

**ASCOTT RESIDENCE TRUST  
2018 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT  
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**ASCOTT RESIDENCE TRUST**  
**2018 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT**

**Summary of Group Results**

	<b>1Q 2018 S\$'000</b>	<b>1Q 2017 S\$'000</b>	<b>Better / (Worse) %</b>
Revenue	112,784	111,261	1
Gross Profit	48,667	47,375	3
Unitholders' Distribution	29,164	25,119	16
Distribution Per Unit ("DPU") (cents)	1.35	1.51	(11)
DPU (cents) (restated for Rights Issue)	1.35	1.17 <sup>(1)</sup>	15
<b><u>For information only</u></b> DPU (cents) (adjusted for one-off items)	1.28 <sup>(2)</sup>	1.17 <sup>(1)</sup>	9

<sup>(1)</sup> DPU has been restated for the Rights Issue, through which 481,688,010 units were issued on 11 April 2017, in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

<sup>(2)</sup> Unitholders' distribution for 1Q 2018 included a realised exchange gain of S\$1.6 million arising from the receipt of divestment proceeds and repayment of foreign currency bank loans with the divestment proceeds

# **ASCOTT RESIDENCE TRUST**

## **2018 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT**

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### **INTRODUCTION**

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

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

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

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

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

On 6 March 2017, Ascott Reit announced the launch of an underwritten and renounceable rights issue to raise gross proceeds of approximately S\$442.7 million (the “Rights Issue”). The gross proceeds from the Rights Issue was used to part finance the remaining purchase price for Ascott Orchard Singapore, which was completed on 10 October 2017, and the acquisition of two serviced residence properties in Germany, which was completed on 2 May 2017. On 16 August 2017, Ascott Reit completed the acquisition of DoubleTree by Hilton Hotel New York – Times Square South, its third property in the US. The four properties acquired in 2017 are collectively termed as the “2017 Acquisitions”.

On 26 April 2017, Ascott Reit completed the divestment of 18 rental housing properties in Tokyo, Japan. On 3 July 2017, Ascott Reit announced the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi’an, which was completed on 5 January 2018. The divestments are collectively referred to as the “Divestments”.

As at 31 March 2018, Ascott Reit’s portfolio comprises 73 properties with 11,430 apartment units in 37 cities across 14 countries.

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

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

	Note	GROUP		Better / (Worse) %
		1Q 2018 S\$'000	1Q 2017 S\$'000	
<b>Revenue</b>	A.1	112,784	111,261	1
Direct expenses	A.2	(64,117)	(63,886)	–
<b>Gross Profit</b>	A.1	48,667	47,375	3
Finance income	A.3	368	251	47
Other operating income		129	156	(17)
Finance costs	A.3	(11,596)	(11,870)	2
Manager's management fees		(5,351)	(4,929)	(9)
Trustee's fee		(130)	(116)	(12)
Professional fees	A.4	(653)	(849)	23
Audit fees	A.5	(702)	(586)	(20)
Foreign exchange gain / (loss)	A.6	3,200	(4,801)	167
Other operating expenses	A.7	(600)	(496)	(21)
Share of results of associate (net of tax)		(26)	(6)	(333)
<b>Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale</b>		<b>33,306</b>	<b>24,129</b>	<b>38</b>
Net change in fair value of financial derivatives	A.8	(114)	5	n.m.
Net change in fair value of serviced residence properties and assets held for sale	A.9	–	145	n.m.
Loss upon divestment	A.10	(488)	–	n.m.
Assets written off		–	(5)	n.m.
<b>Total return for the period before tax</b>		<b>32,704</b>	<b>24,274</b>	<b>35</b>
Income tax expense	A.11	(3,151)	(5,103)	38
<b>Total return for the period after tax</b>		<b>29,553</b>	<b>19,171</b>	<b>54</b>
Attributable to:				
Unitholders / perpetual securities holders		28,131	17,655	
Non-controlling interests		1,422	1,516	
<b>Total return for the period</b>		<b>29,553</b>	<b>19,171</b>	<b>54</b>

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

	Note	GROUP		Better / (Worse) %
		1Q 2018 S\$'000	1Q 2017 S\$'000	
Total return for the period attributable to Unitholders / perpetual securities holders		28,131	17,655	
Net effect of non-tax deductible / chargeable items and other adjustments	A.12	5,767	12,198	
<b>Total amount distributable for the period</b>		<b>33,898</b>	<b>29,853</b>	<b>14</b>
Amount distributable:				
- Unitholders		29,164	25,119	
- Perpetual securities holders		4,734	4,734	
		<b>33,898</b>	<b>29,853</b>	<b>14</b>
Comprises:				
- from operations		116,369	(8,895)	
- from unitholders' contributions		(87,205)	34,014	
		<b>29,164</b>	<b>25,119</b>	<b>16</b>

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

**A.1 Revenue and Gross profit**

Revenue for 1Q 2018 of S\$112.8 million comprised S\$21.6 million (19% of total revenue) from serviced residences on Master Leases, S\$15.9 million (14%) from serviced residences on management contracts with minimum guaranteed income and S\$75.3 million (67%) from serviced residences on management contracts.

