

**ASCOTT RESIDENCE TRUST
2017 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
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ASCOTT RESIDENCE TRUST
2017 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

Summary of Group Results

	3Q 2017 S\$'000	3Q 2016 S\$'000	Better / (Worse) %	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	Better / (Worse) %
Revenue	126,925	123,946	2	361,804	348,842	4
Gross Profit	58,749	57,265	3	165,138	163,981	1
Unitholders' Distribution	36,323	38,747	(6)	108,312	101,111	7
Distribution Per Unit ("DPU") (cents)	1.69	2.35	(28)	5.04	6.22	(19)
DPU (cents) (restated for Rights Issue)	1.69	2.28 ⁽¹⁾	(26)	5.04	6.04 ⁽¹⁾	(17)
<u>For information only</u> DPU (cents) (adjusted for one-off items ⁽²⁾ , Rights Issue and equity placement ⁽³⁾)	2.18	2.15	1	5.92	5.66	5

⁽¹⁾ 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".

⁽²⁾ Unitholders' distribution in YTD Sep 2017 included a realised exchange gain of S\$11.9 million arising from repayment of foreign currency bank loans with the proceeds from the Rights Issue (pending the deployment of the funds for their intended use to part finance the acquisition of Ascott Orchard Singapore) and divestment proceeds. Unitholders' distribution in 3Q 2016 and YTD Sep 16 included a realised exchange gain of S\$3.3 million and S\$9.8 million respectively arising from repayment of foreign currency bank loans.

⁽³⁾ On 23 March 2016, 94,787,000 new units were issued on SGX-ST in relation to the equity placement exercise. The gross proceeds from the equity placement exercise of S\$100.0 million were used to fund the acquisition of Sheraton Tribeca New York Hotel in New York, United States of America as announced on 14 March 2016. The acquisition was completed on 29 April 2016 (the "2016 Acquisition"). Accordingly, the YTD Sep 2017 DPU was adjusted to exclude the contribution from the 2016 Acquisition for 1Q 2017.

ASCOTT RESIDENCE TRUST

2017 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

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 will be used to part finance the remaining purchase price for Ascott Orchard Singapore¹ 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 three properties acquired in 2017 are collectively termed as the “2017 Acquisitions”.

S\$381.6 million of the proceeds has been used to part finance the acquisition of Ascott Orchard Singapore. S\$56.0 million of the proceeds has been used to part finance the acquisition of two serviced residence properties in Germany, S\$3.4 million of the proceeds was used to pay the underwriting commission and S\$1.7 million was used to pay the fees and expenses incurred in connection with the rights issue. Such uses are in accordance with the use of proceeds as disclosed in the announcement dated 6 March 2017 in relation to the Rights Issue.

On 26 April 2017, Ascott Reit completed the divestment of 18 rental housing properties in Tokyo, Japan (the “Divestment”). On 3 July 2017, Ascott Reit announced the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi’an.

As at 30 September 2017, Ascott Reit’s portfolio comprises 74 properties with 11,640 apartment units in 38 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 Ascott Reit paid S\$20.25 million, being the 5% deposit for the acquisition of Ascott Orchard Singapore on 23 December 2013. The Ascott Orchard acquisition has been approved by the Unitholders during the extraordinary general meeting held on 27 July 2012.

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		3Q 2017 S\$'000	3Q 2016 S\$'000		YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	
Revenue	A.1	126,925	123,946	2	361,804	348,842	4
Direct expenses	A.2	(68,176)	(66,681)	(2)	(196,666)	(184,861)	(6)
Gross Profit	A.1	58,749	57,265	3	165,138	163,981	1
Finance income	A.3	546	445	23	1,114	1,428	(22)
Other operating income		68	96	(29)	428	395	8
Finance costs	A.3	(11,333)	(12,460)	9	(34,423)	(37,352)	8
Manager's management fees		(5,566)	(5,706)	2	(16,177)	(16,426)	2
Trustee's fee		(124)	(120)	(3)	(361)	(356)	(1)
Professional fees	A.4	(418)	(654)	36	(1,786)	(1,953)	9
Audit fees		(589)	(619)	5	(1,789)	(1,875)	5
Foreign exchange gain / (loss)	A.5	6,877	(1,412)	587	20,019	2,160	827
Other operating expenses	A.6	(147)	(33)	(345)	(1,675)	(857)	(95)
Share of results of associate (net of tax)		(26)	8	n.m.	(59)	(9)	(556)
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		48,037	36,810	30	130,429	109,136	20
Net change in fair value of financial derivatives	A.7	555	263	111	777	(655)	n.m.
Net change in fair value of serviced residence properties and assets held for sale	A.8	75,667	2,094	n.m.	81,799	38,241	114
Profit from divestment	A.9	2,853	–	n.m.	20,811	–	n.m.
Assets written off		–	–	n.m.	(5)	(33)	85
Total return for the period before tax		127,112	39,167	225	233,811	146,689	59
Income tax expense	A.10	(29,680)	(5,628)	(427)	(43,078)	(29,232)	(47)
Total return for the period after tax		97,432	33,539	191	190,733	117,457	62
Attributable to:							
Unitholders / perpetual securities holders		95,953	32,116		184,430	113,565	
Non-controlling interests		1,479	1,423		6,303	3,892	
Total return for the period		97,432	33,539	191	190,733	117,457	62

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		3Q 2017 S\$'000	3Q 2016 S\$'000		YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	
Total return for the period attributable to Unitholders / perpetual securities holders		95,953	32,116		184,430	113,565	
Net effect of non-tax deductible / chargeable items and other adjustments	A.11	(54,790)	11,470		(61,757)	1,959	
Total amount distributable for the period		41,163	43,586	(6)	122,673	115,524	6
Amount distributable:							
- Unitholders		36,323	38,747		108,312	101,111	
- Perpetual securities holders		4,840	4,839		14,361	14,413	
		41,163	43,586	(6)	122,673	115,524	6
Comprises:							
- from operations		(10,840)	(7,567)		(15,806)	5,453	
- from unitholders' contributions		47,163	46,314		124,118	95,658	
		36,323	38,747	(6)	108,312	101,111	7

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

A.1 Revenue and Gross profit

Revenue for 3Q 2017 of S\$126.9 million comprised S\$18.7 million (15% of total revenue) from serviced residences on Master Leases, S\$19.7 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$88.5 million (70%) from serviced residences on management contracts.

