398)	**(1,960,031)**	**(249,947)**	**(429,699)**
Current Liabilities					
Interest bearing liabilities	B.8	(271,383)	(70,137)	–	–
Financial derivative liabilities	B.3	(16)	(280)	(16)	(191)
Trade and other payables		(144,357)	(141,252)	(973,160)	(927,844)
Liabilities held for sale	B.4	(1,058)	–	–	–
Lease liabilities	B.7	(18,158)	–	–	–
Provision for taxation		(6,312)	(6,522)	–	–
		(441,284)	**(218,191)**	**(973,176)**	**(928,035)**
Total Liabilities		**(2,315,682)**	**(2,178,222)**	**(1,223,123)**	**(1,357,734)**
Net Assets		**3,358,605**	**3,130,909**	**2,399,669**	**2,293,867**
Represented by:					
Unitholders' funds		2,716,901	2,644,051	1,848,827	1,896,740
Perpetual securities holders	B.9	550,842	397,127	550,842	397,127
Non-controlling interests		90,862	89,731	–	–
Total Equity	1(d)(i)	**3,358,605**	**3,130,909**	**2,399,669**	**2,293,867**

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

B.1 Investment properties

The increase in the Group's investment properties as at 30 September 2019 was mainly due to the recognition of the existing operating lease arrangements as right-of-use assets of S$301.6 million upon the adoption of FRS 116 *Leases* with effect from 1 January 2019, acquisition of Citadines Connect Sydney Airport, the increase in valuation on 30 June 2019 and foreign currency translation differences of S$28.9 million arising from translating the Group's investment properties as a result of the appreciation of JPY against SGD, partially offset by the depreciation of EUR, GBP and AUD against SGD.

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

Investment property under development as at 30 September 2019 relates to the reclassification of the costs previously paid for lyf one-north Singapore from "other non-current assets" as at 31 December 2018 upon the possession of the land in January 2019, the additional capital expenditure and interest capitalised in 2019.

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

B.3 Financial derivatives

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

B.4 Assets held for sale

The assets held for sale as at 31 December 2018 relate to Ascott Raffles Place Singapore.

The assets held for sale as at 30 September 2019 relates to the consolidated assets and liabilities of the Trust's wholly-owned subsidiary, The Ascott (Vietnam) Investments Pte Ltd, pursuant to a sale and purchase agreement dated 31 July 2019. The divestment is expected to be completed within 12 months and accordingly, all the assets and liabilities held by the subsidiary were reclassified to assets held for sale and liabilities held for sale respectively.

The decrease in assets held for sale as at 30 September 2019 was due to the completion of the sale of Ascott Raffles Place Singapore on 9 May 2019.

B.5 Trade and other receivables

The increase in trade and other receivables as at 30 September 2019 was mainly due to higher trade receivables as a result of higher business activities, and higher prepaid expense.

B.6 Cash and cash equivalents

The increase in the Group's cash and cash equivalents as at 30 September 2019 was mainly due to the issue of S$150.0 million fixed rate perpetual securities on 4 September 2019. The proceeds will be used to redeem the S$150.0 million perpetual securities with its first call date on 27 October 2019.

B.7 Lease liabilities

The lease liabilities as at 30 September 2019 refer to the liabilities arising from the adoption of FRS 116 *Leases* with effect from 1 January 2019.

B.8 Interest bearing liabilities

	GROUP		TRUST	
	30/09/19	31/12/18	30/09/19	31/12/18
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less or on demand				
- Secured	180,160	69,760	–	–
- Unsecured	92,124	494	–	–
Less: Unamortised transaction costs	(901)	(117)	–	–
	271,383	70,137	–	–
Amount repayable after one year				
- Secured	589,796	849,503	70,673	216,083
- Unsecured	883,709	995,208	176,520	210,795
Less: Unamortised transaction costs	(7,924)	(9,395)	(2,705)	(2,448)
	1,465,581	1,835,316	244,488	424,430
Total	**1,736,964**	**1,905,453**	**244,488**	**424,430**

The increase in current interest-bearing liabilities as at 30 September 2019 was mainly due to the reclassification of the JPY 5 billion medium term note (due in August 2020) and reclassification of subsidiaries' bank loans which fall due in the next 12 months from "non-current liabilities".

The decrease in non-current interest-bearing liabilities as at 30 September 2019 was mainly due to repayment of bank loans with the divestment proceeds from Ascott Raffles Place Singapore, and the reclassification of loans which fall due in the next 12 months to "current interest-bearing liabilities".

Details of collateral

The borrowings of the Group are generally secured by:

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

Capital management

As at 30 September 2019, the Group's gearing was 33.0%, well below the 45% gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. In this regard, the lease liabilities recognised by virtue of FRS 116 were excluded as these operating leases were entered into in the ordinary course of business and were in effect before 1 January 2019. The average cost of debts was 2.1% per annum, with an interest cover of 5.4 times. S$1,530.0 million or 88% of the Group's borrowings are on fixed interest rates, of which S$191.0 million is due in the next 12 months.

Out of the Group's total borrowings, 16% falls due in 2020, 16% falls due in 2021, 27% falls due in 2022, 10% falls due in 2023 and the balance falls due after 2023.

The Manager adopts a proactive capital management strategy and will commence discussions to refinance the loan facilities due in 2020, ahead of their maturity dates.

