ASCOTT RESIDENCE TRUST

A Member of CapitaLand

ASCOTT RESIDENCE TRUST

2018 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

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Summary of Group Results

	2Q 2018 S$'000	**2Q 2017 S$'000**	**Better / (Worse) %**	**YTD Jun 2018 S$'000**	**YTD Jun 2017 S$'000**	**Better / (Worse) %**
Revenue	130,499	123,619	6	243,283	234,880	4
Gross Profit	63,138	59,014	7	111,805	106,389	5
Unitholders' Distribution	39,779	46,870	(15)	68,943	71,989	(4)
Distribution Per Unit ("DPU") (cents)	1.84	1.84	–	3.19	3.36	(5)
DPU (cents) (restated for Rights Issue)	1.84	2.18 (1)	(16)	3.19	3.36	(5)
<u>For information only</u> DPU (cents) (adjusted for Rights Issue and one-off items)	1.84	1.63 (1), (3)	13	3.12 (2)	2.80 (3)	11

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

(3) Unitholders' distribution for 2Q 2017 and YTD Jun 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 divestments.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2018 to 30 June 2018
Distribution Rate	3.192 cents per Unit
Book Closure Date	1 August 2018
Payment Date	27 August 2018

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.

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

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

As at 30 June 2018, Ascott Reit's portfolio comprises 73 properties with 11,430 apartment units in 37 cities across 14 countries.

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

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

		GROUP			GROUP		
	Note	2Q 2018 S$'000	2Q 2017 S$'000	Better / (Worse) %	YTD Jun 2018 S$'000	YTD Jun 2017 S$'000	Better / (Worse) %
Revenue	A.1	130,499	123,619	6	243,283	234,880	4
Direct expenses	A.2	(67,361)	(64,605)	(4)	(131,478)	(128,491)	(2)
Gross Profit	A.1	63,138	59,014	7	111,805	106,389	5
Finance income	A.3	233	317	(26)	601	568	6
Other operating income	A.4	266	204	30	395	361	10
Finance costs	A.3	(11,652)	(11,220)	(4)	(23,248)	(23,090)	(1)
Manager's management fees	A.5	(6,108)	(5,682)	(7)	(11,459)	(10,611)	(8)
Trustee's fee		(122)	(120)	(2)	(252)	(237)	(7)
Professional fees	A.6	(663)	(519)	(28)	(1,316)	(1,368)	4
Audit fees	A.5	(666)	(614)	(9)	(1,369)	(1,200)	(14)
Foreign exchange (loss) / gain	A.7	(6,490)	17,942	n.m.	(3,290)	13,141	n.m.
Other operating expenses	A.8	(866)	(1,031)	16	(1,464)	(1,527)	4
Share of results of associate (net of tax)		(14)	(27)	48	(41)	(33)	(24)
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		**37,056**	**58,264**	**38**	**70,362**	**82,393**	**(15)**
Net change in fair value of financial derivatives	A.9	396	217	82	282	222	27
Net change in fair value of serviced residence properties	A.10	26,696	5,987	346	26,696	6,132	335
Profit / (loss) upon divestment	A.11	–	17,957	n.m.	(488)	17,957	n.m.
Assets written off		(13)	–	n.m.	(13)	(5)	n.m.
Total return for the period before tax		**64,135**	**82,425**	**(22)**	**96,839**	**106,699**	**(9)**
Income tax expense	A.12	(14,080)	(8,295)	(70)	(17,231)	(13,398)	(29)
Total return for the period after tax		**50,055**	**74,130**	**(32)**	**79,608**	**93,301**	**(15)**
Attributable to:							
Unitholders / perpetual securities holders		46,526	70,822		74,657	88,477	
Non-controlling interests		3,529	3,308		4,951	4,824	
Total return for the period		**50,055**	**74,130**	**(32)**	**79,608**	**93,301**	**(15)**