Revenue for 3Q 2017 increased by S\$3.0 million or 2% as compared to 3Q 2016. This was mainly contributed by the additional revenue of S\$4.9 million from the 2017 Acquisitions, partially offset by the decrease in revenue of S\$1.9 million from the Divestment. On a same store basis (excluding the 2017 Acquisitions and the Divestment), revenue remained at the same level as 3Q 2016.

The Group achieved a revenue per available unit ("REVPAU") of S\$146 for 3Q 2017, an increase of 1% as compared to 3Q 2016. On a same store basis, excluding the 2017 Acquisition, REVPAU for 3Q 2017 decreased by 1% as compared to 3Q 2016.

Gross profit for 3Q 2017 of S\$58.8 million comprised S\$16.9 million (29% of total gross profit) from serviced residences on Master Leases, S\$8.9 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$33.0 million (56%) from serviced residences on management contracts.

As compared to 3Q 2016, gross profit increased by S\$1.5 million or 3%. On a same store basis, gross profit remained at the same level as 3Q 2016.

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

A.2 Direct expenses include the following items:

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	3Q 2017 S\$'000	3Q 2016 S\$'000		YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	
Depreciation and amortisation	(3,134)	(3,333)	6	(9,598)	(9,273)	(4)
Staff costs*	(13,323)	(12,630)	(5)	(38,425)	(36,445)	(5)

* Staff costs were higher in YTD Sep 2017 mainly due to the nine months contribution from the 2016 Acquisition.

A.3 Finance income and finance costs

Finance income was higher in 3Q 2017 due to fixed deposit placements with the balance proceeds from the Rights Issue, pending their deployment.

Finance costs was lower in 3Q 2017 due to refinancing of bank loans at lower interest rates and repayment of bank loans with the Rights Issue proceeds and divestment proceeds.

A.4 Professional fees

Professional fees were lower in 3Q 2017 due to reversal of prior year's accrued expenses no longer required.

A.5 Foreign exchange gain / (loss)

The foreign exchange gain recognised in 3Q 2017 mainly comprised unrealised exchange gain of S\$6.4 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).

The foreign exchange loss recognised in 3Q 2016 mainly comprised unrealised exchange loss on USD denominated shareholders' loans and EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of USD against SGD and depreciation of EUR against SGD as at balance sheet date, respectively. This was partially offset by realised exchange gain of S\$3.3 million from repayment of foreign currency bank loans with the divestment proceeds from the sale of strata units in Fortune Garden Apartments.

A.6 Other operating expenses

Other operating expenses were higher in 3Q 2017 mainly due to higher irrecoverable GST.

A.7 Net change in fair value of financial derivatives

This mainly relates to the fair value change of foreign currency forward contracts and interest rate swaps.

A.8 Net change in fair value of serviced residence properties and assets held for sale

This mainly relates to the surplus on revaluation of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an pursuant to the announcement for the divestment of these serviced residence properties on 3 July 2017.

The fair value gain of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an was based on their sale consideration, net of property costs and transaction costs.

A.9 Profit from divestment

This relates to the profit from divestment of 18 rental housing properties in Tokyo, Japan.

A.10 Income tax expense

Taxation for 3Q 2017 was higher by S\$24.1 million as compared to the corresponding period last year. This was mainly due to the tax expense provided for the divestments.

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

	GROUP			GROUP		
	3Q 2017 S\$'000	3Q 2016 S\$'000	Better / (Worse) %	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	Better / (Worse) %
Depreciation and amortisation	3,134	3,333	6	9,598	9,273	(4)
Manager's management fee payable / paid partially in units	4,010	4,065	1	11,573	11,796	2
Trustee's fees*	8	15	46	43	44	2
Unrealised foreign exchange (gain) / loss	(6,406)	4,107	n.m.	(6,281)	6,587	n.m.
Net change in fair value of financial derivatives (Note A.7)	(555)	(263)	111	(777)	655	n.m.
Net change in fair value of serviced residence properties and assets held for sale (Note A.8)	(75,667)	(2,094)	n.m.	(81,799)	(38,241)	114
Profit from divestment (Note A.9)	(2,853)	–	n.m.	(20,811)	–	n.m.
Operating lease expense recognised on a straight-line basis	876	2,137	59	2,682	2,137	(26)
Assets written off	–	–	n.m.	5	33	85
Deferred tax expense	22,825	157	n.m.	22,848	9,717	(135)
Effect of non-controlling interests arising from the above	(79)	(32)	259	1,472	(186)	n.m.

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

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

	Note	GROUP		REIT	
		30/09/17 S\$'000	31/12/16 S\$'000	30/09/17 S\$'000	31/12/16 S\$'000
Non-Current Assets					
Plant and equipment		41,674	51,808	3,802	3,998
Serviced residence properties	B.1	4,535,750	4,504,416	552,946	553,002
Interest in subsidiaries		–	–	333,831	333,396
Interest in associate		3,260	3,505	3,803	3,990
Financial derivatives	B.2	4,342	7,125	1,761	3,709
Deferred tax assets		6,508	5,891	–	–
		4,591,534	4,572,745	896,143	898,095
Current Assets					
Inventories		198	201	–	–
Trade and other receivables	B.3	72,167	68,712	2,397,549	2,293,713
Assets held for sale	B.4	198,734	6,549	–	–
Cash and cash equivalents	B.5	275,119	143,074	19,865	5,778
		546,218	218,536	2,417,414	2,299,491
Total Assets		5,137,752	4,791,281	3,313,557	3,197,586
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,514,003)	(1,715,659)	(66,291)	(260,323)
Financial derivatives	B.2	(20,232)	(17,745)	(17,415)	(13,935)
Deferred tax liabilities	B.7	(118,308)	(94,078)	–	–
		(1,652,543)	(1,827,482)	(83,706)	(274,258)
Current Liabilities					
Trade and other payables	B.6	(239,235)	(132,991)	(946,911)	(930,747)
Liabilities held for sale	B.4	(2,171)	–	–	–
Interest bearing liabilities	B.8	(86,976)	(146,973)	–	(35,513)
Financial derivatives	B.2	(552)	(104)	(487)	(104)
Provision for taxation		(2,162)	(1,468)	–	–
		(331,096)	(281,536)	(947,398)	(966,364)
Total Liabilities		(1,983,639)	(2,109,018)	(1,031,104)	(1,240,622)
Net Assets		3,154,113	2,682,263	2,282,453	1,956,964
Represented by:					
Unitholders' funds	1(d)(i)	2,663,621	2,200,625	1,880,539	1,559,837
Perpetual securities holders	1(d)(i)	401,914	397,127	401,914	397,127
Non-controlling interests	1(d)(i)	88,578	84,511	–	–
Total Equity		3,154,113	2,682,263	2,282,453	1,956,964

