

**ASCOTT RESIDENCE TRUST
2017 FULL YEAR UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
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ASCOTT RESIDENCE TRUST

2017 FULL YEAR UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

Summary of Group Results

	4Q 2017 S\$'000	4Q 2016 S\$'000	Better / (Worse) %	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000	Better / (Worse) %
Revenue	134,484	126,748	6	496,288	475,590	4
Gross Profit	61,781	58,392	6	226,918	222,373	2
Unitholders' Distribution	43,877 ⁽¹⁾	33,880	30	152,188 ⁽¹⁾	134,991	13
Distribution Per Unit ("DPU") (cents)	2.04	2.04	–	7.09	8.27	(14)
DPU (cents) (restated for Rights Issue)	2.04	1.99 ⁽²⁾	3	7.09	8.03 ⁽²⁾	(12)
For information only DPU (cents) (adjusted for one-off items, Rights Issue and equity placement and divestment gain)	2.07 ⁽³⁾	1.93 ⁽⁴⁾	7	7.99 ⁽³⁾	7.59 ⁽⁴⁾	5

⁽¹⁾ This includes a one-off partial distribution of the gains from the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an of S\$6.5 million.

⁽²⁾ 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".

⁽³⁾ The proceeds from the Rights Issue were used to part finance the acquisition of Ascott Orchard Singapore, which was completed on 10 October 2017. DPU for 4Q 2017 was adjusted to exclude the effects of the Rights Issue, the contribution from Ascott Orchard Singapore and the divestment gain.

Unitholders' distribution in YTD Dec 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).

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 Dec 2017 DPU was adjusted to exclude the one-off realised exchange gain mentioned above, the effects of the Rights Issue, the contribution from Ascott Orchard Singapore for 4Q 2017, contribution from the 2016 Acquisition for 1Q 2017 and the divestment gain.

⁽⁴⁾ Unitholders' distribution in 4Q 2016 and YTD Dec 2016 included a realised exchange gain of S\$2.0 million and S\$11.8 million respectively arising from repayment of foreign currency bank loans and repayment of shareholders' loan from the Group's subsidiaries. DPU for 4Q 2016 and YTD Dec 2016 were adjusted to exclude the one-off realised exchange gain and the effect of the equity placement.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2017 to 30 June 2017	For 1 July 2017 to 31 December 2017
Distribution Rate	3.356 cents per Unit	3.730 cents per Unit
Book Closure Date	28 July 2017	5 February 2018
Payment Date	25 August 2017	28 February 2018

ASCOTT RESIDENCE TRUST

2017 FULL YEAR 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 was 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. 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 completed divestment and announced divestment are collectively referred to as the “Divestments”.

As at 31 December 2017, Ascott Reit’s portfolio comprises 75 properties with 11,861 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) %
		4Q 2017 S\$'000	4Q 2016 S\$'000		YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000	
Revenue	A.1	134,484	126,748	6	496,288	475,590	4
Direct expenses	A.2	(72,703)	(68,356)	(6)	(269,370)	(253,217)	(6)
Gross Profit	A.1	61,781	58,392	6	226,918	222,373	2
Finance income	A.3	467	371	26	1,581	1,799	(12)
Other operating income	A.4	129	469	(72)	558	865	(35)
Finance costs	A.3	(12,246)	(12,693)	4	(46,668)	(50,045)	7
Manager's management fees		(6,181)	(5,751)	(7)	(22,358)	(22,178)	(1)
Trustee's fee		(134)	(120)	(12)	(495)	(476)	(4)
Professional fees	A.5	(866)	(792)	(9)	(2,651)	(2,745)	3
Audit fees		(591)	(605)	2	(2,380)	(2,480)	4
Foreign exchange (loss) / gain	A.6	(3,794)	1,907	n.m.	16,225	4,068	299
Other operating expenses	A.7	(1,553)	(566)	(174)	(3,232)	(1,426)	(127)
Share of results of associate (net of tax)		20	3	567	(38)	(6)	(533)
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		37,032	40,615	(9)	167,460	149,749	12
Net change in fair value of financial derivatives	A.8	344	977	(65)	1,121	322	248
Net change in fair value of serviced residence properties and assets held for sale	A.9	3,841	(8,254)	n.m.	85,640	29,987	186
Profit from divestment		33	–	n.m.	20,844	–	n.m.
Assets written off	A.10	(616)	(510)	(21)	(621)	(543)	(14)
Total return for the period / year before tax		40,634	32,828	24	274,444	179,515	53
Income tax expense	A.11	(8,866)	(2,520)	(252)	(51,944)	(31,751)	(64)
Total return for the period / year after tax		31,768	30,308	5	222,500	147,764	51
Attributable to:							
Unitholders / perpetual securities holders		29,817	29,747		214,247	143,312	
Non-controlling interests		1,951	561		8,253	4,452	
Total return for the period / year		31,768	30,308	5	222,500	147,764	51

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		4Q 2017 S\$'000	4Q 2016 S\$'000		YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000	
Total return for the period / year attributable to Unitholders / perpetual securities holders		29,817	29,747		214,247	143,312	
Net effect of non-tax deductible / chargeable items and other adjustments	A.12	18,899	8,973		(42,859)	10,932	
Total amount distributable for the period / year		48,716	38,720	26	171,388	154,244	11
Amount distributable:							
- Unitholders		43,877	33,880		152,188	134,991	
- Perpetual securities holders		4,839	4,840		19,200	19,253	
		48,716	38,720	26	171,388	154,244	11
Comprises:							
- from operations		46,897	22,008		95,042	27,461	
- from unitholders' contributions		(3,020)	11,872		57,146	107,530	
		43,877	33,880	30	152,188	134,991	13

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

A.1 Revenue and Gross profit

Revenue for 4Q 2017 of S\$134.5 million comprised S\$21.4 million (16% of total revenue) from serviced residences on Master Leases, S\$19.3 million (14%) from serviced residences on management contracts with minimum guaranteed income and S\$93.8 million (70%) from serviced residences on management contracts.

Revenue for 4Q 2017 increased by S\$7.8 million or 6% as compared to 4Q 2016. This was mainly contributed by the additional revenue of S\$11.2 million from the 2017 Acquisitions, partially offset by the decrease in revenue of S\$3.3 million from the Divestments.