Revenue for 1Q 2018 increased by S\$1.5 million or 1% as compared to 1Q 2017. This was mainly contributed by the additional revenue of S\$8.3 million from the 2017 Acquisitions, partially offset by the decrease in revenue of S\$4.0 million and S\$2.8 million from the Divestments and existing properties respectively.

The Group achieved a revenue per available unit ("REVPAU") of S\$129 for 1Q 2018, an increase of 1% as compared to 1Q 2017.

Gross profit for 1Q 2018 of S\$48.7 million comprised S\$19.3 million (39% of total gross profit) from serviced residences on Master Leases, S\$5.2 million (11%) from serviced residences on management contracts with minimum guaranteed income and S\$24.2 million (50%) from serviced residences on management contracts.

As compared to 1Q 2017, gross profit increased by S\$1.3 million or 3% due to higher revenue.

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

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

	GROUP		Better / (Worse) %
	1Q 2018 S\$'000	1Q 2017 S\$'000	
Depreciation and amortisation	(3,271)	(3,466)	6
Staff costs*	(13,190)	(12,481)	(6)

\* Staff costs were higher in 1Q 2018 mainly due to the US acquisition in August 2017.

**A.3 Finance income and finance costs**

Finance income was higher in 1Q 2018 due to fixed deposit placements with the deposit received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an, prior to the repayment of bank loans.

Finance costs was lower in 1Q 2018 due to refinancing of bank loans at lower interest rates and repayment of bank loans with the divestment proceeds.

**A.4 Professional fees**

Professional fees were lower in 1Q 2018 due to reversal of prior year's accrued expenses no longer required.

**A.5 Audit fees**

Audit fees were higher in 1Q 2018 due to the 2017 Acquisitions and additional costs incurred arising from new system implementation.

**A.6 Foreign exchange gain / (loss)**

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

The foreign exchange loss recognised in 1Q 2017 was mainly due to unrealised exchange loss on EUR denominated shareholders' loans and USD denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of EUR and USD against SGD as at balance sheet date, respectively.

**A.7 Other operating expenses**

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

**A.8 Net change in fair value of financial derivatives**

This mainly relates to the fair value change of foreign currency forward contracts.

**A.9 Net change in fair value of serviced residence properties and assets held for sale**

In 1Q 2017, this mainly relates to the fair value change of strata units in Fortune Garden Apartments.

**A.10 Loss upon divestment**

This relates to the loss upon divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an mainly arising from realisation of foreign currency translation reserve upon completion of the divestment, partially offset by reversal of transaction costs previously accrued.

**A.11 Income tax expense**

Taxation for 1Q 2018 was lower by S\$2.0 million as compared to the corresponding period last year due to a refund of withholding tax on prior periods' dividends declared by the France subsidiaries.

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

	GROUP		Better / (Worse) %
	1Q 2018 S\$'000	1Q 2017 S\$'000	
Depreciation and amortisation	3,271	3,466	6
Manager's management fee payable / paid partially in units	3,964	3,527	(12)
Trustee's fees*	24	15	(60)
Unrealised foreign exchange loss / (gain)	(1,612)	4,902	n.m.
Net change in fair value of financial derivatives (Note A.8)	114	(5)	n.m.
Net change in fair value of serviced residence properties and assets held for sale (Note A.9)	–	(145)	n.m.
Loss upon divestment (Note A.10)	488	–	n.m.
Operating lease expense recognised on a straight-line basis	775	913	15
Assets written off	–	5	n.m.
Deferred tax credit	(1,037)	(305)	(240)
Effect of non-controlling interests arising from the above	(129)	(174)	(26)

\* This relates to the Singapore properties only and is not tax deductible.