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 30 September 2017 was mainly due to the acquisition of two serviced residence properties in Germany and acquisition of DoubleTree by Hilton Hotel New York – Times Square South during the year, increase in valuation on 30 June 2017 and 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 JPY against SGD.

These increases are partially offset by the reclassification of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an from "Serviced residence properties" to "Assets held for sale" under Current Assets (pursuant to the announcement for the divestment of these properties on 3 July 2017) and divestment of 18 rental housing properties in Tokyo, Japan on 26 April 2017.

B.2 Financial derivatives

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

B.3 Trade and other receivables

The increase in the trade and other receivables as at 30 September 2017 was mainly due to higher trade receivables and prepaid expenses.

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

The assets and liabilities held for sale as at 30 September 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 December 2016, the assets held for sale pertain to the five remaining strata units in Fortune Garden Apartments, all of which sale and purchase agreements have been signed. Titles for all the strata units have been transferred as at 30 September 2017.

B.5 Cash and cash equivalents

The increase in the Group's cash and cash equivalents as at 30 September 2017 was mainly due to net proceeds from the Rights Issue and proceeds from divestment of serviced residence properties, partially offset by the payment for the two serviced residence properties in Germany and DoubleTree by Hilton Hotel New York – Times Square South and repayment of bank loans.

B.6 Trade and other payables

The increase in the trade and other payables as at 30 September 2017 was mainly due to the deposit received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an, and higher trade payables arising from the acquisition of three properties during the year.

B.7 Deferred tax liabilities

The increase in deferred tax liabilities as at 30 September 2017 was mainly due to the deferred tax liability provided on the fair value appreciation of the assets held for sale.

B.8 Interest bearing liabilities

	GROUP		REIT	
	30/09/17 S\$'000	31/12/16 S\$'000	30/09/17 S\$'000	31/12/16 S\$'000
Amount repayable in one year or less or on demand				
- Secured	25,331	111,609	-	-
- Unsecured	61,650	35,647	-	35,647
Less: Unamortised transaction costs	(5)	(283)	-	(134)
	86,976	146,973	-	35,513
Amount repayable after one year				
- Secured	801,934	925,112	69,113	236,395
- Unsecured	725,495	804,613	-	27,590
Less: Unamortised transaction costs	(13,426)	(14,066)	(2,822)	(3,662)
	1,514,003	1,715,659	66,291	260,323
Total	1,600,979	1,862,632	66,291	295,836

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 Reit

Capital management

As at 30 September 2017, the Group's gearing was 31.9%, 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 2.4 percent per annum, with an interest cover of 4.6 times. S\$1,405.0 million or 87% of the Group's borrowings are on fixed interest rates, of which S\$66.0 million is due in the next 12 months.

Out of the Group's total borrowings, 12 percent falls due in 2018, 5 percent falls due in 2019, 17 percent falls due in 2020 and the balance falls due after 2020.

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		GROUP	
	3Q 2017 S\$'000	3Q 2016 S\$'000	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000
Operating Activities				
Total return for the period before tax	127,112	39,167	233,811	146,689
<u>Adjustments for:</u>				
Depreciation and amortisation	3,134	3,333	9,598	9,273
Loss / (gain) on disposal of plant and equipment	34	(9)	230	(6)
Assets written off	–	–	5	33
Operating lease expense recognised on a straight-line basis	876	2,137	2,682	2,137
Finance costs	11,333	12,460	34,423	37,352
Finance income	(546)	(445)	(1,114)	(1,428)
Provision for doubtful debts addition / (reversal)	10	(2)	9	116
Manager's management fees payable / paid partially in units	4,010	4,065	11,573	11,796
Unrealised foreign exchange (gain) / loss	(6,406)	4,107	(6,281)	6,587
Net change in fair value of serviced residence properties and assets held for sale	(75,667)	(2,094)	(81,799)	(38,241)
Net change in fair value of financial derivatives	(555)	(263)	(777)	655
Profit from divestment	(2,853)	–	(20,811)	–
Share of results of associate	26	(8)	59	9
Operating profit before working capital changes	60,508	62,448	181,608	174,972
Changes in working capital	(1,841)	(1,733)	(25,597)	(37,158)
Cash generated from operations	58,667	60,715	156,011	137,814
Income tax paid	(4,166)	(5,912)	(13,573)	(17,204)
Cash flows from operating activities	54,501	54,803	142,438	120,610
Investing Activities				
Acquisition of plant and equipment	(1,453)	(6,881)	(9,337)	(21,126)
Acquisition of serviced residence properties, net of cash acquired	(130,030)	–	(243,213)	(214,046)
Capital expenditure on serviced residence properties	(4,566)	(2,613)	(9,333)	(9,903)
Deposit received for divestment of subsidiaries	91,046	–	100,947	–
Proceeds on disposal of assets held for sale	–	29,876	6,706	58,835
Proceeds from divestment of serviced residence properties	2,859	–	150,057	–
Interest received	546	445	1,114	1,428
Proceeds from sale of plant and equipment	6	39	31	172
Cash flows (used in) / from investing activities	(41,592)	20,866	(3,028)	(184,640)
Balance carried forward	12,909	75,669	139,410	(64,030)