The Group achieved a revenue per available unit ("REVPAU") of S\$155 for 4Q 2017, an increase of 5% as compared to 4Q 2016.

Gross profit for 4Q 2017 of S\$61.8 million comprised S\$19.1 million (31% of total gross profit) from serviced residences on Master Leases, S\$8.2 million (13%) from serviced residences on management contracts with minimum guaranteed income and S\$34.5 million (56%) from serviced residences on management contracts.

As compared to 4Q 2016, gross profit increased by S\$3.4 million or 6% due to higher revenue, partially offset by higher property tax and staff costs.

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) %
	4Q 2017 S\$'000	4Q 2016 S\$'000		YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000	
Depreciation and amortisation	(3,652)	(3,668)	–	(13,250)	(12,941)	(2)
Staff costs*	(14,528)	(13,423)	(8)	(52,953)	(49,868)	(6)

* Staff costs were higher in 4Q 2017 mainly due to the US acquisition in August 2017. Staff costs were higher in YTD Dec 2017 mainly due to the full year contribution from the 2016 Acquisition and the US acquisition in August 2017.

A.3 Finance income and finance costs

Finance income was higher in 4Q 2017 due to fixed deposit placements with the deposit received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.

Finance costs was lower in 4Q 2017 due to refinancing of bank loans at lower interest rates and repayment of bank loans with the divestment proceeds.

A.4 Other operating income

Other operating income was higher in 4Q 2016 due to reversal of long outstanding security deposits.

A.5 Professional fees

Professional fees were higher in 4Q 2017 due to the 2017 Acquisitions.

A.6 Foreign exchange (loss) / gain

The foreign exchange loss recognised in 4Q 2017 mainly comprised unrealised exchange loss of S\$3.8 million (mainly arising from EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of EUR against SGD as at balance sheet date).

The foreign exchange gain recognised in 4Q 2016 mainly comprised unrealised exchange gain on USD denominated shareholders' loans and AUD denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of USD and AUD as at balance sheet date, respectively.

A.7 Other operating expenses

Other operating expenses were higher in 4Q 2017 mainly due to higher impairment loss on trade and other receivables and one-off costs incurred on the stamp duty assessment for the Perth property.

A.8 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.9 Net change in fair value of serviced residence properties and assets held for sale

This relates to the surplus on revaluation of serviced residence properties recognised in 4Q 2017. The surplus resulted mainly from higher valuation of the Group's serviced residences in Vietnam, Germany and United Kingdom, partially offset by lower valuation from the serviced residences in Australia and France. The valuations for the serviced residence properties were carried out on 31 December 2017. Please refer to paragraph 8(c) for more details.

A.10 Assets written off

In 4Q 2017, this mainly relates to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Ho Chi Minh City and Somerset Grand Hanoi.

A.11 Income tax expense

Taxation for 4Q 2017 was higher by S\$6.3 million as compared to the corresponding period last year. This was mainly due to the deferred tax liability provided on the fair value surplus recognised in 4Q 2017.

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

	GROUP			GROUP		
	4Q 2017 S\$'000	4Q 2016 S\$'000	Better / (Worse) %	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000	Better / (Worse) %
Depreciation and amortisation	3,652	3,668	–	13,250	12,941	(2)
Manager's management fee payable / paid partially in units	4,478	4,095	(9)	16,051	15,892	(1)
Trustee's fees*	46	15	(207)	89	59	(51)
Unrealised foreign exchange loss / (gain)	3,840	(1,743)	n.m.	(2,441)	4,844	n.m.
Net change in fair value of financial derivatives (Note A.8)	(344)	(977)	(65)	(1,121)	(322)	248
Net change in fair value of serviced residence properties and assets held for sale (Note A.9)	(3,841)	8,254	n.m.	(85,640)	(29,987)	186
Profit from divestment	(33)	–	n.m.	(20,844)	–	n.m.
Operating lease expense recognised on a straight-line basis	817	1,071	24	3,499	3,208	(9)
Assets written off (Note A.10)	616	510	(21)	621	543	(14)
Deferred tax expense / (credit)	2,200	(5,120)	n.m.	25,048	4,597	(445)
Effect of non-controlling interests arising from the above	370	(891)	n.m.	1,841	(1,076)	n.m.
Partial distribution of divestment gain	6,500	–	n.m.	6,500	–	n.m.

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

1(b)(i) Statement of Financial Position

	Note	GROUP		REIT	
		31/12/17 S\$'000	31/12/16 S\$'000	31/12/17 S\$'000	31/12/16 S\$'000
Non-Current Assets					
Plant and equipment		49,768	51,808	13,844	3,998
Serviced residence properties	B.1	4,908,400	4,504,416	950,156	553,002
Interest in subsidiaries		–	–	340,889	333,396
Interest in associate		2,992	3,505	2,993	3,990
Financial derivatives	B.2	7,169	7,125	2,090	3,709
Deferred tax assets		5,770	5,891	–	–
		4,974,099	4,572,745	1,309,972	898,095
Current Assets					
Inventories		214	201	–	–
Trade and other receivables	B.3	66,573	68,712	2,369,264	2,293,713
Assets held for sale	B.4	194,820	6,549	–	–
Cash and cash equivalents	B.5	257,345	143,074	12,598	5,778
		518,952	218,536	2,381,862	2,299,491
Total Assets		5,493,051	4,791,281	3,691,834	3,197,586
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,681,106)	(1,715,659)	(351,782)	(260,323)
Financial derivatives	B.2	(15,960)	(17,745)	(13,570)	(13,935)
Deferred tax liabilities	B.7	(119,211)	(94,078)	–	–
		(1,816,277)	(1,827,482)	(365,352)	(274,258)
Current Liabilities					
Trade and other payables	B.6	(237,069)	(132,991)	(917,940)	(930,747)
Liabilities held for sale	B.4	(1,065)	–	–	–
Interest bearing liabilities	B.8	(264,267)	(146,973)	(77,187)	(35,513)
Financial derivatives	B.2	(165)	(104)	(121)	(104)
Provision for taxation		(2,525)	(1,468)	–	–
		(505,091)	(281,536)	(995,248)	(966,364)
Total Liabilities		(2,321,368)	(2,109,018)	(1,360,600)	(1,240,622)
Net Assets		3,171,683	2,682,263	2,331,234	1,956,964
Represented by:					
Unitholders' funds	1(d)(i)	2,685,129	2,200,625	1,934,107	1,559,837
Perpetual securities holders	1(d)(i)	397,127	397,127	397,127	397,127
Non-controlling interests	1(d)(i)	89,427	84,511	–	–
Total Equity		3,171,683	2,682,263	2,331,234	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 31 December 2017 was mainly due to the acquisition of two serviced residence properties in Germany, DoubleTree by Hilton Hotel New York – Times Square South and Ascott Orchard Singapore during the year and increase in valuation on 31 December 2017.