1(b)(i) Statement of Financial Position

	Note	GROUP		TRUST	
		31/03/18 S\$'000	31/12/17 S\$'000	31/03/18 S\$'000	31/12/17 S\$'000
<b>Non-Current Assets</b>					
Plant and equipment		50,146	49,768	13,411	13,844
Serviced residence properties	B.1	4,933,393	4,908,400	950,159	950,156
Interest in subsidiaries		–	–	340,889	340,889
Interest in associate		2,905	2,992	2,933	2,993
Financial derivatives	B.2	8,518	7,169	188	2,090
Deferred tax assets		6,625	5,770	–	–
		<b>5,001,587</b>	<b>4,974,099</b>	<b>1,307,580</b>	<b>1,309,972</b>
<b>Current Assets</b>					
Inventories		422	214	–	–
Trade and other receivables	B.3	56,572	66,573	2,341,263	2,369,264
Assets held for sale	B.4	–	194,820	–	–
Cash and cash equivalents	B.5	190,927	257,345	10,300	12,598
		<b>247,921</b>	<b>518,952</b>	<b>2,351,563</b>	<b>2,381,862</b>
<b>Total Assets</b>		<b>5,249,508</b>	<b>5,493,051</b>	<b>3,659,143</b>	<b>3,691,834</b>
<b>Non-Current Liabilities</b>					
Interest bearing liabilities	B.8	(1,621,242)	(1,681,106)	(309,005)	(351,782)
Financial derivatives	B.2	(24,262)	(15,960)	(22,150)	(13,570)
Deferred tax liabilities	B.7	(105,915)	(119,211)	–	–
		<b>(1,751,419)</b>	<b>(1,816,277)</b>	<b>(331,155)</b>	<b>(365,352)</b>
<b>Current Liabilities</b>					
Trade and other payables	B.6	(131,019)	(237,069)	(932,454)	(917,940)
Liabilities held for sale	B.4	–	(1,065)	–	–
Interest bearing liabilities	B.8	(231,463)	(264,267)	(34,854)	(77,187)
Financial derivatives	B.2	(1,508)	(165)	(1,432)	(121)
Provision for taxation		(3,288)	(2,525)	–	–
		<b>(367,278)</b>	<b>(505,091)</b>	<b>(968,740)</b>	<b>(995,248)</b>
<b>Total Liabilities</b>		<b>(2,118,697)</b>	<b>(2,321,368)</b>	<b>(1,299,895)</b>	<b>(1,360,600)</b>
<b>Net Assets</b>		<b>3,130,811</b>	<b>3,171,683</b>	<b>2,359,248</b>	<b>2,331,234</b>
Represented by:					
Unitholders' funds	1(d)(i)	2,640,514	2,685,129	1,957,387	1,934,107
Perpetual securities holders	1(d)(i)	401,861	397,127	401,861	397,127
Non-controlling interests	1(d)(i)	88,436	89,427	–	–
<b>Total Equity</b>		<b>3,130,811</b>	<b>3,171,683</b>	<b>2,359,248</b>	<b>2,331,234</b>



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

### **B.1 Serviced residence properties**

The increase in the Group's serviced residence properties as at 31 March 2018 was mainly due to the foreign currency translation differences arising from translating the Group's serviced residence properties as a result of the strengthening of foreign currencies, particularly EUR and GBP.

### **B.2 Financial derivatives**

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

### **B.3 Trade and other receivables**

The decrease in the trade and other receivables as at 31 March 2018 was mainly due to lower prepaid expenses arising from the completion of the divestment of the two China properties in January 2018. The transaction costs were previously recognised as prepayments as at 31 December 2017.

### **B.4 Assets held for sale and Liabilities held for sale**

The assets and liabilities held for sale as at 31 December 2017 relates to the assets and liabilities of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an which have been reclassified from the respective balance sheet captions to "Assets held for Sale" and "Liabilities held for Sale" (pursuant to the announcement for the divestment of these properties on 3 July 2017).

As at 31 March 2018, the divestments were completed.

### **B.5 Cash and cash equivalents**

The decrease in the Group's cash and cash equivalents as at 31 March 2018 was mainly due to repayment of bank borrowings with divestment proceeds and distribution paid to Unitholders.

### **B.6 Trade and other payables**

The decrease in the trade and other payables as at 31 March 2018 was mainly due to the completion of the divestment of the two China properties in January 2018. The trade and other payables as at 31 December 2017 included the deposits received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.

### **B.7 Deferred tax liabilities**

The decrease in deferred tax liabilities as at 31 March 2018 was mainly due to the transfer of the deferred tax liability provided on the divestment gain of the two China properties to "Provision for taxation" upon the completion of the divestment in January 2018.

## B.8 Interest bearing liabilities

	GROUP		TRUST	
	31/103/18 S\$'000	31/12/17 S\$'000	31/03/18 S\$'000	31/12/17 S\$'000
<b>Amount repayable in one year or less or on demand</b>				
- Secured	35,018	26,518	-	-
- Unsecured	196,567	237,786	34,867	77,187
Less: Unamortised transaction costs	(122)	(37)	(13)	-
	231,463	264,267	34,854	77,187
<b>Amount repayable after one year</b>				
- Secured	900,081	929,691	204,997	212,039
- Unsecured	732,831	764,166	106,770	142,745
Less: Unamortised transaction costs	(11,670)	(12,751)	(2,762)	(3,002)
	1,621,242	1,681,106	309,005	351,782
<b>Total</b>	<b>1,852,705</b>	<b>1,945,373</b>	<b>343,859</b>	<b>428,969</b>

### Details of collateral

The borrowings of the Group are generally secured by:

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

### Capital management

As at 31 March 2018, the Group's gearing was 36.1%, well below the 45 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.3 percent per annum, with an interest cover of 4.0 times. S\$1,596.0 million or 86% of the Group's borrowings are on fixed interest rates, of which S\$177.0 million is due in the next 12 months.

Out of the Group's total borrowings, 10 percent falls due in 2018, 6 percent falls due in 2019, 15 percent falls due in 2020, 24 percent falls due in 2021 and the balance falls due after 2022.

The Manager adopts a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2018, ahead of their maturity dates.