B.9 Perpetual securities

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

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

On 4 September 2019, the Trust issued S$150.0 million of fixed rate perpetual securities with an initial distribution rate of 3.88% per annum, with the first distribution rate reset falling on 4 September 2024 and subsequent resets occurring every five years thereafter. The proceeds will be used to redeem the S$150.0 million perpetual securities with its first call date on 27 October 2019.

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

1(c) <u>Consolidated Statement of Cash Flows</u>

	GROUP		GROUP	
	3Q 2019 S$'000	**3Q 2018 S$'000**	**YTD Sep 2019 S$'000**	**YTD Sep 2018 S$'000**
Operating Activities				
Total return for the period before tax	44,746	45,909	274,586	142,749
<u>Adjustments for:</u>				
Depreciation and amortisation	3,115	3,233	9,190	9,546
(Gain) / loss on disposal of plant and equipment	(4)	118	(17)	96
Assets written off	1	62	1	76
Operating lease expense recognised on a straight-line basis	–	799	–	2,350
Finance costs	12,826	12,003	39,205	35,251
Finance income	(550)	(228)	(1,290)	(828)
Provision for doubtful debts addition / (reversal)	80	4	131	(12)
Manager's management fees payable / paid partially in units	4,317	4,557	12,709	12,967
Unrealised foreign exchange (gain) / loss	(692)	(626)	1,467	4,751
Net change in fair value of investment properties and assets held for sale	–	–	(144,030)	(26,696)
Net change in fair value of financial derivatives	1,417	83	813	(200)
Loss upon divestment	–	–	–	488
Share of results of associate	(10)	–	15	40
Operating profit before working capital changes	**65,246**	**65,914**	**192,780**	**180,578**
Changes in working capital	(14,112)	23,904	(9,722)	(1,760)
Cash generated from operations	**51,134**	**89,818**	**183,058**	**178,818**
Income tax paid	(7,910)	(4,530)	(17,293)	(12,452)
Cash flows from operating activities	**43,224**	**85,288**	**165,765**	**166,366**
Investing Activities				
Acquisition of plant and equipment	(1,522)	(2,929)	(7,018)	(10,554)
Acquisition of investment properties	–	–	(58,106)	–
Acquisition of investment property under development	–	(4,782)	–	(4,782)
Capital expenditure on investment properties and assets held for sale	(3,421)	(1,345)	(9,602)	(2,677)
Capital expenditure on investment property under development	(2,569)	–	(4,658)	–
Deposit received for divestment of investment property	3,930	–	4,134	–
Proceeds on disposal of assets held for sale	–	–	348,333	90,175
Payment of transaction costs for disposal of assets held for sale	(5)	–	(2,756)	–
Interest received	550	228	1,290	828
Proceeds from sale of plant and equipment	10	1	25	45
Cash flows (used in) / from investing activities	**(3,027)**	**(8,827)**	**271,642**	**73,035**
Balance carried forward	**40,197**	**76,461**	**437,407**	**239,401**

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	3Q 2019 S$'000	3Q 2018 S$'000	YTD Sep 2019 S$'000	YTD Sep 2018 S$'000
Balance brought forward	**40,197**	**76,461**	**437,407**	**239,401**
Financing Activities				
Distribution to Unitholders	(74,616)	(68,933)	(160,464)	(149,116)
Distribution to perpetual securities holders	–	–	(9,574)	(9,574)
Dividend paid to non-controlling interests	(1,428)	(1,380)	(2,131)	(3,186)
Interest paid [1]	(11,278)	(9,564)	(34,924)	(29,190)
Payment of lease liabilities [1]	(1,855)	(683)	(5,787)	(2,364)
Proceeds from bank borrowings and issue of medium term notes	70,687	109,098	529,170	260,573
Proceeds from issue of perpetual securities	150,000	–	150,000	–
Payment of transaction costs on issue of perpetual securities	(1,038)	–	(1,038)	–
Repayment of bank borrowings and medium term notes	(38,556)	(80,198)	(746,416)	(343,041)
Change in restricted cash deposits for bank facilities	405	(121)	299	(252)
Payment of transaction costs on bank borrowings	(520)	(54)	(2,093)	(344)
Cash flows from / (used in) financing activities	**91,801**	**(51,835)**	**(282,958)**	**(276,494)**
Increase / (decrease) in cash and cash equivalents	**131,998**	**24,626**	**154,449**	**(37,093)**
Cash and cash equivalents at beginning of the period	**248,658**	**194,531**	**225,516**	**255,253**
Effect of exchange rate changes on balances held in foreign currencies	3,088	(2,350)	3,779	(1,353)
Cash and cash equivalents reclassified to assets held for sale	(353)	–	(353)	–
Cash and cash equivalents at end of the period	**383,391**	**216,807**	**383,391**	**216,807**
Restricted cash deposits	2,032	2,344	2,032	2,344
Cash and cash equivalents in the Statement of Financial Position	**385,423**	**219,151**	**385,423**	**219,151**

[1] Increase due to adoption of FRS 116 *Leases*. Please refer to Note A.12 for the interest expense on lease liabilities and paragraph 5 for more details on the impact arising from the adoption of this accounting standard. In 3Q 2018, the payment of operating lease expense was captured under the "Changes in working capital".