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), divestment of 18 rental housing properties in Tokyo, Japan on 26 April 2017 and foreign currency translation differences arising from translating the Group's serviced residence properties as a result of the weakening of foreign currencies, particularly AUD, VND and USD against SGD.

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 December 2017 arise as the S\$20.3 million deposit previously paid for Ascott Orchard Singapore was reclassified to "Serviced residence properties" upon completion of the acquisition on 10 October 2017, partially offset by higher prepaid expenses.

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 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 31 December 2017 was mainly due to deposits received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.

B.6 Trade and other payables

The increase in the trade and other payables as at 31 December 2017 was mainly due to the deposits received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.

B.7 Deferred tax liabilities

The increase in deferred tax liabilities as at 31 December 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	
	31/12/17 S\$'000	31/12/16 S\$'000	31/12/17 S\$'000	31/12/16 S\$'000
Amount repayable in one year or less or on demand				
- Secured	26,518	111,609	-	-
- Unsecured	237,786	35,647	77,187	35,647
Less: Unamortised transaction costs	(37)	(283)	-	(134)
	264,267	146,973	77,187	35,513
Amount repayable after one year				
- Secured	929,691	925,112	212,039	236,395
- Unsecured	764,166	804,613	142,745	27,590
Less: Unamortised transaction costs	(12,751)	(14,066)	(3,002)	(3,662)
	1,681,106	1,715,659	351,782	260,323
Total	1,945,373	1,862,632	428,969	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 31 December 2017, the Group's gearing was 36.2%, 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 4.7 times. S\$1,590.0 million or 81% of the Group's borrowings are on fixed interest rates, of which S\$164.0 million is due in the next 12 months.

Out of the Group's total borrowings, 13 percent falls due in 2018, 5 percent falls due in 2019, 14 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	
	4Q 2017 S\$'000	4Q 2016 S\$'000	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
Operating Activities				
Total return for the period / year before tax	40,634	32,828	274,444	179,515
<u>Adjustments for:</u>				
Depreciation and amortisation	3,652	3,668	13,250	12,941
Loss / (gain) on disposal of plant and equipment	4	(78)	235	(86)
Assets written off	616	510	621	543
Operating lease expense recognised on a straight-line basis	817	1,071	3,499	3,208
Finance costs	12,246	12,693	46,668	50,045
Finance income	(467)	(371)	(1,581)	(1,799)
Provision for doubtful debts	518	166	527	283
Manager's management fees payable / paid partially in units	4,478	4,095	16,051	15,892
Unrealised foreign exchange loss / (gain)	3,840	(1,743)	(2,441)	4,844
Net change in fair value of serviced residence properties and assets held for sale	(3,841)	8,254	(85,640)	(29,987)
Net change in fair value of financial derivatives	(344)	(977)	(1,121)	(322)
Profit from divestment	(33)	–	(20,844)	–
Share of results of associate	(20)	(3)	38	6
Operating profit before working capital changes	62,100	60,113	243,706	235,083
Changes in working capital	(16,570)	24,707	(42,165)	(12,447)
Cash generated from operations	45,530	84,820	201,541	222,636
Income tax paid	(6,629)	(5,305)	(20,202)	(22,510)
Cash flows from operating activities	38,901	79,515	181,339	200,126
Investing Activities				
Acquisition of plant and equipment	(4,328)	(4,648)	(13,665)	(16,694)
Acquisition of serviced residence properties, net of cash acquired	(384,750)	–	(627,963)	(214,046)
Capital expenditure on serviced residence properties	(3,244)	(21,687)	(12,577)	(40,670)
Deposit received for divestment of subsidiaries	3,962	–	104,909	–
Proceeds on disposal of assets held for sale	688	15,677	7,394	74,512
Proceeds from divestment of serviced residence properties	32	–	150,088	–
Interest received	467	371	1,581	1,799
Proceeds from sale of plant and equipment	27	120	58	291
Cash flows used in investing activities	(387,146)	(10,167)	(390,175)	(194,808)
Balance carried forward	(348,245)	69,348	(208,836)	5,318

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	4Q 2017 S\$'000	4Q 2016 S\$'000	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
Balance brought forward	(348,245)	69,348	(208,836)	5,318
Financing Activities				
Distribution to Unitholders	–	–	(144,629)	(126,458)
Distribution to perpetual securities holders	(9,626)	(9,627)	(19,200)	(19,253)
Dividend paid to non-controlling interests	(1,326)	(1,939)	(2,948)	(4,345)
Interest paid	(15,239)	(15,653)	(46,554)	(49,272)
Payment of finance lease	(824)	(746)	(3,165)	(2,954)
Proceeds from bank borrowings	433,048	83,497	680,988	689,283
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	(71,895)	(153,076)	(574,516)	(790,301)
Cash flows from / (used in) financing activities	334,138	(97,544)	327,807	(84,239)
(Decrease) / increase in cash and cash equivalents	(14,107)	(28,196)	118,971	(78,921)
Cash and cash equivalents at beginning of the period / year	275,119	174,743	143,074	220,467
Effect of exchange rate changes on balances held in foreign currencies	(1,164)	(3,473)	(2,197)	1,528
Cash and cash equivalents reclassified to assets held for sale	(2,503)	–	(2,503)	–
Cash and cash equivalents at end of the period / year	257,345	143,074	257,345	143,074