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	3Q 2017 S\$'000	3Q 2016 S\$'000	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000
Balance brought forward	12,909	75,669	139,410	(64,030)
Financing Activities				
Distribution to Unitholders	(72,009)	(37,767)	(144,629)	(126,458)
Distribution to perpetual securities holders	–	–	(9,574)	(9,626)
Dividend paid to non-controlling interests	–	(120)	(1,622)	(2,406)
Interest paid	(9,357)	(11,460)	(31,315)	(33,619)
Payment of finance lease	(821)	(739)	(2,340)	(2,208)
Proceeds from bank borrowings	98,138	46,103	247,940	605,786
Proceeds from issue of medium term notes	–	–	–	120,000
Proceeds from issue of new units	–	–	442,671	100,000
Payment of issue expenses on issue of new units	–	–	(4,840)	(922)
Payment of transaction costs on issue of perpetual securities	–	–	–	(17)
Repayment of bank borrowings	(47,928)	(77,190)	(502,621)	(637,225)
Cash flows (used in) / from financing activities	(31,977)	(81,173)	(6,330)	13,305
(Decrease) / increase in cash and cash equivalents	(19,068)	(5,504)	133,080	(50,725)
Cash and cash equivalents at beginning of the period	294,532	180,521	143,074	220,467
Effect of exchange rate changes on balances held in foreign currencies	(345)	(274)	(1,035)	5,001
Cash and cash equivalents at end of the period	275,119	174,743	275,119	174,743

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

	Note	GROUP		GROUP	
		3Q 2017 S\$'000	3Q 2016 S\$'000	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,838,814	1,467,702	1,451,627	1,428,452
New units issued / to be issued ⁽¹⁾					
- equity placement on 23 March 2016		–	–	–	100,000
- Rights Issue on 11 April 2017		–	–	442,671	–
- payment of manager's management fees in units		4,993	4,065	12,528	15,768
Issue expenses		–	–	(4,840)	(1,435)
Distribution to Unitholders		(76,975)	(24,748)	(135,154)	(95,766)
Balance as at end of period		1,766,832	1,447,019	1,766,832	1,447,019
Operations					
Balance as at beginning of period		962,456	859,312	898,132	805,254
Total return for the period attributable to Unitholders / perpetual securities holders		95,953	32,116	184,430	113,565
Total return attributable to perpetual securities holders		(4,840)	(4,839)	(14,361)	(14,413)
Change in ownership interests in subsidiaries with no change in control		–	10	–	(183)
Transfer between reserves		1	2	(190)	51
Distribution to Unitholders		4,966	(13,019)	(9,475)	(30,692)
Balance as at end of period		1,058,536	873,582	1,058,536	873,582
Foreign Currency Translation Reserve					
Balance as at beginning of period		(170,467)	(134,943)	(153,410)	(36,260)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		10,299	(24,733)	(6,758)	(123,416)
Balance as at end of period		(160,168)	(159,676)	(160,168)	(159,676)
Capital Reserve					
Balance as at beginning of period		2,148	1,959	1,957	2,008
Transfer between reserves		(1)	(2)	190	(51)
Balance as at end of period		2,147	1,957	2,147	1,957
Hedging Reserve					
Balance as at beginning of period		(4,931)	(16,651)	2,319	(9,740)
Effective portion of change in fair values of cash flow hedges		1,205	2,830	(6,045)	(4,081)
Balance as at end of period		(3,726)	(13,821)	(3,726)	(13,821)
Unitholders' Funds	1(b)(i)	2,663,621	2,149,061	2,663,621	2,149,061

⁽¹⁾ These include the units to be issued as partial satisfaction of the portion of the management fees (comprising base fee and performance fee). With effect from 1 January 2016, to be compliant with Monetary Authority of Singapore's new regulations, the Reit Manager's performance management fee will only be paid once a year, after the end of the financial year.

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

	Note	GROUP		GROUP	
		3Q 2017 S\$'000	3Q 2016 S\$'000	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000
Perpetual Securities					
Balance as at beginning of period		397,074	397,075	397,127	397,094
Issue expenses		–	–	–	33
Total return attributable to perpetual securities holders		4,840	4,839	14,361	14,413
Distribution to perpetual securities holders		–	–	(9,574)	(9,626)
Balance as at end of period	1(b)(i)	401,914	401,914	401,914	401,914
Non-controlling Interests					
Balance as at beginning of period		88,311	80,691	84,511	81,768
Total return for the period		1,479	1,423	6,303	3,892
Dividend paid to non-controlling interests		–	(120)	(1,622)	(2,406)
Acquisition of subsidiaries		17	–	3,116	–
Change in ownership interests in subsidiaries with no change in control		–	–	–	183
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(1,229)	(1,218)	(3,730)	(2,661)
Balance as at end of period	1(b)(i)	88,578	80,776	88,578	80,776
Equity	1(b)(i)	3,154,113	2,631,751	3,154,113	2,631,751

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

	Note	REIT		REIT	
		3Q 2017 S\$'000	3Q 2016 S\$'000	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,838,814	1,467,702	1,451,627	1,428,452
New units issued / to be issued ⁽¹⁾					
- equity placement on 23 March 2016		-	-	-	100,000
- Rights Issue on 11 April 2017		-	-	442,671	-
- payment of manager's management fees in units		4,993	4,065	12,528	15,768
Issue expenses		-	-	(4,840)	(1,435)
Distribution to Unitholders		(76,975)	(24,748)	(135,154)	(95,766)
Balance as at end of period		1,766,832	1,447,019	1,766,832	1,447,019
Operations					
Balance as at beginning of period		124,987	108,484	112,094	192,507
Total return for the period attributable to Unitholders / perpetual securities holders		(7,834)	(23,407)	29,021	(80,183)
Total return attributable to perpetual securities holders		(4,840)	(4,839)	(14,361)	(14,413)
Distribution to Unitholders		4,966	(13,019)	(9,475)	(30,692)
Balance as at end of period		117,279	67,219	117,279	67,219
Hedging Reserve					
Balance as at beginning of period		(3,602)	(5,345)	(3,884)	(6,432)
Effective portion of change in fair values of cash flow hedges		30	499	312	1,586
Balance as at end of period		(3,572)	(4,846)	(3,572)	(4,846)
Unitholders' Funds	1(b)(i)	1,880,539	1,509,392	1,880,539	1,509,392
Perpetual Securities					
Balance as at beginning of period		397,074	397,075	397,127	397,094
Issue expenses		-	-	-	33
Total return attributable to perpetual securities holders		4,840	4,839	14,361	14,413
Distribution to perpetual securities holders		-	-	(9,574)	(9,626)
Balance as at end of period	1(b)(i)	401,914	401,914	401,914	401,914
Equity	1(b)(i)	2,282,453	1,911,306	2,282,453	1,911,306