1(c) Consolidated Statement of Cash Flows

	GROUP	
	1Q 2018 S\$'000	1Q 2017 S\$'000
<b>Operating Activities</b>		
Total return for the period before tax	32,704	24,274
<u>Adjustments for:</u>		
Depreciation and amortisation	3,271	3,466
(Gain) / loss on disposal of plant and equipment	(31)	18
Assets written off	–	5
Operating lease expense recognised on a straight-line basis	775	913
Finance costs	11,596	11,870
Finance income	(368)	(251)
Provision for doubtful debts (reversal) / addition	(14)	(18)
Manager's management fees payable / paid partially in units	3,964	3,527
Unrealised foreign exchange (gain) / loss	(1,612)	4,902
Net change in fair value of serviced residence properties and assets held for sale	–	(145)
Net change in fair value of financial derivatives	114	(5)
Loss upon divestment	488	–
Share of results of associate	26	6
<b>Operating profit before working capital changes</b>	<b>50,913</b>	<b>48,562</b>
Changes in working capital	(9,986)	875
<b>Cash generated from operations</b>	<b>40,927</b>	<b>49,437</b>
Income tax paid	(4,169)	(5,251)
<b>Cash flows from operating activities</b>	<b>36,758</b>	<b>44,186</b>
<b>Investing Activities</b>		
Acquisition of plant and equipment	(4,098)	(2,697)
Capital expenditure on serviced residence properties	(127)	(2,815)
Proceeds on disposal of assets held for sale	90,175	5,221
Interest received	368	251
Proceeds from sale of plant and equipment	31	20
<b>Cash flows from / (used in) investing activities</b>	<b>86,349</b>	<b>(20)</b>
<b>Balance carried forward</b>	<b>123,107</b>	<b>44,166</b>

1(c) Consolidated Statement of Cash Flows

	GROUP	
	1Q 2018 S\$'000	1Q 2017 S\$'000
<b>Balance brought forward</b>	<b>123,107</b>	<b>44,166</b>
<b>Financing Activities</b>		
Distribution to Unitholders	(80,183)	(72,620)
Interest paid	(9,421)	(10,807)
Payment of finance lease liabilities	(852)	(712)
Proceeds from bank borrowings	86,631	149,715
Repayment of bank borrowings	(187,688)	(92,544)
<b>Cash flows used in financing activities</b>	<b>(191,513)</b>	<b>(26,968)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(68,406)</b>	<b>17,198</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>257,345</b>	<b>143,074</b>
Effect of exchange rate changes on balances held in foreign currencies	1,988	(754)
<b>Cash and cash equivalents at end of the period</b>	<b>190,927</b>	<b>159,518</b>

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

	Note	GROUP	
		1Q 2018 S\$'000	1Q 2017 S\$'000
<b><u>Unitholders' Contribution</u></b>			
<b>Balance as at beginning of period</b>		1,771,310	1,451,627
New units issued / to be issued			
- Manager's management fees paid in units		3,986	3,498
Distribution to Unitholders		(44,126)	(58,179)
<b>Balance as at end of period</b>		<b>1,731,170</b>	<b>1,396,946</b>
<b><u>Operations</u></b>			
<b>Balance as at beginning of period</b>		1,083,116	898,132
Total return for the period attributable to Unitholders / perpetual securities holders		28,131	17,655
Total return attributable to perpetual securities holders		(4,734)	(4,734)
Distribution to Unitholders		(36,057)	(14,441)
<b>Balance as at end of period</b>		<b>1,070,456</b>	<b>896,612</b>
<b><u>Foreign Currency Translation Reserve</u></b>			
<b>Balance as at beginning of period</b>		(170,205)	(153,410)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		2,188	(1,612)
Change in ownership interests in subsidiaries with a change in control		720	-
<b>Balance as at end of period</b>		<b>(167,297)</b>	<b>(155,022)</b>
<b><u>Capital Reserve</u></b>			
<b>Balance as at beginning / end of period</b>		<b>2,148</b>	<b>1,957</b>
<b><u>Hedging Reserve</u></b>			
<b>Balance as at beginning of period</b>		(1,240)	2,319
Effective portion of change in fair values of cash flow hedges		5,277	(5,096)
<b>Balance as at end of period</b>		<b>4,037</b>	<b>(2,777)</b>
<b>Unitholders' Funds</b>	<b>1(b)(i)</b>	<b>2,640,514</b>	<b>2,137,716</b>
<b><u>Perpetual Securities</u></b>			
<b>Balance as at beginning of period</b>		397,127	397,127
Total return attributable to perpetual securities holders		4,734	4,734
<b>Balance as at end of period</b>	<b>1(b)(i)</b>	<b>401,861</b>	<b>401,861</b>
<b><u>Non-controlling Interests</u></b>			
<b>Balance as at beginning of period</b>		89,427	84,511
Total return for the period		1,422	1,516
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(2,413)	(1,300)
<b>Balance as at end of period</b>	<b>1(b)(i)</b>	<b>88,436</b>	<b>84,727</b>
<b>Equity</b>	<b>1(b)(i)</b>	<b>3,130,811</b>	<b>2,624,304</b>