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

	Note	GROUP		GROUP	
		4Q 2017 S\$'000	4Q 2016 S\$'000	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
Unitholders' Contribution					
Balance as at beginning of period / year		1,766,832	1,447,019	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	–
- Manager's management fees paid in units		4,478	4,095	16,022	19,863
- Acquisition fees paid in units		–	–	984	–
Issue expenses		–	513	(4,840)	(922)
Distribution to Unitholders		–	–	(135,154)	(95,766)
Balance as at end of period / year		1,771,310	1,451,627	1,771,310	1,451,627
Operations					
Balance as at beginning of period / year		1,058,536	873,582	898,132	805,254
Total return for the period / year attributable to Unitholders / perpetual securities holders		29,817	29,747	214,247	143,312
Total return attributable to perpetual securities holders		(4,839)	(4,840)	(19,200)	(19,253)
Change in ownership interests in subsidiaries with no change in control		(397)	(357)	(397)	(540)
Transfer between reserves		(1)	–	(191)	51
Distribution to Unitholders		–	–	(9,475)	(30,692)
Balance as at end of period / year		1,083,116	898,132	1,083,116	898,132
Foreign Currency Translation Reserve					
Balance as at beginning of period / year		(160,168)	(159,676)	(153,410)	(36,260)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(10,037)	6,266	(16,795)	(117,150)
Balance as at end of period / year		(170,205)	(153,410)	(170,205)	(153,410)
Capital Reserve					
Balance as at beginning of period / year		2,147	1,957	1,957	2,008
Transfer between reserves		1	–	191	(51)
Balance as at end of period / year		2,148	1,957	2,148	1,957
Hedging Reserve					
Balance as at beginning of period / year		(3,726)	(13,821)	2,319	(9,740)
Effective portion of change in fair values of cash flow hedges		2,486	16,140	(3,559)	12,059
Balance as at end of period / year		(1,240)	2,319	(1,240)	2,319
Unitholders' Funds	1(b)(i)	2,685,129	2,200,625	2,685,129	2,200,625

(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	
		4Q 2017 S\$'000	4Q 2016 S\$'000	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
Perpetual Securities					
Balance as at beginning of period / year		401,914	401,914	397,127	397,094
Issue expenses		–	–	–	33
Total return attributable to perpetual securities holders		4,839	4,840	19,200	19,253
Distribution to perpetual securities holders		(9,626)	(9,627)	(19,200)	(19,253)
Balance as at end of period / year	1(b)(i)	397,127	397,127	397,127	397,127
Non-controlling Interests					
Balance as at beginning of period / year		88,578	80,776	84,511	81,768
Total return for the period / year		1,951	561	8,253	4,452
Dividend paid to non-controlling interests		(1,326)	(1,939)	(2,948)	(4,345)
Acquisition of subsidiaries		–	–	3,119	–
Change in ownership interests in subsidiaries with no change in control		397	357	397	540
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(173)	4,756	(3,905)	2,096
Balance as at end of period / year	1(b)(i)	89,427	84,511	89,427	84,511
Equity	1(b)(i)	3,171,683	2,682,263	3,171,683	2,682,263

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

	Note	REIT		REIT	
		4Q 2017 S\$'000	4Q 2016 S\$'000	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
Unitholders' Contribution					
Balance as at beginning of period / year		1,766,832	1,447,019	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	-
- Manager's management fees paid in units		4,478	4,095	16,022	19,863
- Acquisition fees paid in units		-	-	984	-
Issue expenses		-	513	(4,840)	(922)
Distribution to Unitholders		-	-	(135,154)	(95,766)
Balance as at end of period / year		1,771,310	1,451,627	1,771,310	1,451,627
Operations					
Balance as at beginning of period / year		117,279	67,219	112,094	192,507
Total return for the period / year attributable to Unitholders / perpetual securities holders		53,632	49,715	82,653	(30,468)
Total return attributable to perpetual securities holders		(4,839)	(4,840)	(19,200)	(19,253)
Distribution to Unitholders		-	-	(9,475)	(30,692)
Balance as at end of period / year		166,072	112,094	166,072	112,094
Hedging Reserve					
Balance as at beginning of period / year		(3,572)	(4,846)	(3,884)	(6,432)
Effective portion of change in fair values of cash flow hedges		297	962	609	2,548
Balance as at end of period / year		(3,275)	(3,884)	(3,275)	(3,884)
Unitholders' Funds	1(b)(i)	1,934,107	1,559,837	1,934,107	1,559,837
Perpetual Securities					
Balance as at beginning of period / year		401,914	401,914	397,127	397,094
Issue expenses		-	-	-	33
Total return attributable to perpetual securities holders		4,839	4,840	19,200	19,253
Distribution to perpetual securities holders		(9,626)	(9,627)	(19,200)	(19,253)
Balance as at end of period / year	1(b)(i)	397,127	397,127	397,127	397,127
Equity	1(b)(i)	2,331,234	1,956,964	2,331,234	1,956,964

(1) Refer to footnote on page 12.

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

	REIT			
	4Q 2017 '000	4Q 2016 '000	YTD Dec 2017 '000	YTD Dec 2016 '000
Balance as at beginning of period / year	2,147,646	1,651,335	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⁾	2,042	2,136	13,692	9,948
- payment of manager's acquisition fee	-	-	837	-
Balance as at end of period / year	2,149,688	1,653,471	2,149,688	1,653,471

(1) For YTD Dec 2017, it relates to payment of the base fee for 4Q 2016 to 3Q 2017 and performance fee for FY 2016. For YTD Dec 2016, it relates to payment of both base fee and performance fee for 4Q 2015 and payment of base fee for 1Q 2016 to 3Q 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			
	4Q 2017 S\$'000	4Q 2016 S\$'000	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
Total return for the period / year attributable to Unitholders / perpetual securities holders	29,817	29,747	214,247	143,312
Less: Total return attributable to perpetual securities holders	(4,839)	(4,840)	(19,200)	(19,253)
Total return for the period / year attributable to Unitholders	24,978	24,907	195,047	124,059

	4Q 2017	4Q 2016	YTD Dec 2017	YTD Dec 2016
Earnings per Unit (EPU)				
Weighted average number of units for the period ('000)				
– Basic	2,213,407	1,702,453 ⁽³⁾	2,062,761	1,677,073 ⁽³⁾
– Diluted ⁽¹⁾	2,221,277	1,710,787 ⁽³⁾	2,074,248	1,688,914 ⁽³⁾
EPU (cents) (based on the weighted average number of units for the period)				
– Basic ⁽²⁾	1.13	1.46 ⁽³⁾	9.46	7.40 ⁽³⁾
– Diluted	1.12	1.46 ⁽³⁾	9.40	7.35 ⁽³⁾

⁽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.