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

	Note	GROUP 2Q 2018 S$'000	GROUP 2Q 2017 S$'000	Better / (Worse) %	GROUP YTD Jun 2018 S$'000	GROUP YTD Jun 2017 S$'000	Better / (Worse) %
Total return for the period attributable to Unitholders / perpetual securities holders		46,526	70,822		74,657	88,477	
Net effect of non-tax deductible / chargeable items and other adjustments	A.13	(1,960)	(19,165)		3,807	(6,967)	
Total amount distributable for the period		**44,566**	**51,657**	**(14)**	**78,464**	**81,510**	**(4)**
Amount distributable:							
- Unitholders		39,779	46,870		68,943	71,989	
- Perpetual securities holders		4,787	4,787		9,521	9,521	
		44,566	**51,657**	**(14)**	**78,464**	**81,510**	**(4)**
Comprises:							
- from operations		11,977	3,929		128,346	(4,966)	
- from unitholders' contributions		27,802	42,941		(59,403)	76,955	
		39,779	**46,870**	**(15)**	**68,943**	**71,989**	**(4)**

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

A.1 Revenue and Gross profit

Revenue for 2Q 2018 of S$130.5 million comprised S$21.8 million (17% of total revenue) from serviced residences on Master Leases, S$20.0 million (15%) from serviced residences on management contracts with minimum guaranteed income and S$88.7 million (68%) from serviced residences on management contracts.

Revenue for 2Q 2018 increased by S$6.9 million or 6% as compared to 2Q 2017. This was mainly contributed by the additional revenue of S$10.4 million from the 2017 Acquisitions, partially offset by the decrease in revenue of S$2.9 million and S$0.6 million from the Divestments and existing properties respectively.

The Group achieved a revenue per available unit ("REVPAU") of S$155 for 2Q 2018, an increase of 6% as compared to 2Q 2017.

Gross profit for 2Q 2018 of S$63.1 million comprised S$20.0 million (32% of total gross profit) from serviced residences on Master Leases, S$8.8 million (14%) from serviced residences on management contracts with minimum guaranteed income and S$34.3 million (54%) from serviced residences on management contracts.

As compared to 2Q 2017, gross profit increased by S$4.1 million or 7% due to higher revenue.

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

A.2 Direct expenses include the following items:

	GROUP			GROUP		
	2Q 2018 S$'000	2Q 2017 S$'000	Better / (Worse) %	YTD Jun 2018 S$'000	YTD Jun 2017 S$'000	Better / (Worse) %
Depreciation and amortisation	(3,043)	(2,998)	(2)	(6,313)	(6,464)	2
Staff costs*	(13,675)	(11,945)	(14)	(26,865)	(24,425)	(10)

* Staff costs were higher in 2Q 2018 and YTD Jun 2018 mainly due to the US acquisition in August 2017.

A.3 Finance income and Finance costs

Finance income was higher in 2Q 2017 due to fixed deposit placements with the Rights Issue proceeds, prior to the repayment of bank loans.

Finance costs was higher in 2Q 2018 mainly due to the 2017 Acquisitions.

A.4 Other operating income

Other operating income was higher in 2Q 2018 due to forfeiture of security deposits.

A.5 Manager's management fees / Audit fees

Manager's management fees and audit fees were higher in 2Q 2018 due to the 2017 Acquisitions.

A.6 Professional fees

Professional fees were higher in 2Q 2018 due to expenses incurred in connection with the refund of withholding tax on prior periods' dividends declared by the France subsidiaries.

A.7 Foreign exchange (loss) / gain

The foreign exchange loss recognised in 2Q 2018 mainly comprised unrealised exchange loss of S$7.0 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) and realised exchange gain of S$0.5 million (mainly arising from gain on repayment of shareholders' loan from Europe and gain on the foreign currency forward contracts).