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

	Note	TRUST	
		1Q 2018 S\$'000	1Q 2017 S\$'000
<b>Unitholders' Contribution</b>			
<b>Balance as at beginning of period</b>		1,771,310	1,451,627
New units issued / to be issued			
- Manager's management fees paid in units		3,986	3,498
Distribution to Unitholders		(44,126)	(58,179)
<b>Balance as at end of period</b>		<b>1,731,170</b>	<b>1,396,946</b>
<b>Operations</b>			
<b>Balance as at beginning of period</b>		166,072	112,094
Total return for the period attributable to Unitholders / perpetual securities holders		103,505	(7,203)
Total return attributable to perpetual securities holders		(4,734)	(4,734)
Distribution to Unitholders		(36,057)	(14,441)
<b>Balance as at end of period</b>		<b>228,786</b>	<b>85,716</b>
<b>Hedging Reserve</b>			
<b>Balance as at beginning of period</b>		(3,275)	(3,884)
Effective portion of change in fair values of cash flow hedges		706	520
<b>Balance as at end of period</b>		<b>(2,569)</b>	<b>(3,364)</b>
<b>Unitholders' Funds</b>	<b>1(b)(i)</b>	<b>1,957,387</b>	<b>1,479,298</b>
<b>Perpetual Securities</b>			
<b>Balance as at beginning of period</b>		397,127	397,127
Total return attributable to perpetual securities holders		4,734	4,734
<b>Balance as at end of period</b>	<b>1(b)(i)</b>	<b>401,861</b>	<b>401,861</b>
<b>Equity</b>	<b>1(b)(i)</b>	<b>2,359,248</b>	<b>1,881,159</b>

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

	TRUST	
	1Q 2018 '000	1Q 2017 '000
<b>Balance as at beginning of period</b>	2,149,688	1,653,471
<b>Issue of new units:</b>		
- partial payment of manager's management fees in units	7,518	7,522
<b>Balance as at end of period</b>	<b>2,157,206</b>	<b>1,660,993</b>

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2017.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2018. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. **Earnings per Unit (“EPU”) and distribution per Unit (“DPU”) for the financial period**

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

	GROUP	
	1Q 2018 S\$'000	1Q 2017 S\$'000
Total return for the period attributable to Unitholders / perpetual securities holders	28,131	17,655
Less: Total return attributable to perpetual securities holders	(4,734)	(4,734)
<b>Total return for the period attributable to Unitholders</b>	<b>23,397</b>	<b>12,921</b>

**Earnings per Unit (EPU)**

Weighted average number of units for the period ('000)

- Basic
- Diluted

**EPU (cents)**

(based on the weighted average number of units for the period)

- Basic
- Diluted

	1Q 2018	1Q 2017
Weighted average number of units for the period ('000)		
- Basic	2,154,115	1,707,638 <sup>(1)</sup>
- Diluted	2,160,682	1,714,158 <sup>(1)</sup>
EPU (cents)		
- Basic	1.09	0.76 <sup>(1)</sup>
- Diluted	1.08	0.75 <sup>(1)</sup>

<sup>(1)</sup> The figures have been restated for the effect of the Rights Issue. The basic and diluted EPU for 1Q 2017, previously announced, were 0.78 cents.

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

**Distribution per Unit (DPU)**

Number of units on issue at end of period ('000)

**DPU (cents)**

**DPU (cents) (restated for Rights Issue)**

	1Q 2018	1Q 2017
Number of units on issue at end of period ('000)	2,157,206	1,660,993
<b>DPU (cents)</b>	1.35	1.51
<b>DPU (cents) (restated for Rights Issue)</b>	1.35	1.17

**7. Net asset value (“NAV”) Per Unit / Net Tangible Assets (“NTA”) Per Unit**

	GROUP		TRUST	
	31/03/18	31/12/17	31/03/18	31/12/17
NAV / NTA per Unit <sup>(1)</sup> (S\$)	1.22	1.25	0.91	0.90
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S\$)	1.21	1.21	0.89	0.86