⁽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 4Q 2017 and 4Q 2016 would be 1.05 cents and 1.71 cents respectively, and the EPU for YTD Dec 2017 and YTD Dec 2016 would be 6.64 cents and 5.96 cents respectively.

⁽³⁾ The figures have been restated for the effect of the Rights Issue. The basic EPU for 4Q 2016 and YTD Dec 2016, previously announced, were 1.51 cents and 7.62 cents respectively. The diluted EPU for 4Q 2016 and YTD Dec 2016, previously announced, were 1.50 cents and 7.57 cents respectively.

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

	4Q 2017	4Q 2016	YTD Dec 2017	YTD Dec 2016
Distribution per Unit (DPU)				
Number of units on issue at end of period ('000)	2,149,688	1,653,471	2,149,688	1,653,471
DPU (cents)	2.04	2.04	7.09	8.27
DPU (cents) (restated for Rights Issue)	2.04	1.99	7.09	8.03

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

	GROUP		REIT	
	31/12/17	31/12/16	31/12/17	31/12/16
NAV / NTA per Unit ⁽¹⁾ (S\$)	1.25	1.33	0.90	0.94
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S\$)	1.21	1.29	0.86	0.90

⁽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 – 4Q 2017 vs. 4Q 2016 (Local Currency (“LC”))

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		4Q 2017	4Q 2016	Better/ (Worse)		4Q 2017	4Q 2016	Better/ (Worse)		4Q 2017	4Q 2016	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	1.9	1.8	0.1	6	1.8	1.7	0.1	6	–	–	–
France	EUR	5.7	5.7	–	–	5.2	5.2	–	–	–	–	–
Germany	EUR	2.4	1.6	0.8	50	2.2	1.4	0.8	57	–	–	–
Japan	JPY	133.6	133.3	0.3	–	102.1	100.7	1.4	1	–	–	–
Singapore	S\$	4.9	2.0	2.9	145	4.2	1.9	2.3	121	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.6	1.9	0.7	37	0.9	0.4	0.5	125	72	59	22
Spain	EUR	1.1	1.1	–	–	0.5	0.5	–	–	81	83	(2)
United Kingdom	GBP	7.4	7.2	0.2	3	3.4	3.4	–	–	125	122	2
Management contracts												
Australia	AUD	7.3	7.2	0.1	1	3.1	3.0	0.1	3	154	156	(1)
China	RMB	71.7	74.6	(2.9)	(4)	21.2	22.9	(1.7)	(7)	446	399	12
Indonesia	USD	3.0	3.1	(0.1)	(3)	1.1	1.1	–	–	76	81	(6)
Japan	JPY	1,031.9	1,226.7	(194.8)	(16)	494.6	685.8	(191.2)	(28)	12,312	13,159	(6)
Malaysia	MYR	4.1	4.2	(0.1)	(2)	1.3	1.1	0.2	18	218	221	(1)
Philippines	PHP	217.9	202.8	15.1	7	68.1	50.4	17.7	35	4,305	3,807	13
Singapore	S\$	6.0	5.7	0.3	5	2.7	2.2	0.5	23	185	175	6
United States of America	USD	22.8	18.6	4.2	23	6.3	5.4	0.9	17	242	256	(5)
Vietnam	VND ¹	175.6	170.3	5.3	3	94.7	94.5	0.2	–	1,599	1,551	3

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 – 4Q 2017 vs. 4Q 2016 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	4Q 2017	4Q 2016	Better/ (Worse)		4Q 2017	4Q 2016	Better/ (Worse)		4Q 2017	4Q 2016	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	2.0	1.9	0.1	5	1.9	1.8	0.1	6	–	–	–
France	9.1	8.6	0.5	6	8.3	8.0	0.3	4	–	–	–
Germany	3.8	2.5	1.3	52	3.5	2.2	1.3	59	–	–	–
Japan	1.6	1.8	(0.2)	(11)	1.2	1.3	(0.1)	(8)	–	–	–
Singapore	4.9	2.0	2.9	145	4.2	1.9	2.3	121	–	–	–
Sub-total	21.4	16.8	4.6	27	19.1	15.2	3.9	26	–	–	–
Management contracts with minimum guaranteed income											
Belgium	4.0	2.9	1.1	38	1.4	0.6	0.8	133	114	89	28
Spain	1.9	1.8	0.1	6	0.7	0.7	–	–	130	127	2
United Kingdom	13.4	12.6	0.8	6	6.1	6.0	0.1	2	225	215	5
Sub-total	19.3	17.3	2.0	12	8.2	7.3	0.9	12	179	166	8
Management contracts											
Australia	7.6	7.6	–	–	3.3	3.2	0.1	3	162	165	(2)
China	14.7	15.3	(0.6)	(4)	4.3	4.7	(0.4)	(9)	91	82	11
Indonesia	4.1	4.4	(0.3)	(7)	1.5	1.6	(0.1)	(6)	104	112	(7)
Japan	12.5	16.1	(3.6)	(22)	6.0	9.0	(3.0)	(33)	149	173	(14)
Malaysia	1.3	1.4	(0.1)	(7)	0.4	0.4	–	–	70	72	(3)
Philippines	5.8	5.8	–	–	1.8	1.4	0.4	29	115	109	6
Singapore	6.0	5.7	0.3	5	2.7	2.2	0.5	23	185	175	6
United States of America	31.1	25.8	5.3	21	8.7	7.6	1.1	15	330	356	(7)
Vietnam	10.7	10.5	0.2	2	5.8	5.8	–	–	98	96	2
Sub-total	93.8	92.6	1.2	1	34.5	35.9	(1.4)	(4)	151	144	5
Group	134.5	126.7	7.8	6	61.8	58.4	3.4	6	155	148	5

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 increased by AUD 0.1 million as compared to 4Q 2016 due to annual rent increment.