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

	Note	GROUP 3Q 2019 S$'000	GROUP 3Q 2018 S$'000	GROUP YTD Sep 2019 S$'000	GROUP YTD Sep 2018 S$'000
Unitholders' Contribution					
Balance as at beginning of period		1,730,551	1,735,643	1,744,738	1,771,310
New units issued / to be issued					
- Manager's management fees paid in units		4,317	4,557	12,669	13,016
Distribution to Unitholders		(66,278)	–	(88,817)	(44,126)
Balance as at end of period		**1,668,590**	**1,740,200**	**1,668,590**	**1,740,200**
Operations					
Balance as at beginning of period		1,253,900	1,112,195	1,104,734	1,083,116
Adjustment on initial recognition of FRS 116		–	–	9,802	–
Adjusted balance as at beginning of period		**1,253,900**	**1,112,195**	**1,114,536**	**1,083,116**
Total return for the period attributable to Unitholders and perpetual securities holders		36,829	36,553	249,374	111,210
Total return attributable to perpetual securities holders		(5,270)	(4,840)	(14,791)	(14,361)
Transfer between reserves		1	(1,235)	(350)	(1,235)
Distribution to Unitholders		(8,338)	(68,933)	(71,647)	(104,990)
Balance as at end of period		**1,277,122**	**1,073,740**	**1,277,122**	**1,073,740**
Foreign Currency Translation Reserve					
Balance as at beginning of period		(227,265)	(191,706)	(212,000)	(170,205)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(990)	(4,373)	(16,255)	(26,594)
Change in ownership interests in subsidiaries with a change in control		–	–	–	720
Balance as at end of period		**(228,255)**	**(196,079)**	**(228,255)**	**(196,079)**
Capital Reserve					
Balance as at beginning of period		3,927	2,148	3,576	2,148
Transfer between reserves		(1)	1,235	350	1,235
Balance as at end of period		**3,926**	**3,383**	**3,926**	**3,383**
Hedging Reserve					
Balance as at beginning of period		(4,480)	8,012	3,003	(1,240)
Effective portion of change in fair values of cash flow hedges		261	(140)	(6,414)	8,227
Net change in fair value of cash flow hedges reclassified to Statement of Total Return		(263)	21	(1,071)	906
Balance as at end of period		**(4,482)**	**7,893**	**(4,482)**	**7,893**
Unitholders' Funds	**1(b)(i)**	**2,716,901**	**2,629,137**	**2,716,901**	**2,629,137**
Perpetual Securities					
Balance as at beginning of period		397,074	397,074	397,127	397,127
Issue of perpetual securities		150,000	–	150,000	–
Issue expenses		(1,502)	–	(1,502)	–
Total return attributable to perpetual securities holders		5,270	4,840	14,791	14,361
Distribution to perpetual securities holders		–	–	(9,574)	(9,574)
Balance as at end of period	**1(b)(i)**	**550,842**	**401,914**	**550,842**	**401,914**

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

	Note	GROUP 3Q 2019 S$'000	GROUP 3Q 2018 S$'000	GROUP YTD Sep 2019 S$'000	GROUP YTD Sep 2018 S$'000
Non-controlling Interests					
Balance as at beginning of period		89,311	91,391	89,731	89,427
Total return for the period		1,674	2,009	2,053	6,960
Dividend paid to non-controlling interests		(1,428)	(1,380)	(2,131)	(3,186)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		1,305	404	1,209	(777)
Balance as at end of period	**1(b)(i)**	**90,862**	**92,424**	**90,862**	**92,424**
Equity	**1(b)(i)**	**3,358,605**	**3,123,475**	**3,358,605**	**3,123,475**

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

	Note	TRUST 3Q 2019 S$'000	TRUST 3Q 2018 S$'000	TRUST YTD Sep 2019 S$'000	TRUST YTD Sep 2018 S$'000
Unitholders' Contribution					
Balance as at beginning of period		1,730,551	1,735,643	1,744,738	1,771,310
New units issued / to be issued					
- Manager's management fees paid in units		4,317	4,557	12,669	13,016
Distribution to Unitholders		(66,278)	–	(88,817)	(44,126)
Balance as at end of period		**1,668,590**	**1,740,200**	**1,668,590**	**1,740,200**
Operations					
Balance as at beginning of period		205,342	232,749	153,534	166,072
Total return for the period attributable to Unitholders and perpetual securities holders		(8,717)	10,244	115,921	122,499
Total return attributable to perpetual securities holders		(5,270)	(4,840)	(14,791)	(14,361)
Distribution to Unitholders		(8,338)	(68,933)	(71,647)	(104,990)
Balance as at end of period		**183,017**	**169,220**	**183,017**	**169,220**
Hedging Reserve					
Balance as at beginning of period		(3,061)	(2,219)	(1,532)	(3,275)
Effective portion of change in fair values of cash flow hedges		144	54	(1,752)	204
Net change in fair value of cash flow hedges reclassified to Statement of Total Return		137	379	504	1,285
Balance as at end of period		**(2,780)**	**(1,786)**	**(2,780)**	**(1,786)**
Unitholders' Funds	**1(b)(i)**	**1,848,827**	**1,907,634**	**1,848,827**	**1,907,634**
Perpetual Securities					
Balance as at beginning of period		397,074	397,074	397,127	397,127
Issue of perpetual securities		150,000	–	150,000	–
Issue expenses		(1,502)	–	(1,502)	–
Total return attributable to perpetual securities holders		5,270	4,840	14,791	14,361
Distribution to perpetual securities holders		–	–	(9,574)	(9,574)
Balance as at end of period	**1(b)(i)**	**550,842**	**401,914**	**550,842**	**401,914**
Equity	**1(b)(i)**	**2,399,669**	**2,309,548**	**2,399,669**	**2,309,548**

1(d)(ii) <u>Details of any change in the units</u>

	TRUST		TRUST	
	3Q 2019 ’000	**3Q 2018 ’000**	**YTD Sep 2019 ’000**	**YTD Sep 2018 ’000**
Balance as at beginning of period	2,174,777	2,159,553	2,164,592	2,149,688
Issue of new units:				
- partial payment of Manager’s management fees in units	2,041	2,471	12,226	12,336
Balance as at end of period	**2,176,818**	**2,162,024**	**2,176,818**	**2,162,024**

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

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements SSRE 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”.