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



## 8. Group Performance Review

### 8(a) Revenue and Gross Profit Analysis – 1Q 2018 vs. 1Q 2017 (Local Currency (“LC”))

		Revenue <sup>1</sup>				Gross Profit <sup>1</sup>				REVPAU Analysis <sup>2</sup>		
		1Q 2018	1Q 2017	Better/ (Worse)		1Q 2018	1Q 2017	Better/ (Worse)		1Q 2018	1Q 2017	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
<b>Master Leases</b>												
Australia	AUD	1.9	1.8	0.1	6	1.7	1.7	–	–	–	–	–
France	EUR	5.5	5.8	(0.3)	(5)	5.0	5.3	(0.3)	(6)	–	–	–
Germany	EUR	2.4	1.3	1.1	85	2.2	1.2	1.0	83	–	–	–
Japan	JPY	133.3	133.3	–	–	106.5	105.1	1.4	1	–	–	–
Singapore	S\$	5.3	1.9	3.4	179	4.5	1.8	2.7	150	–	–	–
<b>Management contracts with minimum guaranteed income</b>												
Belgium	EUR	2.0	1.7	0.3	18	0.3	0.5	(0.2)	(40)	60	50	20
Spain	EUR	1.1	1.1	–	–	0.5	0.5	–	–	78	78	–
United Kingdom	GBP	6.0	5.5	0.5	9	2.0	2.0	–	–	102	95	7
<b>Management contracts</b>												
Australia	AUD	7.0	7.0	–	–	3.1	3.0	0.1	3	153	155	(1)
China	RMB	63.1	71.5	(8.4)	(12)	23.4	22.4	1.0	4	449	387	16
Indonesia	USD	3.0	2.9	0.1	3	1.0	1.0	–	–	79	76	4
Japan	JPY	911.5	1,106.5	(195.0)	(18)	449.2	604.8	(155.6)	(26)	10,396	11,130	(7)
Malaysia	MYR	3.8	4.1	(0.3)	(7)	1.2	1.2	–	–	207	220	(6)
Philippines	PHP	199.5	225.1	(25.6)	(11)	54.3	70.9	(16.6)	(23)	4,049	4,626	(13)
Singapore	S\$	5.2	5.7	(0.5)	(9)	2.0	2.1	(0.1)	(5)	165	178	(7)
United States of America	USD	13.8	11.5	2.3	20	(0.1)	0.1	(0.2)	n.m.	147	161	(9)
Vietnam	VND <sup>1</sup>	173.2	178.1	(4.9)	(3)	99.0	101.3	(2.3)	(2)	1,614	1,669	(3)

<sup>1</sup> Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.

<sup>2</sup> 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 – 1Q 2018 vs. 1Q 2017 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis <sup>1</sup>		
	1Q 2018	1Q 2017	Better/ (Worse)		1Q 2018	1Q 2017	Better/ (Worse)		1Q 2018	1Q 2017	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
<b>Master Leases</b>											
Australia	2.0	2.0	–	–	1.8	1.9	(0.1)	(5)	–	–	–
France	8.8	8.7	0.1	1	8.1	7.9	0.2	3	–	–	–
Germany	3.9	2.0	1.9	95	3.6	1.7	1.9	112	–	–	–
Japan	1.6	1.7	(0.1)	(6)	1.3	1.3	–	–	–	–	–
Singapore	5.3	1.9	3.4	179	4.5	1.8	2.7	150	–	–	–
<b>Sub-total</b>	<b>21.6</b>	<b>16.3</b>	<b>5.3</b>	<b>33</b>	<b>19.3</b>	<b>14.6</b>	<b>4.7</b>	<b>32</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Management contracts with minimum guaranteed income</b>											
Belgium	3.2	2.5	0.7	28	0.6	0.8	(0.2)	(25)	97	75	29
Spain	1.8	1.7	0.1	6	0.8	0.7	0.1	14	126	117	8
United Kingdom	10.9	9.7	1.2	12	3.8	3.5	0.3	9	186	167	11
<b>Sub-total</b>	<b>15.9</b>	<b>13.9</b>	<b>2.0</b>	<b>14</b>	<b>5.2</b>	<b>5.0</b>	<b>0.2</b>	<b>4</b>	<b>151</b>	<b>133</b>	<b>14</b>
<b>Management contracts</b>											
Australia	7.3	7.4	(0.1)	(1)	3.2	3.2	–	–	160	165	(3)
China	13.1	14.8	(1.7)	(12)	4.8	4.6	0.2	4	93	80	16
Indonesia	4.0	4.2	(0.2)	(5)	1.4	1.4	–	–	104	109	(5)
Japan	11.0	13.7	(2.7)	(20)	5.4	7.6	(2.2)	(29)	126	139	(9)
Malaysia	1.3	1.3	–	–	0.4	0.4	–	–	69	70	(1)
Philippines	5.1	6.4	(1.3)	(20)	1.4	2.0	(0.6)	(30)	105	132	(21)
Singapore	5.2	5.7	(0.5)	(9)	2.0	2.1	(0.1)	(5)	165	178	(7)
United States of America	18.3	16.4	1.9	12	(0.2)	0.1	(0.3)	n.m.	195	229	(15)
Vietnam	10.0	11.2	(1.2)	(11)	5.8	6.4	(0.6)	(9)	95	105	(10)
<b>Sub-total</b>	<b>75.3</b>	<b>81.1</b>	<b>(5.8)</b>	<b>(7)</b>	<b>24.2</b>	<b>27.8</b>	<b>(3.6)</b>	<b>(13)</b>	<b>125</b>	<b>127</b>	<b>(2)</b>
<b>Group</b>	<b>112.8</b>	<b>111.3</b>	<b>1.5</b>	<b>1</b>	<b>48.7</b>	<b>47.4</b>	<b>1.3</b>	<b>3</b>	<b>129</b>	<b>128</b>	<b>1</b>

<sup>1</sup> 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 increased by AUD 0.1 million as compared to 1Q 2017 due to annual rent increment.