In SGD terms, both revenue and gross profit increased by S\$0.1 million.

France

Both revenue and gross profit remained at the same level as 4Q 2016.

In SGD terms, revenue increased by S\$0.5 million or 6% and gross profit increased by S\$0.3 million or 4% due to appreciation of EUR against SGD.

Germany

Both revenue and gross profit increased by EUR 0.8 million as compared to 4Q 2016, mainly due to the acquisition of two properties on 2 May 2017. On a same store basis, revenue and gross profit decreased by EUR 0.1 million due to higher variable rent recognised by Madison Hamburg in 4Q 2016.

In SGD terms, both revenue and gross profit increased by S\$1.3 million.

Japan

Revenue increased by JPY 0.3 million as compared to 4Q 2016. Gross profit increased by JPY 1.4 million as repair and maintenance expense was higher in 4Q 2016.

In SGD terms, revenue decreased by S\$0.2 million or 11% and gross profit decreased by S\$0.1 million or 8% due to depreciation of JPY against SGD, partially offset by stronger underlying performance.

Singapore

Revenue and gross profit increased by S\$2.9 million and S\$2.3 million respectively, as compared to 4Q 2016, due to the acquisition of Ascott Orchard Singapore on 10 October 2017.

On a same store basis, both revenue and gross profit decreased by S\$0.1 million.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.7 million or 37% and REVPAU increased by 22% in 4Q 2017 due to stronger demand after market recovery from spate of terrorist attacks in 2016. Gross profit increased by EUR 0.5 million due to higher revenue.

In SGD terms, revenue and gross profit increased by S\$1.1 million and S\$0.8 million respectively as compared to 4Q 2016 due to stronger underlying performance and appreciation of EUR against SGD.

Spain

Both revenue and gross profit remained at the same level as 4Q 2016.

In SGD terms, revenue increased by S\$0.1 million or 6% and gross profit remained at the same level as 4Q 2016.

United Kingdom

Revenue increased by GBP 0.2 million or 3% and REVPAU increased by 2% as compared to 4Q 2016 due to higher leisure demand.

Despite higher revenue, gross profit remained at the same level as 4Q 2016 due to higher property tax expense and marketing expense.

In SGD terms, revenue increased by S\$0.8 million or 6% due to stronger underlying performance and appreciation of GBP against SGD. Gross profit, in SGD terms, increased by S\$0.1 million or 2%.

C. Management contracts

Australia

Both revenue and gross profit increased by AUD 0.1 million as compared to 4Q 2016.

In SGD terms, revenue remained at the same level as 4Q 2016 and gross profit increased by S\$0.1 million or 3%.

China

Revenue and gross profit decreased by RMB 2.9 million or 4% and RMB 1.7 million or 7% respectively due to cessation of operations at Citadines Gaoxin Xi'an and Citadines Biyun Shanghai in September 2017 and December 2017 respectively. REVPAU increased by 12% due to higher revenue from the refurbished apartments at Somerset Xu Hui Shanghai and higher long stay demand at Somerset Olympic Tower Tianjin.

On a same store basis, excluding the contribution from Citadines Gaoxin Xi'an and Citadines Biyun Shanghai, revenue increased by 4% and REVPAU increased by 6%. Gross profit decreased by 3% due to higher staff costs and property tax expense.

In SGD terms, revenue and gross profit decreased by S\$0.6 million or 4% and S\$0.4 million or 9% respectively due to cessation of operations at Citadines Gaoxin Xi'an.

Indonesia

Revenue decreased by USD 0.1 million or 3% and REVPAU decreased by 6% as compared to 4Q 2016 due to lower average daily rate achieved arising from keen competition. Gross profit remained at the same level as 4Q 2016.

In SGD terms, revenue decreased by S\$0.3 million or 7% due to weaker underlying performance and depreciation of USD against SGD. Gross profit, in SGD terms, decreased by S\$0.1 million or 6%.

Japan

Revenue and gross profit decreased by JPY 194.8 million or 16% and JPY 191.2 million or 28% respectively, as compared to 4Q 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 44.7 million or 4% and REVPAU decreased by 6% due to lower average daily rates achieved arising from keen competition and new supply. Gross profit decreased by JPY 80.0 million or 14% as compared to 4Q 2016 due to lower revenue, coupled with higher operating expenses.

In SGD terms, revenue and gross profit decreased by S\$3.6 million or 22% and S\$3.0 million or 33% respectively due to the divestment of 18 rental housing properties, weaker underlying performance and depreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 0.1 million or 2% and REVPAU decreased by 1% as compared to 4Q 2016 due to lower average daily rate in 4Q 2017. Gross profit increased by MYR 0.2 million or 18% mainly due to lower marketing expense and other operating expenses, partially offset by lower revenue.

In SGD terms, revenue decreased by S\$0.1 million or 7% due to weaker underlying performance and depreciation of MYR against SGD. Gross profit, in SGD terms, remained at the same level as 4Q 2016.

The Philippines

Revenue increased by PHP 15.1 million or 7% as Somerset Millennium Makati was undergoing renovation during 4Q 2016. REVPAU increased by 13% as compared to 4Q 2016.

Gross profit increased by PHP 17.7 million or 35% due to higher revenue and lower operating expenses.

In SGD terms, revenue remained at the same level as last year due to stronger underlying performance, offset by depreciation of PHP against SGD. Gross profit, in SGD terms, increased by S\$0.4 million or 29%.

Singapore

Revenue increased by S\$0.3 million or 5% and REVPAU increased by 6% as compared to 4Q 2016 due to higher corporate demand.

Gross profit increased by S\$0.5 million or 23% due to higher revenue and lower depreciation expense.

The United States of America

Revenue and gross profit increased by USD 4.2 million or 23% and USD 0.9 million or 17% respectively as compared to 4Q 2016, mainly due to acquisition of DoubleTree by Hilton Hotel New York – Times Square South on 16 August 2017. REVP AU decreased by 5% from USD 256 in 4Q 2016 to USD 242 in 4Q 2017 due to lower REVP AU from DoubleTree by Hilton Hotel New York – Times Square South as compared to the existing properties in 4Q 2016.