The foreign exchange gain recognised in 2Q 2017 mainly comprised realised exchange gain of S$11.9 million arising from repayment of foreign currency bank loans with the proceeds from the Rights Issue (pending their deployment to part finance the acquisition of Ascott Orchard Singapore) and unrealised exchange gain (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).

A.8 Other operating expenses

Other operating expenses were higher in 2Q 2017 mainly due higher loss on disposal of plant and equipment.

A.9 Net change in fair value of financial derivatives

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

A.10 Net change in fair value of serviced residence properties

This relates to the surplus on revaluation of serviced residence properties. The surplus resulted mainly from higher valuation of the Group's properties in Vietnam, United Kingdom, France and Philippines, partially offset by lower valuation from the properties in USA. The valuations for the serviced residence properties were carried out on 30 June 2018. Please refer to paragraph 8(c) for more details.

A.11 Profit upon divestment

In 2Q 2017, this relates to the profit from divestment of 18 rental housing properties in Tokyo, Japan and the sale of car park units in Fortune Garden Apartments.

A.12 Income tax expense

Taxation for 2Q 2018 was higher by S$5.8 million as compared to the corresponding period last year mainly due to the deferred tax liability provided on the fair value surplus recognised, partially offset by lower withholding tax arising from a refund of withholding tax on prior periods' dividends declared by the France subsidiaries.

A.13 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

	GROUP			GROUP		
	2Q 2018 S$'000	2Q 2017 S$'000	Better / (Worse) %	YTD Jun 2018 S$'000	YTD Jun 2017 S$'000	Better / (Worse) %
Depreciation and amortisation	3,043	2,998	(2)	6,313	6,464	2
Manager's management fee payable / paid partially in units	4,446	4,037	(10)	8,410	7,564	(11)
Trustee's fees*	23	20	(15)	48	34	(41)
Unrealised foreign exchange loss / (gain)	6,988	(4,777)	n.m.	5,376	125	n.m.
Net change in fair value of financial derivatives (Note A.9)	(396)	(217)	82	(282)	(222)	27
Net change in fair value of serviced residence properties (Note A.10)	(26,696)	(5,987)	346	(26,696)	(6,132)	335
(Profit) / loss upon divestment (Note A.11)	–	(17,957)	n.m.	488	(17,957)	n.m.
Operating lease expense recognised on a straight-line basis	775	893	13	1,551	1,806	14
Assets written off	13	–	n.m.	13	5	(160)
Deferred tax expense	7,767	329	n.m.	6,730	24	n.m.
Effect of non-controlling interests arising from the above	2,013	1,725	(17)	1,883	1,551	(21)

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

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

	Note	GROUP 30/06/18 S$'000	GROUP 31/12/17 S$'000	TRUST 30/06/18 S$'000	TRUST 31/12/17 S$'000
Non-Current Assets					
Plant and equipment		50,224	49,768	13,024	13,844
Serviced residence properties	B.1	4,916,383	4,908,400	950,976	950,156
Interest in subsidiaries		–	–	340,889	340,889
Interest in associate		2,933	2,992	2,975	2,993
Financial derivatives	B.2	10,202	7,169	982	2,090
Deferred tax assets		5,863	5,770	–	–
		4,985,605	**4,974,099**	**1,308,846**	**1,309,972**
Current Assets					
Inventories		349	214	–	–
Trade and other receivables	B.3	77,005	66,573	2,312,035	2,369,264
Assets held for sale	B.4	–	194,820	–	–
Financial derivatives	B.2	282	–	282	–
Cash and cash equivalents	B.5	196,754	257,345	24,447	12,598
		274,390	**518,952**	**2,336,764**	**2,381,862**
Total Assets		**5,259,995**	**5,493,051**	**3,645,610**	**3,691,834**
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,561,946)	(1,681,106)	(282,808)	(351,782)
Financial derivatives	B.2	(17,940)	(15,960)	(16,122)	(13,570)
Deferred tax liabilities	B.7	(111,100)	(119,211)	–	–
		(1,690,986)	**(1,816,277)**	**(298,930)**	**(365,352)**
Current Liabilities					
Trade and other payables	B.6	(137,865)	(237,069)	(929,938)	(917,940)
Liabilities held for sale	B.4	–	(1,065)	–	–
Interest bearing liabilities	B.8	(270,598)	(264,267)	(52,607)	(77,187)
Financial derivatives	B.2	(1,041)	(165)	(888)	(121)
Provision for taxation		(4,748)	(2,525)	–	–
		(414,252)	**(505,091)**	**(983,433)**	**(995,248)**
Total Liabilities		**(2,105,238)**	**(2,321,368)**	**(1,282,363)**	**(1,360,600)**
Net Assets		**3,154,757**	**3,171,683**	**2,363,247**	**2,331,234**
Represented by:					
Unitholders' funds	1(d)(i)	2,666,292	2,685,129	1,966,173	1,934,107
Perpetual securities holders	1(d)(i)	397,074	397,127	397,074	397,127
Non-controlling interests	1(d)(i)	91,391	89,427	–	–
Total Equity		**3,154,757**	**3,171,683**	**2,363,247**	**2,331,234**