In SGD terms, revenue remained stable and gross profit decreased by S\$0.1 million or 5% due to depreciation of AUD against SGD.

**France**

Both revenue and gross profit decreased by EUR 0.3 million as compared to 1Q 2017 due to reversal of over recovery of prior year's cost and lower rent upon renewal of master leases for four properties from 1 January 2018.

In SGD terms, revenue increased by S\$0.1 million or 1% and gross profit increased by S\$0.2 million or 3% due to appreciation of EUR against SGD.

### **Germany**

Revenue and gross profit increased by EUR 1.1 million and EUR 1.0 million respectively, as compared to 1Q 2017, mainly due to the acquisition of two properties on 2 May 2017.

On a same store basis, revenue increased by EUR 0.2 million due to higher recovery of costs in 1Q 2018 and reversal of over-accrual of revenue in prior periods recognised in 1Q 2017, which resulted in lower revenue in 1Q 2017. Gross profit increased by EUR 0.1 million.

In SGD terms, both revenue and gross profit increased by S\$1.9 million mainly due to acquisition of two properties and appreciation of EUR against SGD.

### **Japan**

Revenue remained at the same level as 1Q 2017 and gross profit increased by JPY 1.4 million or 1% due to lower operation and maintenance expense.

In SGD terms, revenue decreased by S\$0.1 million or 6% and gross profit remained stable due to depreciation of JPY against SGD.

### **Singapore**

Revenue and gross profit increased by S\$3.4 million and S\$2.7 million respectively, as compared to 1Q 2017, due to the acquisition of Ascott Orchard Singapore on 10 October 2017.

On a same store basis, both revenue and gross profit remained stable.

## **B. Management contracts with minimum guaranteed income**

### **Belgium**

Revenue increased by EUR 0.3 million or 18% and REVPAU increased by 20% in 1Q 2018 due to stronger demand after market recovery from spate of terrorist attacks in 2016.

Gross profit decreased by EUR 0.2 million due to higher depreciation expense and property tax expense, partially mitigated by higher revenue. Property tax expense was lower in 1Q 2017 due to reversal of provision no longer required.

In SGD terms, revenue increased by S\$0.7 million or 28% as compared to 1Q 2017 due to stronger underlying performance and appreciation of EUR against SGD. Gross profit, in SGD terms, decreased by S\$0.2 million or 25% due to higher expenses.

### **Spain**

Both revenue and gross profit remained at the same level as 1Q 2017.

In SGD terms, both revenue and gross profit increased by S\$0.1 million due to appreciation of EUR against SGD.

### **United Kingdom**

Revenue increased by GBP 0.5 million or 9% and REVPAU increased by 7% as compared to 1Q 2017 due to higher leisure demand and higher revenue from the refurbished apartments at Citadines Barbican London.

Despite higher revenue, gross profit remained at the same level as 1Q 2017 due to higher property tax expense and marketing expense.

In SGD terms, revenue increased by S\$1.2 million or 12% due to stronger underlying performance and appreciation of GBP against SGD. Gross profit, in SGD terms, increased by S\$0.3 million or 9%.

## **C. Management contracts**

### ***Australia***

Revenue remained at the same level as 1Q 2017. Gross profit increased by AUD 0.1 million as compared to 1Q 2017 due to lower depreciation expense (arising from fully depreciated assets) and marketing expense. In SGD terms, revenue decreased by S\$0.1 million or 1% due to depreciation of AUD against SGD. Gross profit remained at the same level as 1Q 2017.

### ***China***

Revenue decreased by RMB 8.4 million or 12% due to the divestments of Citadines Gaoxin Xi'an and Citadines Biyun Shanghai. REVPAU increased by 16% due to the divestments of Citadines Gaoxin Xi'an and Citadines Biyun Shanghai, which had lower REVPAU as compared to the other properties in China. Gross profit increased by RMB 1.0 million or 4% due to lower depreciation expense (arising from fully depreciated assets), partially offset by lower revenue.

On a same store basis, excluding the contribution from Citadines Gaoxin Xi'an and Citadines Biyun Shanghai, revenue increased by 2% and REVPAU increased by 4% due to stronger performance from the properties in Tianjin and Guangzhou. Gross profit increased by 13%.

In SGD terms, revenue decreased by S\$1.7 million or 12% due to the divestments. Gross profit increased by S\$0.2 million or 4% due to lower depreciation expense.

### ***Indonesia***

Revenue increased by USD 0.1 million or 3% and REVPAU increased by 4% as compared to 1Q 2017 due to higher market demand. Gross profit remained at the same level as 1Q 2017.

In SGD terms, revenue decreased by S\$0.2 million or 5% due to depreciation of USD against SGD. Gross profit, in SGD terms, remained at the same level as 1Q 2017.

### ***Japan***

Revenue and gross profit decreased by JPY 195.0 million or 18% and JPY 155.6 million or 26% respectively, as compared to 1Q 2017 mainly due to the divestment of 18 rental housing properties in Tokyo, Japan on 26 April 2017.