⁽¹⁾ Refer to footnote on page 12.

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

	REIT			
	3Q 2017 '000	3Q 2016 '000	YTD Sep 2017 '000	YTD Sep 2016 '000
Balance as at beginning of period	2,144,839	1,649,220	1,653,471	1,548,736
Issue of new units:				
- equity placement on 23 March 2016	-	-	-	94,787
- Rights Issue on 11 April 2017	-	-	481,688	-
- partial payment of manager's management fees in units ⁽¹⁾	1,970	2,115	11,650	7,812
- payment of manager's acquisition fee	837	-	837	-
Balance as at end of period	2,147,646	1,651,335	2,147,646	1,651,335

Note 1: For YTD Sep 2017, it relates to payment of the base fee for 4Q 2016 to 2Q 2017 and performance fee for FY 2016. For YTD Sep 2016, it relates to payment of both base fee and performance fee for 4Q 2015 and payment of base fee for 1Q 2016 and 2Q 2016.

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 2016.

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 2017. 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			
	3Q 2017 S\$'000	3Q 2016 S\$'000	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000
	Total return for the period attributable to Unitholders / perpetual securities holders	95,953	32,116	184,430
Less: Total return for the period attributable to perpetual securities holders	(4,840)	(4,839)	(14,361)	(14,413)
Total return for the period attributable to Unitholders	91,113	27,277	170,069	99,152

	3Q 2017	3Q 2016	YTD Sep 2017	YTD Sep 2016
Earnings per Unit (EPU)				
Weighted average number of units for the period ('000)				
– Basic	2,211,102	1,700,094 ⁽³⁾	2,016,914	1,668,551 ⁽³⁾
– Diluted ⁽¹⁾	2,217,571	1,707,176 ⁽³⁾	2,026,179	1,677,958 ⁽³⁾
EPU (cents) (based on the weighted average number of units for the period)				
– Basic ⁽²⁾	4.12	1.60 ⁽³⁾	8.43	5.94 ⁽³⁾
– Diluted	4.11	1.60 ⁽³⁾	8.39	5.91 ⁽³⁾

Note 1: Prior to 1 January 2016, the Manager's management fees (comprising base fees and performance fees) are issued within 60 days from the end of the quarter. With effect from 1 January 2016, due to a new requirement of the Monetary Authority of Singapore, the Units in connection with the performance fees will be issued once a year, after the end of the financial year.

Note 2: The computation of EPU included the net change in fair value of serviced residence properties and assets held for sale, net of tax and non-controlling interests. Excluding these effects, the EPU for 3Q 2017 and 3Q 2016 would be 1.76 cents and 1.48 cents respectively, and the EPU for YTD Sep 2017 and YTD Sep 2016 would be 5.64 cents and 4.25 cents respectively.

Note 3: The figures have been restated for the effect of the Rights Issue. The basic EPU for 3Q 2016 and YTD Sep 2016, previously announced, were 1.65 cents and 6.12 cents respectively. The diluted EPU for 3Q 2016 and YTD Sep 2016, previously announced, were 1.65 cents and 6.09 cents respectively.

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 2017	3Q 2016	YTD Sep 2017	YTD Sep 2016
Number of units on issue at end of period ('000)	2,147,646	1,651,335	2,147,646	1,651,335
DPU (cents)	1.69	2.35	5.04	6.22
DPU (cents) (restated for Rights Issue)	1.69	2.28	5.04	6.04

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

	GROUP		REIT	
	30/09/17	31/12/16	30/09/17	31/12/16
NAV / NTA per Unit ⁽¹⁾ (S\$)	1.24	1.33	0.88	0.94
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S\$)	1.22	1.29	0.86	0.90

Note 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 2017 vs. 3Q 2016 (Local Currency (“LC”))**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		3Q 2017	3Q 2016	Better/ (Worse)		3Q 2017	3Q 2016	Better/ (Worse)		3Q 2017	3Q 2016	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	1.8	1.8	–	–	1.7	1.7	–	–	–	–	–
France	EUR	5.8	5.7	0.1	2	5.3	5.3	–	–	–	–	–
Germany	EUR	2.4	1.5	0.9	60	2.1	1.4	0.7	50	–	–	–
Japan	JPY	133.3	133.3	–	–	104.8	104.5	0.3	–	–	–	–
Singapore	S\$	2.1	2.0	0.1	5	1.9	1.8	0.1	6	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.2	1.5	0.7	47	0.7	0.4	0.3	75	66	46	43
Spain	EUR	1.7	1.4	0.3	21	0.9	0.7	0.2	29	121	112	8
United Kingdom	GBP	7.8	7.4	0.4	5	3.7	3.8	(0.1)	(3)	132	126	5
Management contracts												
Australia	AUD	6.6	6.6	–	–	2.7	2.7	–	–	141	143	(1)
China	RMB	78.1	76.2	1.9	2	30.2	23.7	6.5	27	420	404	4
Indonesia	USD	3.2	3.4	(0.2)	(6)	1.2	1.4	(0.2)	(14)	82	88	(7)
Japan	JPY	968.5	1,169.2	(200.7)	(17)	504.4	646.2	(141.8)	(22)	11,145	12,018	(7)
Malaysia	MYR	4.7	4.9	(0.2)	(4)	1.9	1.8	0.1	6	249	259	(4)
Philippines	PHP	207.6	168.7	38.9	23	61.6	43.4	18.2	42	3,927	3,347	17
Singapore	S\$	5.9	6.6	(0.7)	(11)	2.6	3.0	(0.4)	(13)	183	203	(10)
United States of America	USD	18.7	17.7	1.0	6	4.3	4.1	0.2	5	224	242	(7)
Vietnam	VND ¹	175.9	162.9	13.0	8	92.3	87.8	4.5	5	1,612	1,498	8