On a same store basis and excluding straight-line recognition of operating lease expense, revenue decreased by USD 0.7 million or 4% and REVP AU decreased by 4% as compared to 4Q 2016 due to keen competition and new supply. Gross profit decreased by USD 1.2 million due to lower revenue, coupled with higher operating expenses and property tax.

In SGD terms, revenue increased by S\$5.3 million or 21% and gross profit increased by S\$1.1 million or 15%. On a same store basis and excluding the straight-line recognition of operating lease expense, revenue decreased by S\$1.4 million and gross profit decreased by S\$1.8 million due to weaker underlying performance.

Vietnam

Revenue increased by VND 5.3 billion or 3% in 4Q 2017 and REVP AU increased by 3% as compared to 4Q 2016. The increase was mainly due to higher revenue from the refurbished apartments at Somerset Ho Chi Minh City. Gross profit increased by VND 0.2 billion due to higher revenue, partially offset by higher staff costs and marketing expense.

In SGD terms, revenue increased by S\$0.2 million or 2% due to stronger underlying performance, partially offset by depreciation of VND against SGD. Gross profit, in SGD terms, remained at the same level as 4Q 2016.

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

		Revenue ¹				Gross Profit ¹				REVP AU Analysis ²		
		YTD Dec 2017	YTD Dec 2016	Better/ (Worse)		YTD Dec 2017	YTD Dec 2016	Better/ (Worse)		YTD Dec 2017	YTD Dec 2016	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	7.3	7.2	0.1	1	6.9	6.8	0.1	1	–	–	–
France	EUR	23.1	22.9	0.2	1	21.1	21.1	–	–	–	–	–
Germany	EUR	8.1	6.0	2.1	35	7.4	5.5	1.9	35	–	–	–
Japan	JPY	533.5	533.2	0.3	–	416.2	412.9	3.3	1	–	–	–
Singapore	S\$	10.8	8.0	2.8	35	9.4	7.3	2.1	29	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	8.5	6.5	2.0	31	2.7	1.4	1.3	93	63	50	26
Spain	EUR	5.5	4.9	0.6	12	2.7	2.3	0.4	17	99	95	4
United Kingdom	GBP	27.8	26.7	1.1	4	12.3	12.6	(0.3)	(2)	119	114	4
Management contracts												
Australia	AUD	27.4	27.5	(0.1)	–	11.2	11.4	(0.2)	(2)	147	149	(1)
China	RMB	297.8	302.1	(4.3)	(1)	104.1	90.7	13.4	15	416	402	3
Indonesia	USD	12.0	12.4	(0.4)	(3)	4.3	4.9	(0.6)	(12)	77	81	(5)
Japan	JPY	4,175.1	4,764.6	(589.5)	(12)	2,170.3	2,665.4	(495.1)	(19)	11,721	12,466	(6)
Malaysia	MYR	16.8	18.7	(1.9)	(10)	5.5	6.1	(0.6)	(10)	223	247	(10)
Philippines	PHP	867.0	733.4	133.6	18	271.2	207.3	63.9	31	4,284	3,632	18
Singapore	S\$	23.8	25.2	(1.4)	(6)	10.0	10.6	(0.6)	(6)	185	195	(5)
United States of America	USD	70.1	57.9	12.2	21	15.6	15.5	0.1	1	218	236	(8)
Vietnam	VND ¹	712.3	642.1	70.2	11	389.4	353.8	35.6	10	1,647	1,489	11

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

² REVP AU for Japan refers to serviced residences and excludes rental housing. REVP AU for VND are stated in thousands.

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

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Dec 2017	YTD Dec 2016	Better/ (Worse)	%	YTD Dec 2017	YTD Dec 2016	Better/ (Worse)	%	YTD Dec 2017	YTD Dec 2016	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day		%
Master Leases											
Australia	7.8	7.3	0.5	7	7.4	7.0	0.4	6	–	–	–
France	35.7	35.0	0.7	2	32.7	32.2	0.5	2	–	–	–
Germany	12.6	9.2	3.4	37	11.5	8.4	3.1	37	–	–	–
Japan	6.6	6.7	(0.1)	(2)	5.1	5.2	(0.1)	(2)	–	–	–
Singapore	10.8	8.0	2.8	35	9.4	7.3	2.1	29	–	–	–
Sub-total	73.5	66.2	7.3	11	66.1	60.1	6.0	10	–	–	–
Management contracts with minimum guaranteed income											
Belgium	13.1	10.0	3.1	31	4.2	2.1	2.1	100	98	77	27
Spain	8.6	7.6	1.0	13	4.1	3.4	0.7	21	155	146	6
United Kingdom	49.4	50.5	(1.1)	(2)	22.0	23.7	(1.7)	(7)	211	216	(2)
Sub-total	71.1	68.1	3.0	4	30.3	29.2	1.1	4	170	164	4
Management contracts											
Australia	29.0	28.2	0.8	3	11.9	11.7	0.2	2	156	153	2
China	60.8	63.0	(2.2)	(4)	21.3	18.9	2.4	13	85	84	1
Indonesia	16.8	17.2	(0.4)	(2)	5.9	6.8	(0.9)	(13)	107	111	(4)
Japan	51.5	60.3	(8.8)	(15)	26.8	33.7	(6.9)	(21)	145	158	(8)
Malaysia	5.4	6.3	(0.9)	(14)	1.7	2.0	(0.3)	(15)	72	83	(13)
Philippines	23.8	21.4	2.4	11	7.5	6.0	1.5	25	118	106	11
Singapore	23.8	25.2	(1.4)	(6)	10.0	10.6	(0.6)	(6)	185	195	(5)
United States of America	97.2	79.9	17.3	22	21.6	21.4	0.2	1	302	326	(7)
Vietnam	43.4	39.8	3.6	9	23.8	22.0	1.8	8	100	92	9
Sub-total	351.7	341.3	10.4	3	130.5	133.1	(2.6)	(2)	139	136	2
Group	496.3	475.6	20.7	4	226.9	222.4	4.5	2	144	140	3

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

For the year ended 31 December 2017 (“YTD Dec 2017”), revenue increased by S\$20.7 million or 4% as compared to the corresponding period last year (“YTD Dec 2016”). The increase in revenue was mainly due to additional contribution of S\$26.1 million from the 2016 Acquisition and 2017 Acquisitions and increase in revenue of S\$2.1 million from the existing properties (mainly from Vietnam, Belgium and Philippines). The increase was partially offset by decrease in revenue of \$7.5 million from the Divestments.