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

Please refer to the attached review report.

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

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

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

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

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

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

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

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

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

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

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

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

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

	GROUP		GROUP	
	3Q 2019 S$'000	**3Q 2018 S$'000**	**YTD Sep 2019 S$'000**	**YTD Sep 2018 S$'000**
Total return for the period attributable to Unitholders and perpetual securities holders	36,829	36,553	249,374	111,210
Less: Total return attributable to perpetual securities holders	(5,270)	(4,840)	(14,791)	(14,361)
Total return for the period attributable to Unitholders	**31,559**	**31,713**	**234,583**	**96,849**

Earnings per Unit (EPU)	**3Q 2019**	**3Q 2018**	**YTD Sep 2019**	**YTD Sep 2018**
Weighted average number of units for the period ('000)				
– Basic	2,175,864	2,161,030	2,172,931	2,158,052
– Diluted	2,182,483	2,168,998	2,182,483	2,168,998
EPU (cents)				
(based on the weighted average number of units for the period)				
– Basic	1.45	1.47	10.80	4.49
– Basic (1)	1.45	1.47	4.33	3.88
– Diluted	1.45	1.46	10.75	4.47

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

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

Distribution per Unit (DPU)	**3Q 2019**	**3Q 2018**	**YTD Sep 2019**	**YTD Sep 2018**
Number of units on issue at end of period ('000)	2,176,818	2,162,024	2,176,818	2,162,024
DPU (cents)	1.91	1.82	5.34	5.01

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

	GROUP		**TRUST**	
	30/09/19	**31/12/18**	**30/09/19**	**31/12/18**
NAV / NTA per Unit [(1)] (S$)	1.25	1.22	0.85	0.88
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S$)	1.23	1.18	0.83	0.84

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

8. Group Performance Review

8(a) Revenue and Gross Profit Analysis – 3Q 2019 vs. 3Q 2018 (Local Currency ("LC"))

		Revenue[1]				Gross Profit[1]				REVPAU Analysis[2]		
		3Q 2019	3Q 2018	Better/ (Worse)		3Q 2019	3Q 2018	Better/ (Worse)		3Q 2019	3Q 2018	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	1.9	1.9	–	–	1.8	1.8	–	–	–	–	–
France	EUR	5.5	5.7	(0.2)	(4)	5.1	5.2	(0.1)	(2)	–	–	–
Germany	EUR	2.4	2.4	–	–	2.3	2.2	0.1	5	–	–	–
Singapore	S$	4.1	5.9	(1.8)	(31)	3.4	5.1	(1.7)	(33)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.7	2.2	0.5	23	0.9	0.7	0.2	29	82	67	22
Spain	EUR	1.7	1.6	0.1	6	0.9	0.8	0.1	13	126	117	8
United Kingdom	GBP	8.8	8.2	0.6	7	4.2	4.0	0.2	5	153	140	9
Management contracts												
Australia	AUD	8.1	6.9	1.2	17	2.9	2.9	–	–	127	149	(15)
China	RMB	66.0	69.0	(3.0)	(4)	27.2	28.8	(1.6)	(6)	455	484	(6)
Indonesia	USD	3.1	3.0	0.1	3	1.2	1.2	–	–	83	77	8
Japan	JPY	1,114.9	1,156.4	(41.5)	(4)	573.4	625.8	(52.4)	(8)	11,711	11,496	2
Malaysia	MYR	3.9	4.2	(0.3)	(7)	0.9	1.4	(0.5)	(36)	204	223	(9)
Philippines	PHP	226.2	229.9	(3.7)	(2)	71.0	67.3	3.7	5	4,451	4,519	(2)
Singapore	S$	7.2	7.0	0.2	3	3.3	3.3	–	–	221	217	2
United States of America	USD	20.1	21.3	(1.2)	(6)	7.5	5.2	2.3	44	212	226	(6)
Vietnam	VND[1]	182.7	170.3	12.4	7	95.0	88.7	6.3	7	1,634	1,499	9

[1] Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.
[2] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for VND are stated in thousands.

8(a) Revenue and Gross Profit Analysis – 3Q 2019 vs. 3Q 2018 (S$)