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 June 2018 was mainly due to higher valuation on 30 June 2018, partially offset by the foreign currency translation differences arising from translating the Group's serviced residence properties as a result of the depreciation of foreign currencies, particularly EUR and GBP.

B.2 Financial derivatives

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

B.3 Trade and other receivables

The increase in the trade and other receivables as at 30 June 2018 was mainly due to higher trade receivables and amounts due from related companies, partially offset by lower prepaid expenses arising from the completion of the divestment of the two China properties in January 2018. The transaction costs were previously recognised as prepayments as at 31 December 2017.

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

The assets and liabilities held for sale as at 31 December 2017 relate 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 30 June 2018, the divestments were completed.

B.5 Cash and cash equivalents

The decrease in the Group's cash and cash equivalents as at 30 June 2018 was mainly due to repayment of bank borrowings with divestment proceeds and distribution paid to Unitholders.

B.6 Trade and other payables

The decrease in the trade and other payables as at 30 June 2018 was mainly due to the completion of the divestment of the two China properties in January 2018. The trade and other payables as at 31 December 2017 included the deposits received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.

B.7 Deferred tax liabilities

The decrease in deferred tax liabilities as at 30 June 2018 was mainly due to the transfer of the deferred tax liability provided on the divestment gain of the two China properties to "Provision for taxation" upon the completion of the divestment in January 2018, partially offset by deferred tax liability provided on the fair value surplus recognised in 2Q 2018.

B.8 Interest bearing liabilities

	GROUP		TRUST	
	30/06/18 S$'000	31/12/17 S$'000	30/06/18 S$'000	31/12/17 S$'000
Amount repayable in one year or less or on demand				
- Secured	56,191	26,518	–	–
- Unsecured	214,628	237,786	52,607	77,187
Less: Unamortised transaction costs	(221)	(37)	–	–
	270,598	264,267	52,607	77,187
Amount repayable after one year				
- Secured	859,142	929,691	202,029	212,039
- Unsecured	713,769	764,166	83,630	142,745
Less: Unamortised transaction costs	(10,965)	(12,751)	(2,851)	(3,002)
	1,561,946	1,681,106	282,808	351,782
Total	**1,832,544**	**1,945,373**	**335,415**	**428,969**

Details of collateral

The borrowings of the Group are generally secured by:

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

Capital management

As at 30 June 2018, the Group's gearing was 35.7%, well below the 45 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.3 percent per annum, with an interest cover of 4.5 times. S$1,554.0 million or 84% of the Group's borrowings are on fixed interest rates, of which S$206.0 million is due in the next 12 months.

Out of the Group's total borrowings, 9 percent falls due in 2018, 7 percent falls due in 2019, 15 percent falls due in 2020, 22 percent falls due in 2021 and the balance falls due after 2022.