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 2017 vs. 3Q 2016 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	3Q 2017	3Q 2016	Better/ (Worse)		3Q 2017	3Q 2016	Better/ (Worse)		3Q 2017	3Q 2016	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	2.0	1.8	0.2	11	1.9	1.7	0.2	12	–	–	–
France	9.2	8.6	0.6	7	8.4	7.9	0.5	6	–	–	–
Germany	3.8	2.3	1.5	65	3.4	2.1	1.3	62	–	–	–
Japan	1.6	1.7	(0.1)	(6)	1.3	1.4	(0.1)	(7)	–	–	–
Singapore	2.1	2.0	0.1	5	1.9	1.8	0.1	6	–	–	–
Sub-total	18.7	16.4	2.3	14	16.9	14.9	2.0	13	–	–	–
Management contracts with minimum guaranteed income											
Belgium	3.4	2.3	1.1	48	1.0	0.6	0.4	67	104	69	51
Spain	2.6	2.2	0.4	18	1.4	1.1	0.3	27	192	169	14
United Kingdom	13.7	13.5	0.2	2	6.5	6.9	(0.4)	(6)	234	229	2
Sub-total	19.7	18.0	1.7	9	8.9	8.6	0.3	4	189	172	10
Management contracts											
Australia	7.1	6.7	0.4	6	2.9	2.7	0.2	7	151	145	4
China	15.9	15.5	0.4	3	6.1	4.8	1.3	27	86	82	5
Indonesia	4.4	4.6	(0.2)	(4)	1.6	1.9	(0.3)	(16)	113	120	(6)
Japan	12.0	15.3	(3.3)	(22)	6.2	8.5	(2.3)	(27)	137	157	(13)
Malaysia	1.5	1.6	(0.1)	(6)	0.6	0.6	–	–	79	87	(9)
Philippines	5.6	4.9	0.7	14	1.7	1.3	0.4	31	106	97	9
Singapore	5.9	6.6	(0.7)	(11)	2.6	3.0	(0.4)	(13)	183	203	(10)
United States of America	25.7	24.2	1.5	6	5.9	5.6	0.3	5	308	330	(7)
Vietnam	10.4	10.1	0.3	3	5.4	5.4	–	–	95	93	2
Sub-total	88.5	89.5	(1.0)	(1)	33.0	33.8	(0.8)	(2)	138	139	(1)
Group	126.9	123.9	3.0	2	58.8	57.3	1.5	3	146	144	1

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

Both revenue and gross profit remained at the same level as 3Q 2016.

In SGD terms, both revenue and gross profit increased by S\$0.2 million due to appreciation of AUD against SGD.

France

Revenue increased by EUR 0.1 million as compared to 3Q 2016 due to higher recovery of costs from lessees. Gross profit remained at the same level as 3Q 2016.

In SGD terms, revenue increased by S\$0.6 million or 7% and gross profit increased by S\$0.5 million or 6% due to appreciation of EUR against SGD.

Germany

Revenue and gross profit increased by EUR 0.9 million or 60% and EUR 0.7 million or 50% respectively as compared to 3Q 2016, mainly due to the acquisition of two properties on 2 May 2017. On a same store basis, revenue remained at the same level as 3Q 2016 and gross profit decreased by EUR 0.1 million or 7%.

In SGD terms, revenue increased by S\$1.5 million or 65% and gross profit increased by S\$1.3 million or 62%.

Japan

Revenue and gross profit remained stable as compared to 3Q 2016.

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

Singapore

Both revenue and gross profit increased by S\$0.1 million as compared to 3Q 2016.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.7 million or 47% and REVPAU increased by 43% in 3Q 2017, as revenue was lower in 3Q 2016 due to weaker demand post terrorist attacks in March 2016.

Gross profit increased by EUR 0.3 million or 75% due to higher revenue.

In SGD terms, revenue and gross profit increased by S\$1.1 million or 48% and S\$0.4 million or 67% respectively as compared to 3Q 2016 due to stronger underlying performance and appreciation of EUR against SGD.

Spain

Revenue increased by EUR 0.3 million or 21% as compared to 3Q 2016 due to higher leisure demand and retail income. REVPAU increased by 8% from EUR 112 in 3Q 2016 to EUR 121 in 3Q 2017.

Gross profit increased by EUR 0.2 million or 29% due to higher revenue.

In SGD terms, revenue and gross profit increased by S\$0.4 million or 18% and S\$0.3 million or 27% respectively due to stronger underlying performance and appreciation of EUR against SGD.

United Kingdom

Revenue increased by GBP 0.4 million or 5% and REVPAU increased by 5% as compared to 3Q 2016 due to higher leisure demand.

Despite higher revenue, gross profit decreased by GBP 0.1 million or 3% due to higher property tax expense, marketing expense and higher provision of incentive fee.

In SGD terms, revenue increased by S\$0.2 million or 2% due to stronger underlying performance, partially offset by depreciation of GBP against SGD. Gross profit, in SGD terms, decreased by S\$0.4 million or 6%.

C. Management contracts

Australia

Revenue and gross profit remained at the same level as 3Q 2016. REVPAU decreased by 1% from AUD 143 in 3Q 2016 to AUD 141 in 3Q 2017.

In SGD terms, revenue and gross profit increased by S\$0.4 million or 6% and S\$0.2 million or 7% respectively due to appreciation of AUD against SGD.