	Revenue				Gross Profit				REVPAU Analysis[1]		
	3Q 2019	3Q 2018	Better/ (Worse)		3Q 2019	3Q 2018	Better/ (Worse)		3Q 2019	3Q 2018	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	1.8	1.9	(0.1)	(5)	1.7	1.8	(0.1)	(6)	–	–	–
France	8.5	9.1	(0.6)	(7)	7.8	8.3	(0.5)	(6)	–	–	–
Germany	3.8	3.9	(0.1)	(3)	3.5	3.5	–	–	–	–	–
Singapore	4.1	5.9	(1.8)	(31)	3.4	5.1	(1.7)	(33)	–	–	–
Sub-total	**18.2**	**20.8**	**(2.6)**	**(13)**	**16.4**	**18.7**	**(2.3)**	**(12)**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	4.1	3.6	0.5	14	1.4	1.1	0.3	27	126	106	19
Spain	2.6	2.5	0.1	4	1.4	1.2	0.2	17	194	187	4
United Kingdom	15.1	14.7	0.4	3	7.2	7.1	0.1	1	261	250	4
Sub-total	**21.8**	**20.8**	**1.0**	**5**	**10.0**	**9.4**	**0.6**	**6**	**211**	**198**	**7**
Management contracts											
Australia	7.7	6.9	0.8	12	2.8	2.9	(0.1)	(3)	120	149	(20)
China	13.0	14.0	(1.0)	(7)	5.4	5.8	(0.4)	(7)	90	98	(8)
Indonesia	4.3	4.1	0.2	5	1.5	1.6	(0.1)	(6)	114	104	10
Japan	14.3	14.2	0.1	1	7.3	7.7	(0.4)	(5)	150	141	6
Malaysia	1.3	1.4	(0.1)	(7)	0.3	0.5	(0.2)	(40)	67	75	(11)
Philippines	6.0	5.9	0.1	2	1.9	1.8	0.1	6	118	115	3
Singapore	7.2	7.0	0.2	3	3.3	3.3	–	–	221	217	2
United States of America	27.5	29.0	(1.5)	(5)	10.3	7.1	3.2	45	291	307	(5)
Vietnam	11.1	10.4	0.7	7	5.8	5.4	0.4	7	100	92	9
Sub-total	**92.4**	**92.9**	**(0.5)**	**(1)**	**38.6**	**36.1**	**2.5**	**7**	**145**	**150**	**(3)**
Group	**132.4**	**134.5**	**(2.1)**	**(2)**	**65.0**	**64.2**	**0.8**	**1**	**155**	**158**	**(2)**

[1] REVPAU for Japan refers to serviced residences and excludes rental housing.

Group

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

Analysis By Country

A. Master Leases

Australia

Revenue and gross profit remained stable as compared to 3Q 2018

In SGD terms, both revenue and gross profit decreased by S$0.1 million due to depreciation of AUD against SGD.

France

Revenue decreased by EUR 0.2 million or 4% as compared to 3Q 2018 due to lower rent upon renewal of certain master leases. Gross profit was lower by EUR 0.1 million mainly due to lower revenue.

In SGD terms, revenue decreased by S$0.6 million or 7% due to depreciation of EUR against SGD and lower underlying performance. Gross profit decreased by S$0.5 million or 6%.

Germany

Revenue remained at the same level as 3Q 2018. Gross profit increased by EUR 0.1 million or 5% due to lower business tax.

In SGD terms, revenue decreased by S$0.1 million or 3% due to depreciation of EUR against SGD. Gross profit, in SGD terms, remained stable.

Singapore

Both revenue and gross profit decreased due to the divestment of Ascott Raffles Place in May 2019. On a same store basis, revenue and gross profit increased by S$0.5 million, as compared to 3Q 2018, due to higher variable rent earned by Ascott Orchard as a result of stronger corporate and leisure demand.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.5 million or 23% and REVPAU increased by 22% in 3Q 2019 due to stronger demand.

Gross profit increased by EUR 0.2 million or 29% due to higher revenue, partially offset by higher staff costs and marketing expense.

In SGD terms, revenue increased by S$0.5 million or 14% as compared to 3Q 2018 due to stronger underlying performance, partially offset by depreciation of EUR against SGD. Gross profit, in SGD terms, increased by S$0.3 million or 27%.

Spain

Revenue increased by EUR 0.1 million or 6% and REVPAU increased by 8% due to stronger leisure demand. Gross profit increased by EUR 0.1 million or 13% due to higher revenue.

In SGD terms, revenue increased by S$0.1 million or 4% and gross profit increased by S$0.2 million or 17% due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

United Kingdom

Revenue increased by GBP 0.6 million or 7% and REVPAU increased by 9% as compared to 3Q 2018 due to higher corporate and leisure demand.

Gross profit increased by GBP 0.2 million or 5% due to higher revenue, partially offset by higher marketing expense and management fee.

In SGD terms, revenue increased by S$0.4 million or 3% due to stronger underlying performance, partially offset by depreciation of GBP against SGD. Gross profit, in SGD terms, increased by S$0.1 million or 1%.

C. Management contracts

Australia

Revenue increased by AUD 1.2 million or 17% due to the acquisition of Citadines Connect Sydney Airport in May 2019. REVPAU decreased by 15% in 3Q 2019 due to the acquisition of Citadines Connect Sydney Airport, which had lower REVPAU as compared to the existing properties in Australia.

On a same store basis, revenue and gross profit decreased mainly due to softer leisure and corporate demand in Melbourne and REVPAU was lower by 4%.

In SGD terms, revenue increased by S$0.8 million or 12%. Gross profit decreased by S$0.1 million or 3% due to depreciation of AUD against SGD.

China

Revenue decreased by RMB 3.0 million or 4% due to softer corporate demand from the properties in the regional cities, mitigated by higher commercial rent. REVPAU decreased by 6% as compared to 3Q 2018. Gross profit decreased by RMB 1.6 million or 6%.

Excluding the FRS 116 adjustments, gross profit decreased by RMB 2.8 million or 10% due to lower revenue and higher staff costs, partially offset by lower depreciation expense (arising from fully depreciated assets).

In SGD terms, revenue decreased by S$1.0 million or 7% due to depreciation of RMB against SGD and lower underlying performance. Gross profit decreased by S$0.4 million or 7%.