On a same store basis, revenue decreased by JPY 42.5 million or 4% and REVPAU decreased by 7% due to lower average daily rates achieved arising from keen competition and new supply. Gross profit decreased by JPY 46.7 million or 9% as compared to 1Q 2017 due to lower revenue, coupled with higher marketing expense.

In SGD terms, revenue and gross profit decreased by S\$2.7 million or 20% and S\$2.2 million or 29% respectively due to the divestment of 18 rental housing properties, weaker underlying performance and depreciation of JPY against SGD.

### ***Malaysia***

Revenue decreased by MYR 0.3 million or 7% and REVPAU decreased by 6% as compared to 1Q 2017 due to lower average daily rate in 1Q 2018 arising from keen competition and softer corporate demand. Gross profit remained at the same level due to lower marketing expense and utility expense, partially offset by lower revenue.

In SGD terms, both revenue and gross profit remained at the same level as 1Q 2017 due to appreciation of MYR against SGD, offset by weaker underlying performance.

### ***The Philippines***

Revenue decreased by PHP 25.6 million or 11% and REVPAU decreased by 13% due to ongoing renovation of Ascott Makati. Gross profit decreased by PHP 16.6 million or 23% due to lower revenue.

In SGD terms, revenue and gross profit decreased by S\$1.3 million or 20% and S\$0.6 million or 30% due to weaker underlying performance and depreciation of PHP against SGD.

### ***Singapore***

Revenue decreased by S\$0.5 million or 9% and REVPAU decreased by 7% as compared to 1Q 2017 due to weaker corporate demand from project groups.

Gross profit decreased by S\$0.1 million or 5% due to lower revenue, partially mitigated by lower depreciation expense (arising from fully depreciated assets).

### ***The United States of America***

Revenue increased by USD 2.3 million or 20% as compared to 1Q 2017 due to acquisition of DoubleTree by Hilton Hotel New York – Times Square South on 16 August 2017. REVPAU decreased by 9% due to lower REVPAU from DoubleTree by Hilton Hotel New York – Times Square South as compared to the existing properties in 1Q 2017. Gross profit decreased by USD 0.2 million due to higher operating expenses.

On a same store basis and excluding straight-line recognition of operating lease expense, revenue decreased by USD 0.3 million or 3% and REVPAU decreased by 4% as compared to 1Q 2017 due to ongoing renovation of Sheraton Tribeca, keen competition and new supply. Gross profit decreased by USD 0.6 million due to lower revenue, coupled with higher operating expenses.

In SGD terms, revenue increased by S\$1.9 million or 12% whilst gross profit decreased by S\$0.3 million. On a same store basis and excluding the straight-line recognition of operating lease expense, revenue decreased by S\$1.6 million and gross profit decreased by S\$0.9 million due to weaker underlying performance and depreciation of USD against SGD.

### ***Vietnam***

Revenue decreased by VND 4.9 billion or 3% in 1Q 2018 and REVPAU decreased by 3% as compared to 1Q 2017. The decrease was mainly due to weaker market demand in Hanoi and lower commercial rent. Gross profit decreased by VND 2.3 billion due to lower revenue, partially offset by lower staff costs (due to reversal of over-provision of prior year's bonus expense in 1Q 2018).

In SGD terms, revenue and gross profit decreased by S\$1.2 million or 11% and S\$0.6 million or 9% respectively due to weaker underlying performance and depreciation of VND against SGD.

## **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**

On 5 January 2018, Ascott Reit completed the divestment of two properties in China, Citadines Biyun Shanghai and Citadines Gaoxin Xi'an. Moving forward, we will continue to look out for future accretive opportunities in key gateway cities while identifying new opportunities to unlock values for higher yielding assets.

With the International Monetary Fund forecasting a 3.9% growth for 2018, the global economy started the new year on an optimistic note. Economists and analysts globally have also largely agreed that 2018 would herald an improving economy. New supply in some of the countries we operate in is likely to rise steadily, resulting in keen competition and exerting a downward pressure on rates. Nevertheless, we continue to manage our properties proactively to stay competitive.

The US Federal Reserve raised interest rates in March 2018, with an expectation for an additional two more hikes for the year. Despite that, we maintain a disciplined and prudent approach on capital management to mitigate potential risks. Approximately 86% of our total borrowings is on fixed interest rates to hedge against any potential increases. We are also in the midst of discussions with banks to refinance the debts that are due this year, ahead of their maturity dates. We continue to remain vigilant in monitoring our interest rate and exchange rate exposure.

Ascott Reit remains committed in delivering stable and resilient returns to our Unitholders through our depository of diversified and quality assets, together with the extended-stay business model and the properties operating under master leases and management contracts with minimum guaranteed income.

*Sources: International Monetary Fund (2018); McKinsey (2017); Goldman Sachs (2017); Morgan Stanley (2017), The Straits Times (2018)*

**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/recommendeded, 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 31 March 2018, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders’ funds for the three months ended 31 March 2018, 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  
18 April 2018