China

Revenue increased by RMB 1.9 million or 2% and REVPAU increased by 4% as compared to 3Q 2016 mainly due to higher revenue from the refurbished apartments at Somerset Xu Hui Shanghai, partially offset by cessation of operations at Citadines Gaoxin Xi'an in September 2017. Gross profit increased by RMB 6.5 million or 27% due to higher revenue, reversal of costs no longer required and lower expenses from Citadines Gaoxin Xi'an.

On a same store basis, excluding the contribution from Citadines Gaoxin Xi'an, revenue and gross profit increased by 3% and 19% respectively.

In SGD terms, revenue and gross profit increased by S\$0.4 million or 3% and S\$1.3 million or 27% respectively due to stronger underlying performance.

Indonesia

Revenue decreased by USD 0.2 million or 6% and REVPAU decreased by 7% as compared to 3Q 2016 due to weaker corporate demand. Gross profit decreased by USD 0.2 million or 14% due to lower revenue.

In SGD terms, revenue and gross profit decreased by S\$0.2 million or 4% and \$0.3 million or 16% respectively due to weaker underlying performance.

Japan

Revenue and gross profit decreased by JPY 200.7 million or 17% and JPY 141.8 million or 22% respectively, as compared to 3Q 2016 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 52.7 million or 5% and REVPAU decreased by 7% due to lower average daily rates achieved arising from keen competition and new supply. Gross profit decreased by JPY 37.7 million or 7% as compared to 3Q 2016 due to lower revenue.

In SGD terms, revenue and gross profit decreased by S\$3.3 million or 22% and S\$2.3 million or 27% respectively due to weaker underlying performance and depreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 0.2 million or 4% and REVPAU decreased by 4% as compared to 3Q 2016 due to weaker market demand. Gross profit increased by MYR 0.1 million or 6% mainly due to lower staff costs, partially offset by lower revenue.

In SGD terms, revenue decreased by S\$0.1 million or 6% due to weaker underlying performance and depreciation of MYR against SGD. Gross profit, in SGD terms, remained at the same level as 3Q 2016.

The Philippines

Revenue increased by PHP 38.9 million or 23% and REVPAU increased by 17% as compared to 3Q 2016 as Ascott Makati and Somerset Millennium Makati were undergoing renovation during 3Q 2016. Gross profit increased by PHP 18.2 million or 42% due to higher revenue, partially offset by higher depreciation expense (arising from the renovation of the properties).

In SGD terms, revenue and gross profit increased by S\$0.7 million or 14% and S\$0.4 million or 31% respectively due to stronger underlying performance, partially offset by depreciation of PHP against SGD.

Singapore

Revenue decreased by S\$0.7 million or 11% and REVPAU decreased by 10% as compared to 3Q 2016 due to weaker corporate demand and a long stay project group with lower average daily rate in 3Q 2017.

Gross profit decreased by S\$0.4 million or 13% due to lower revenue, partially offset by lower depreciation expense.

The United States of America

Revenue and gross profit increased by USD 1.0 million or 6% and USD 0.2 million or 5% respectively as compared to 3Q 2016, mainly due to acquisition of DoubleTree by Hilton Hotel New York – Times Square South on 16 August 2017. REVPAU decreased by 7% from USD 242 in 3Q 2016 to USD 224 in 3Q 2017 due to lower REVPAU from DoubleTree by Hilton Hotel New York – Times Square South as compared to the existing properties in 3Q 2016.

On a same store basis and excluding straight-line recognition of operating lease expense, revenue decreased by USD 1.5 million and REVPAU decreased by 8% as compared to 3Q 2016 due to keen competition and new supply. Gross profit decreased by USD 1.8 million due to lower revenue, coupled with higher property tax expense.

In SGD terms, revenue increased by S\$1.5 million or 6% and gross profit increased by S\$0.3 million or 5%. On a same store basis and excluding the straight-line recognition of operating lease expense, revenue decreased by S\$2.0 million and gross profit decreased by S\$2.3 million due to weaker underlying performance.

Vietnam

Revenue increased by VND 13.0 billion or 8% in 3Q 2017 and REVPAU increased by 8% as compared to 3Q 2016. The increase was mainly due to higher revenue from the refurbished apartments at Somerset Ho Chi Minh City and higher corporate demand for serviced residences. Gross profit increased by VND 4.5 billion or 5% due to higher revenue.

In SGD terms, revenue increased by S\$0.3 million or 3% due to stronger underlying performance, partially offset by depreciation of VND against SGD. Gross profit, in SGD terms, remained at the same level as 3Q 2016.

8(b) Revenue and Gross Profit Analysis – YTD Sep 2017 vs. YTD Sep 2016 (Local Currency (“LC”))

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Sep 2017	YTD Sep 2016	Better/ (Worse)		YTD Sep 2017	YTD Sep 2016	Better/ (Worse)		YTD Sep 2017	YTD Sep 2016	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	5.4	5.4	–	–	5.1	5.1	–	–	–	–	–
France	EUR	17.4	17.2	0.2	1	15.9	15.9	–	–	–	–	–
Germany	EUR	5.7	4.4	1.3	30	5.2	4.1	1.1	27	–	–	–
Japan	JPY	399.9	399.9	–	–	314.1	312.2	1.9	1	–	–	–
Singapore	S\$	5.8	6.0	(0.2)	(3)	5.3	5.5	(0.2)	(4)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	5.9	4.6	1.3	28	1.8	1.0	0.8	80	60	48	25
Spain	EUR	4.4	3.8	0.6	16	2.3	1.8	0.5	28	106	99	7
United Kingdom	GBP	20.4	19.5	0.9	5	9.1	9.2	(0.1)	(1)	117	112	5
Management contracts												
Australia	AUD	20.1	20.3	(0.2)	(1)	8.1	8.4	(0.3)	(4)	145	147	(1)
China	RMB	226.1	227.5	(1.4)	(1)	82.9	67.8	15.1	22	407	404	1
Indonesia	USD	9.0	9.3	(0.3)	(3)	3.2	3.8	(0.6)	(16)	78	80	(3)
Japan	JPY	3,143.2	3,537.9	(394.7)	(11)	1,675.7	1,979.6	(303.9)	(15)	11,522	12,234	(6)
Malaysia	MYR	12.7	14.5	(1.8)	(12)	4.2	5.0	(0.8)	(16)	225	256	(12)
Philippines	PHP	649.1	530.9	118.2	22	203.1	156.9	46.2	29	4,277	3,573	20
Singapore	S\$	17.7	19.4	(1.7)	(9)	7.2	8.4	(1.2)	(14)	184	201	(9)
United States of America	USD	47.3	39.3	8.0	20	9.3	10.0	(0.7)	(7)	208	227	(8)
Vietnam	VND ¹	536.7	471.8	64.9	14	294.7	259.3	35.4	14	1,663	1,468	13