Indonesia

Revenue increased by USD 0.1 million or 3% and REVPAU increased by 8% as compared to 3Q 2018 due to higher revenue from the refurbished apartments at Somerset Grand Citra. Gross profit remained stable due to higher marketing expense and depreciation expense, offset by higher revenue.

In SGD terms, revenue increased by S$0.2 million or 5% due to stronger underlying performance. Gross profit decreased by S$0.1 million or 6%.

Japan

Revenue decreased by JPY 41.5 million or 4% due to lower contribution from the rental housing properties due to lower rental rates upon renewal of leases and stiff competition, partially offset by stronger performance from the serviced residences. REVPAU increased by 2% as compared to 3Q 2018 due to stronger leisure demand, with some uplift from the Rugby World Cup in September 2019.

Gross profit decreased by JPY 52.4 million or 8% due to lower revenue, coupled with higher staff costs and operation & maintenance expense, mitigated by lower marketing expense.

In SGD terms, revenue increased by S$0.1 million or 1% due to appreciation of JPY against SGD, partially offset by lower underlying performance. Gross profit decreased by S$0.4 million or 5%.

Malaysia

Revenue decreased by MYR 0.3 million or 7% and REVPAU decreased by 9% as compared to 3Q 2018 due to keen competition. Gross profit decreased by MYR 0.5 million or 36% due to lower revenue, coupled with higher staff costs and marketing expense.

In SGD terms, revenue decreased by S$0.1 million or 7% due to lower underlying performance. Gross profit decreased by S$0.2 million or 40%.

The Philippines

Revenue decreased by PHP 3.7 million or 2% and REVPAU decreased by 2% due to weaker market demand. Gross profit increased by PHP 3.7 million or 5%. Excluding the FRS 116 adjustments, gross profit decreased by PHP 5.2 million or 8% due to lower revenue, higher staff costs and higher depreciation expense (post renovation).

In SGD terms, revenue increased by S$0.1 million or 2% due to appreciation of PHP against SGD, partially offset by lower underlying performance. Gross profit increase by S$0.1 million or 6%.

Singapore

Revenue increased by S$0.2 million or 3% and REVPAU increased by 2% due to higher market demand.

Gross profit remained stable due to higher revenue, offset by higher staff costs and marketing expense.

The United States of America

Revenue decreased by USD 1.2 million or 6% and REVPAU decreased by 6% as compared to 3Q 2018 due to competition from new supply.

Gross profit increased by USD 2.3 million. Had the FRS 116 adjustments for 3Q 2019 and the straight-line recognition of operating lease expense for 3Q 2018 been excluded, gross profit would have decreased by USD 1.2 million. The lower gross profit was attributed to lower revenue and higher staff costs, partially offset by lower operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$1.5 million or 5% due to lower underlying performance. Gross profit increased by S$3.2 million or 45%.

Vietnam

Revenue increased by VND 12.4 billion or 7% and REVPAU increased by 9% as compared to 3Q 2018 mainly due to stronger corporate demand. Gross profit increased by VND 6.3 billion or 7% due to higher revenue, partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue increased by S$0.7 million or 7% and gross profit increased by S$0.4 million or 7% due to stronger underlying performance.

8(b) Revenue and Gross Profit Analysis – YTD Sep 2019 vs. YTD Sep 2018 (Local Currency ("LC"))

		Revenue[1]				Gross Profit[1]				REVPAU Analysis[2]		
		YTD Sep 2019	YTD Sep 2018	Better/ (Worse)		YTD Sep 2019	YTD Sep 2018	Better/ (Worse)		YTD Sep 2019	YTD Sep 2018	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	5.7	5.7	–	–	5.4	5.2	0.2	4	–	–	–
France	EUR	16.2	16.9	(0.7)	(4)	14.8	15.8	(1.0)	(6)	–	–	–
Germany	EUR	7.4	7.2	0.2	3	6.9	6.6	0.3	5	–	–	–
Singapore	S$	14.6	16.5	(1.9)	(12)	12.5	14.1	(1.6)	(11)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	7.5	6.5	1.0	15	2.5	1.9	0.6	32	77	67	15
Spain	EUR	4.6	4.1	0.5	12	2.3	2.0	0.3	15	113	101	12
United Kingdom	GBP	24.0	21.8	2.2	10	10.4	9.4	1.0	11	138	124	11
Management contracts												
Australia	AUD	22.2	20.2	2.0	10	8.4	8.5	(0.1)	(1)	134	145	(8)
China	RMB	194.4	198.4	(4.0)	(2)	81.7	78.0	3.7	5	453	469	(3)
Indonesia	USD	8.6	8.8	(0.2)	(2)	3.0	3.1	(0.1)	(3)	75	75	–
Japan [3]	JPY	3,430.6	3,360.4	70.2	2	1,815.2	1,845.1	(29.9)	(2)	12,046	11,369	6
Malaysia	MYR	10.3	11.2	(0.9)	(8)	2.0	3.5	(1.4)	(43)	183	201	(9)
Philippines	PHP	718.5	635.6	82.9	13	245.0	177.6	67.4	38	4,792	4,239	13
Singapore	S$	19.7	18.4	1.3	7	8.5	7.9	0.6	8	205	191	7
United States of America	USD	55.6	57.9	(2.3)	(4)	20.2	12.0	8.2	68	198	206	(4)
Vietnam	VND[1]	532.5	512.0	20.5	4	286.0	274.5	11.5	4	1,603	1,546	4