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

1(c) **Consolidated Statement of Cash Flows**

	GROUP		GROUP	
	2Q 2018 S$'000	**2Q 2017 S$'000**	**YTD Jun 2018 S$'000**	**YTD Jun 2017 S$'000**
Operating Activities				
Total return for the period before tax	64,135	82,425	96,839	106,699
Adjustments for:				
Depreciation and amortisation	3,043	2,998	6,313	6,464
Loss / (Gain) on disposal of plant and equipment	8	178	(22)	196
Assets written off	13	–	13	5
Operating lease expense recognised on a straight-line basis	775	893	1,551	1,806
Finance costs	11,652	11,220	23,248	23,090
Finance income	(233)	(317)	(601)	(568)
Provision for doubtful debts (reversal) / addition	(2)	17	(16)	(1)
Manager's management fees payable / paid partially in units	4,446	4,037	8,410	7,564
Unrealised foreign exchange loss / (gain)	6,988	(4,777)	5,376	125
Net change in fair value of serviced residence properties	(26,696)	(5,987)	(26,696)	(6,132)
Net change in fair value of financial derivatives	(396)	(217)	(282)	(222)
(Profit) / Loss upon divestment	–	(17,957)	488	(17,957)
Share of results of associate	14	27	41	33
Operating profit before working capital changes	**63,747**	**72,540**	**114,662**	**121,102**
Changes in working capital	(15,677)	(24,631)	(25,664)	(23,757)
Cash generated from operations	**48,070**	**47,909**	**88,998**	**97,345**
Income tax paid	(3,752)	(4,156)	(7,921)	(9,407)
Cash flows from operating activities	**44,318**	**43,753**	**81,077**	**87,938**
Investing Activities				
Acquisition of plant and equipment	(3,527)	(5,187)	(7,626)	(7,884)
Acquisition of serviced residence properties, net of cash acquired	–	(98,508)	–	(98,508)
Capital expenditure on serviced residence properties	(1,205)	(1,953)	(1,332)	(4,767)
Deposit paid for acquisition of a serviced residence property	–	(14,675)	–	(14,675)
Deposit received for divestment of subsidiaries	–	9,901	–	9,901
Proceeds on disposal of assets held for sale	–	1,485	90,175	6,706
Proceeds from divestment of serviced residence properties	–	147,198	–	147,198
Interest received	233	317	601	568
Proceeds from sale of plant and equipment	14	5	44	25
Cash flows (used in) / from investing activities	**(4,485)**	**38,583**	**81,862**	**38,564**
Balance carried forward	**39,833**	**82,336**	**162,939**	**126,502**

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

	GROUP		GROUP	
	2Q 2018 S$'000	2Q 2017 S$'000	YTD Jun 2018 S$'000	YTD Jun 2017 S$'000
Balance brought forward	**39,833**	**82,336**	**162,939**	**126,502**
Financing Activities				
Distribution to Unitholders	–	–	(80,183)	(72,620)
Distribution to perpetual securities holders	(9,574)	(9,574)	(9,574)	(9,574)
Dividend paid to non-controlling interests	(1,806)	(1,622)	(1,806)	(1,622)
Interest paid	(10,204)	(11,151)	(19,626)	(21,958)
Payment of finance lease liabilities	(829)	(807)	(1,681)	(1,519)
Proceeds from bank borrowings	64,843	87	151,474	149,802
Proceeds from issue of new units	–	442,671	–	442,671
Payment of issue expenses on issue of new units	–	(4,840)	–	(4,840)
Repayment of bank borrowings	(75,155)	(362,150)	(262,843)	(454,694)
Payment of transaction costs on bank borrowings	(290)	–	(290)	–
Cash flows (used in) / from financing activities	**(33,015)**	**52,614**	**(224,529)**	**25,646**
Increase / (decrease) in cash and cash equivalents	**6,818**	**134,950**	**(61,590)**	**152,148**
Cash and cash equivalents at beginning of the period	**190,927**	**159,518**	**257,345**	**143,074**
Effect of exchange rate changes on balances held in foreign currencies	(991)	64	999	(690)
Cash and cash equivalents at end of the period	**196,754**	**294,532**	**196,754**	**294,532**