REVPAU increased from S\$140 in YTD Dec 2016 to S\$144 in YTD Dec 2017.

Gross profit for YTD Dec 2017 increased by S\$4.5 million as compared to YTD Dec 2016 mainly due to contribution from the 2016 Acquisition and 2017 Acquisitions.

(c) Change in value of serviced residence properties and assets held for sale

The change in value of serviced residence properties will affect the net asset value but has no impact on the unitholders' distribution.

Any increase or decrease in value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of serviced residence properties.

As at 31 December 2017, independent full valuations were carried out by Colliers International (except for Citadines Biyun Shanghai and Citadines Gaoxin Xi'an which were valued at their respective sale consideration). In determining the fair value of the Group's portfolio, the discounted cash flow approach was used. The valuation method used is consistent with that used for the 30 June 2017 valuation.

The Group's portfolio was revalued at S\$4,908.4 million, resulting in a surplus of S\$3.8 million which was recognised in the Consolidated Statement of Total Return in 4Q 2017. The surplus resulted mainly from higher valuation of the Group's serviced residences in Vietnam, Germany and United Kingdom, partially offset by lower valuation from the serviced residences in Australia and France. The net impact on the Consolidated Statement of Total Return was S\$1.6 million (net of tax and non-controlling interests).

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 10 October 2017, Ascott Reit announced the completion of the acquisition of Ascott Orchard Singapore and on 5 January 2018, announced the completion of the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an. We will continue to look out for accretive opportunities in key gateway cities while identifying opportunities to unlock values to redeploy the capital to higher yielding assets.

International Monetary Fund increased their estimates for 2017 economic growth to 3.7% and 3.9% for 2018. Global consensus by analysts and economists largely agreed that 2017 marked a momentous sign of worldwide economic recovery, with a buoyant uplift in the second half of 2017. The world economy is expected to outperform most predictions and continue to grow in the coming years ahead with the bigger near-term risks to this outlook being largely political fluctuations and disturbances².

Whilst the global economic outlook remains largely positive, there may be potential challenges present in some of the key markets we are operating in. While demand is expected to remain resilient in Japan and Manhattan, U.S., room supply is projected to steadily increase in the near future, potentially exerting a downwards pressure on rates².

We maintain a disciplined and prudent approach on capital management to mitigate potential risks. Approximately 81% of our total borrowings is on fixed interest rates, to hedge against rising interest rates. We have also commenced discussions with banks to refinance the debts that are due in 2018, ahead of their maturity dates. We will continue to monitor the interest rate and exchange rate exposure.

We remain focused and committed on 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.

² Sources: International Monetary Fund (January 2018); McKinsey (December 2017); Goldman Sachs (November 2017); Morgan Stanley (December 2017); HVS (2017), Nikkei Asian Review (2017)

11. DISTRIBUTIONS

11(a) Current financial period

Any distributions declared for the current financial period? Yes
Period of distribution : Distribution for 1 July 2017 to 31 December 2017

Type	Distribution	Distribution Rate (cents)
Taxable Income		0.419
Tax Exempt Income		1.402
Capital		1.909
Total		3.730

11(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes
Period of distribution : Distribution for 1 July 2016 to 31 December 2016

Type	Distribution	Distribution Rate (cents)
Taxable Income		0.521
Tax Exempt Income		0.771
Capital		3.100
Total		4.392

11(c) Tax rate : Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-exempt income distribution is exempt from tax in the hands of all unitholders.

Capital Distribution

Capital distribution represents a return of capital to unitholders for tax purposes and is therefore not subject to income tax. For unitholders who are liable to tax on profits from sale of Ascott Reit Units, the amount of capital distribution will be applied to reduce the cost base of their Ascott Reit Units for tax purposes.

11(c) Book closure date : 5 February 2018

11(d) Date payable : 28 February 2018

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. **Segment Revenue and Results**

	Revenue		Gross Profit	
	YTD Dec 2017	YTD Dec 2016	YTD Dec 2017	YTD Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	34,497	33,130	19,371	17,951
Australia	36,760	35,492	19,348	18,638
Belgium	13,113	10,033	4,183	2,079
China	60,840	63,018	21,251	18,903
France	35,722	35,013	32,704	32,210
Germany	12,611	9,230	11,535	8,409
Indonesia	16,796	17,233	5,926	6,772
Japan	58,102	66,971	31,916	38,912
Malaysia	5,405	6,256	1,745	2,044
Philippines	23,842	21,367	7,456	6,038
Spain	8,563	7,627	4,154	3,426
United Kingdom	49,415	50,486	21,960	23,711
United States of America	97,175	79,932	21,619	21,340
Vietnam	43,447	39,802	23,750	21,940
Group	496,288	475,590	226,918	222,373

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 8 on the review.

17. **Breakdown of Revenue and Total Return**

	YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000	Better/ (Worse) %
(a) Revenue reported for first half year	234,880	224,896	4
(b) Total return after taxation reported for first half year	93,301	83,918	11
(c) Revenue reported for second half year	261,408	250,694	4
(d) Total return after taxation reported for second half year	129,199	63,846	102

18. **Breakdown of Total Distributions**

1 January 2016 to 30 June 2016 - paid
 1 July 2016 to 31 December 2016 - paid
 1 January 2017 to 30 June 2017 - paid
 1 July 2017 to 31 December 2017 - to be paid

YTD Dec 2017 S\$'000	YTD Dec 2016 S\$'000
–	62,364
–	72,627
71,989	–
80,199	–

19. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Ascott Residence Trust Management Limited (the “Company”), being the manager of Ascott Reit, confirms that there is no person occupying a managerial position in the Company or in any of its or Ascott Reit’s principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of Ascott Reit.

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
26 January 2018