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

8(b) Revenue and Gross Profit Analysis – YTD Sep 2019 vs. YTD Sep 2018 (S$)

	Revenue				Gross Profit				REVPAU Analysis[1]		
	YTD Sep 2019	YTD Sep 2018	Better/ (Worse)		YTD Sep 2019	YTD Sep 2018	Better/ (Worse)		YTD Sep 2019	YTD Sep 2018	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	5.5	5.7	(0.2)	(4)	5.1	5.3	(0.2)	(4)	–	–	–
France	25.0	27.1	(2.1)	(8)	22.7	25.4	(2.7)	(11)	–	–	–
Germany	11.5	11.6	(0.1)	(1)	10.6	10.6	–	–	–	–	–
Singapore	14.6	16.5	(1.9)	(12)	12.5	14.1	(1.6)	(11)	–	–	–
Sub-total	**56.6**	**60.9**	**(4.3)**	**(7)**	**50.9**	**55.4**	**(4.5)**	**(8)**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	11.7	10.6	1.1	10	4.0	3.1	0.9	29	118	107	10
Spain	7.1	6.6	0.5	8	3.5	3.2	0.3	9	173	161	8
United Kingdom	41.8	39.4	2.4	6	18.0	17.0	1.0	6	241	224	8
Sub-total	**60.6**	**56.6**	**4.0**	**7**	**25.5**	**23.3**	**2.2**	**9**	**195**	**181**	**8**
Management contracts											
Australia	21.3	20.5	0.8	4	8.0	8.7	(0.7)	(8)	128	148	(14)
China	38.8	40.8	(2.0)	(5)	16.3	16.1	0.2	1	90	97	(7)
Indonesia	11.8	11.8	–	–	4.0	4.2	(0.2)	(5)	103	100	3
Japan [2]	42.7	41.0	1.7	4	22.6	22.6	–	–	150	139	8
Malaysia	3.4	3.8	(0.4)	(11)	0.7	1.1	(0.4)	(36)	60	67	(10)
Philippines	18.8	16.3	2.5	15	6.4	4.5	1.9	42	125	109	15
Singapore	19.7	18.4	1.3	7	8.5	7.9	0.6	8	205	191	7
United States of America	75.8	77.5	(1.7)	(2)	27.5	16.0	11.5	72	270	275	(2)
Vietnam	31.4	30.2	1.2	4	16.9	16.2	0.7	4	95	91	4
Sub-total	**263.7**	**260.3**	**3.4**	**1**	**110.9**	**97.3**	**13.6**	**14**	**141**	**141**	**–**
Group	**380.9**	**377.8**	**3.1**	**1**	**187.3**	**176.0**	**11.3**	**6**	**149**	**147**	**1**

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

For the nine months ended 30 September 2019 ("YTD Sep 2019"), revenue increased by S$3.1 million or 1% as compared to the corresponding period last year ("YTD Sep 2018"). The increase in revenue was mainly due to higher revenue of S$4.2 million from the existing properties and additional contribution of S$2.2 million from the acquisition of Citadines Connect Sydney Airport, partially offset by decrease in revenue of S$3.3 million from the divestment of Ascott Raffles Place Singapore.

REVPAU increased by 1%, from S$147 in YTD Sep 2018 to S$149 in YTD Sep 2019.

Gross profit for YTD Sep 2019 increased by S$11.3 million or 6% as compared to YTD Sep 2018 due to higher revenue and the FRS 116 adjustments. On a same store basis and excluding the FRS 116 adjustments, gross profit decreased by S$1.5 million.

9. Variance from forecast

The Group has not disclosed any forecast to the market.

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

The International Monetary Fund expects global economic growth to remain subdued, on the back of rising trade tensions and geopolitical uncertainty. The global economy is expected to grow 3.0% in 2019 before picking up to 3.4% in 2020.

International tourist arrivals grew 4% year-on-year in the first half of 2019, in line with UNWTO's full year forecast. For the reminder of the year, growth in international tourist arrivals may moderate, on the back of ongoing trade tensions and soft economic indicators which are expected to weigh on business and consumer sentiment. On the supply front, the growth in new hotel room inventory is expected to outpace demand in some markets in the near term.

Amid the headwinds in the macro and operating environment, Ascott Reit continues to strive to deliver stable distributions to unitholders through its geographically diversified portfolio and balanced mix of stable and growth income streams. Ascott Reit has also demonstrated discipline in portfolio reconstitution and generated value through asset recycling.

Cost of debt is expected to remain low as the US Federal Reserve cut interest rates in September for the second time in 2019. Leveraging the low interest rate environment, Ascott Reit issued a new tranche of perpetual securities at a lower fixed rate of 3.88%, which has been used to fund the redemption of the existing S$150.0 million 5.00% perpetual securities at its first call date in October 2019. Ascott Reit's active capital management strategy and its 'BBB' investment grade rating, affirmed by Fitch Ratings in August 2019, enabled Ascott Reit to tap various funding sources, gave debt investors credit assurance and raise funds at favourable terms. As at 30 September 2019, Ascott Reit's effective borrowing costs was 2.1%. Coupled with a low gearing at 33.0% and a debt headroom of over S$1 billion to reach MAS's limit of 45%, Ascott Reit is well-positioned to pursue yield-accretive investment opportunities.