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(b) **Revenue and Gross Profit Analysis – YTD Sep 2017 vs. YTD Sep 2016 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹			
	YTD Sep 2017	YTD Sep 2016	Better/ (Worse)	%	YTD Sep 2017	YTD Sep 2016	Better/ (Worse)	%	YTD Sep 2017	YTD Sep 2016	Better/ (Worse)	
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day		%	
Master Leases												
Australia	5.9	5.4	0.5	9	5.5	5.1	0.4	8	–	–	–	
France	26.6	26.3	0.3	1	24.4	24.2	0.2	1	–	–	–	
Germany	8.8	6.8	2.0	29	8.1	6.2	1.9	31	–	–	–	
Japan	5.0	5.0	–	–	3.9	3.9	–	–	–	–	–	
Singapore	5.8	6.0	(0.2)	(3)	5.3	5.5	(0.2)	(4)	–	–	–	
Sub-total	52.1	49.5	2.6	5	47.2	44.9	2.3	5	–	–	–	
Management contracts with minimum guaranteed income												
Belgium	9.0	7.1	1.9	27	2.8	1.5	1.3	87	93	73	27	
Spain	6.7	5.9	0.8	14	3.4	2.7	0.7	26	163	152	7	
United Kingdom	36.1	37.9	(1.8)	(5)	15.9	17.7	(1.8)	(10)	207	216	(4)	
Sub-total	51.8	50.9	0.9	2	22.1	21.9	0.2	1	166	164	1	
Management contracts												
Australia	21.3	20.6	0.7	3	8.7	8.5	0.2	2	154	149	3	
China	46.2	47.6	(1.4)	(3)	16.9	14.2	2.7	19	83	85	(2)	
Indonesia	12.7	12.9	(0.2)	(2)	4.4	5.2	(0.8)	(15)	108	111	(3)	
Japan	39.1	44.1	(5.0)	(11)	20.8	24.7	(3.9)	(16)	143	153	(7)	
Malaysia	4.1	4.9	(0.8)	(16)	1.3	1.7	(0.4)	(24)	72	86	(16)	
Philippines	18.0	15.6	2.4	15	5.6	4.6	1.0	22	119	105	13	
Singapore	17.7	19.4	(1.7)	(9)	7.2	8.4	(1.2)	(14)	184	201	(9)	
United States of America	66.1	54.1	12.0	22	12.9	13.8	(0.9)	(7)	291	313	(7)	
Vietnam	32.7	29.2	3.5	12	18.0	16.1	1.9	12	101	91	11	
Sub-total	257.9	248.4	9.5	4	95.8	97.2	(1.4)	(1)	135	133	2	
Group	361.8	348.8	13.0	4	165.1	164.0	1.1	1	140	137	2	

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

For the nine months ended 30 September 2017 (“YTD Sep 2017”), revenue increased by S\$13.0 million or 4% as compared to the corresponding period last year (“YTD Sep 2016”). The increase in revenue was mainly due to additional contribution of S\$15.2 million from the 2016 Acquisition and 2017 Acquisitions and increased in revenue of S\$1.4 million from the existing properties. The increase was partially offset by decrease in revenue of S\$3.6 million from the Divestment.

On a same store basis, revenue increased by S\$1.4 million due to higher revenue from Vietnam (due to higher corporate demand) and Philippines (due to renovation last year). The increase was partially offset by lower revenue from United Kingdom (due to depreciation of GBP against SGD), Singapore and Malaysia (both due to weaker market demand).

REVPAU increased from S\$137 in YTD Sep 2016 to S\$140 in YTD Sep 2017. On a same store basis, excluding the 2016 Acquisition and 2017 Acquisitions, REVPAU for YTD Sep 2017 remained at the same level as YTD Sep 2016.

Gross profit for YTD Sep 2017 increased by S\$1.1 million as compared to YTD Sep 2016. On a same store basis, gross profit increased by S\$0.5 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**

On 16 August 2017, Ascott Reit announced the completion of the acquisition of its third property in New York City, DoubleTree by Hilton Hotel New York – Times Square South, a prime freehold property located in Midtown Manhattan. This quality addition would deepen Ascott Reit's foothold in the resilient hospitality market of New York City. On 10 October 2017, Ascott Reit has also announced the completion of the acquisition of Ascott Orchard Singapore, a newly developed quality property located in the prime area of one of Singapore's key shopping districts, Orchard Road. The Group remains on the lookout for accretive opportunities in key gateway cities.

Ascott Reit continuously identifies ways to recycle capital from properties with limited growth potential to assets with higher yield potential. On 3 July 2017, Ascott Reit announced the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an with the target completion to be in 4Q 2017.

In October 2017, the International Monetary Fund (IMF) revised its 2017 global economic growth estimate from 3.2% to 3.6% and predicted the world economy to expand a further 3.7% in 2018. The Group maintains a disciplined and prudent approach on capital management. Approximately 87% of its total borrowings is on fixed interest rates, to hedge against the rising interest rates. Refinancing requirement for 2017 has been completed and the Group has commenced discussions with banks to refinance the debts due in 2018. The Group will continue to monitor its interest rate and exchange rate exposure.

Moving forward, Ascott Reit remains focused on delivering steady and resilient returns to Unitholders through its stable of diversified and quality assets and extended-stay business model, together with the master leases and management contracts with minimum guaranteed income.

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 Reit (comprising the statements of financial position as at 30 September 2017, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the nine months ended 30 September 2017, 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
24 October 2017