On 21 October 2019, Ascott Reit unitholders approved the proposed combination with Ascendas Hospitality Trust at the Extraordinary General Meeting and Scheme Meeting. With the combination, the enlarged Ascott Reit will have a higher contribution from stable income, reduced concentration risk, strengthened presence in Asia Pacific and increased freehold component.

With a total asset value of over S$7.0 billion, Ascott Reit is set to cement its position as the proxy hospitality trust in Asia Pacific with the potential to be included into the FTSE EPRA Nareit Developed Index.

Post-combination, Ascott Reit will have greater access to growth opportunities, increased capacity to undertake more development and conversion projects, and greater financial flexibility to fund future growth.

The transaction is expected to complete by the end of 2019. As the new Ascott Reit-Business Trust units commence trading on the Singapore Exchange in January 2020, Ascott Reit remains committed to delivering stable and sustainable returns to its unitholders.

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

11. DISTRIBUTIONS

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

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

11(c) Book closure date : Not applicable

11(d) Date payable : Not applicable

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

Not applicable.

13. General mandate for Interested Person Transactions ("IPT")

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

14. Confirmation pursuant to Rule 720(1) of the Listing Manual

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

15. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust (comprising the statements of financial position as at 30 September 2019, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the nine months ended 30 September 2019, together with their accompanying notes), to be false or misleading in any material aspect.

On behalf of the Board
Ascott Residence Trust Management Limited

Tan Beng Hai Chairman	Beh Siew Kim Director

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

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

Karen Chan
Company Secretary
30 October 2019

KPMG

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Report on review of Interim Financial Information

The Board of Directors
Ascott Residence Trust Management Limited
(in its capacity as Manager of Ascott Residence Trust and its subsidiaries)

Introduction

We have reviewed the accompanying interim financial information (the "Interim Financial Information") of Ascott Residence Trust (the "Trust") and its subsidiaries (the "Group") for the nine-month period ended 30 September 2019. The Interim Financial Information consists of the following:

- Statement of Financial Position of the Group as at 30 September 2019;
- Statement of Total Return of the Group for the nine-month period ended 30 September 2019;
- Statement of Movements in Unitholders' Funds of the Group for the nine-month period ended 30 September 2019;
- Distribution Statement of the Group for the nine-month period ended 30 September 2019;
- Portfolio Statement of the Group as at 30 September 2019;
- Statement of Cash Flows of the Group for the nine-month period ended 30 September 2019; and
- Certain explanatory notes to the above Interim Financial Information.

The management of Ascott Residence Management Limited (the "Manager" of Ascott Residence Trust) is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants ("ISCA"). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Other Matter

The Interim Financial Information for the comparative period ended 30 September 2018 have not been audited or reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of RAP 7 *Reporting Framework for Unit Trusts* relevant to interim financial information issued by the ISCA.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting Ascott Residence Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and comply with the requirements of Rule 25 of Singapore Code of Take-Overs and Mergers, and for no other purpose. Our report is included in the unaudited financial statements announcement of Ascott Residence Trust for the third quarter ended 30 September 2019 for the information of the Unitholders. We do not assume responsibility to anyone other than the Ascott Residence Trust for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 October 2019

Report from the IFA in respect of the Interim Financial Information

30 October 2019

The Board of Directors (the "**Directors**") of
Ascott Residence Trust Management Limited
(in its capacity as Manager of Ascott Residence Trust)
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

DBS Trustee Limited
(in its capacity as Trustee of Ascott Residence Trust)
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

Report from the IFA in respect of the Interim Financial Information (as defined herein) made in the announcement which was released by Ascott Residence Trust (the "Ascott Reit") on SGXNET on 30 October 2019

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the composite document dated 26 September 2019 to the Ascott Reit Unitholders.

On 3 July 2019, the Ascott Reit Manager and the A-HTRUST REIT Manager jointly announced the Combination, which shall be effected through acquisition by Ascott Reit of all the issued and paid-up stapled units in A-HTRUST by way of a trust scheme of arrangement in compliance with the Code. On 21 October 2019, Ascott Reit unitholders approved the proposed combination with Ascendas Hospitality Trust at the Extraordinary General Meeting and Scheme Meeting.

On 30 October 2019, the Directors had approved the unaudited financial statements announcement of Ascott Residence Trust and its subsidiaries (the "**Group**") relating to its financial performance for the nine-month period ended 30 September 2019 (the "**Interim Financial Information**").

We have reviewed the Interim Financial Information and have held discussions with the management of Ascott Reit Manager who are responsible for the preparation of the Interim Financial Information.

Except as disclosed in paragraph 5 of the Interim Financial Information, amongst others notably the adoption of the accounting standard FRS 116, the Interim Financial Information were arrived at on bases consistent with the significant accounting policies and methods of computation adopted by the Group for the preparation of the audited consolidated financial statements of the Group for the full year ended 31 December 2018 ("**FY2018**"), which are set out in the annual report of the Group for FY2018.

We have also considered the Report on review of Interim Financial Information dated 30 October 2019 issued by KPMG LLP, being the external independent auditors of the Group, relating to their review of the Interim Financial Information.

Based on the above, we are of the opinion that the Interim Financial Information have been made by the Directors after due and careful enquiry.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with us by the Ascott Reit Manager. Save as provided in this letter, we do not express any other opinion or views on the Interim Financial Information. The Directors remain solely responsible for the Interim Financial Information.

The letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Ascott Reit and the Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
Australia and New Zealand Banking Group Limited, Singapore Branch

Sigismund Kwok
Corporate Advisory