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

	Note	GROUP 2Q 2018 S$'000	GROUP 2Q 2017 S$'000	GROUP YTD Jun 2018 S$'000	GROUP YTD Jun 2017 S$'000
Unitholders' Contribution					
Balance as at beginning of period		1,731,170	1,396,946	1,771,310	1,451,627
New units issued / to be issued					
- Manager's management fees paid in units		4,473	4,037	8,459	7,535
- Rights Issue on 11 April 2017		–	442,671	–	442,671
Issue expenses		–	(4,840)	–	(4,840)
Distribution to Unitholders		–	–	(44,126)	(58,179)
Balance as at end of period		**1,735,643**	**1,838,814**	**1,735,643**	**1,838,814**
Operations					
Balance as at beginning of period		1,070,456	896,612	1,083,116	898,132
Total return for the period attributable to Unitholders / perpetual securities holders		46,526	70,822	74,657	88,477
Total return attributable to perpetual securities holders		(4,787)	(4,787)	(9,521)	(9,521)
Transfer between reserves		–	(191)	–	(191)
Distribution to Unitholders		–	–	(36,057)	(14,441)
Balance as at end of period		**1,112,195**	**962,456**	**1,112,195**	**962,456**
Foreign Currency Translation Reserve					
Balance as at beginning of period		(167,297)	(155,022)	(170,205)	(153,410)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(24,409)	(15,445)	(22,221)	(17,057)
Change in ownership interests in subsidiaries with a change in control		–	–	720	–
Balance as at end of period		**(191,706)**	**(170,467)**	**(191,706)**	**(170,467)**
Capital Reserve					
Balance as at beginning of period		2,148	1,957	2,148	1,957
Transfer between reserves		–	191	–	191
Balance as at end of period		**2,148**	**2,148**	**2,148**	**2,148**
Hedging Reserve					
Balance as at beginning of period		4,037	(2,777)	(1,240)	2,319
Effective portion of change in fair values of cash flow hedges		3,975	(2,154)	9,252	(7,250)
Balance as at end of period		**8,012**	**(4,931)**	**8,012**	**(4,931)**
Unitholders' Funds	**1(b)(i)**	**2,666,292**	**2,628,020**	**2,666,292**	**2,628,020**
Perpetual Securities					
Balance as at beginning of period		401,861	401,861	397,127	397,127
Total return attributable to perpetual securities holders		4,787	4,787	9,521	9,521
Distribution to perpetual securities holders		(9,574)	(9,574)	(9,574)	(9,574)
Balance as at end of period	**1(b)(i)**	**397,074**	**397,074**	**397,074**	**397,074**
Non-controlling Interests					
Balance as at beginning of period		88,436	84,727	89,427	84,511
Total return for the period		3,529	3,308	4,951	4,824
Dividend paid to non-controlling interests		(1,806)	(1,622)	(1,806)	(1,622)
Acquisition of subsidiaries		–	3,099	–	3,099
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		1,232	(1,201)	(1,181)	(2,501)
Balance as at end of period	**1(b)(i)**	**91,391**	**88,311**	**91,391**	**88,311**
Equity	**1(b)(i)**	**3,154,757**	**3,113,405**	**3,154,757**	**3,113,405**

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

	Note	TRUST 2Q 2018 S$'000	TRUST 2Q 2017 S$'000	TRUST YTD Jun 2018 S$'000	TRUST YTD Jun 2017 S$'000
Unitholders' Contribution					
Balance as at beginning of period		1,731,170	1,396,946	1,771,310	1,451,627
New units issued / to be issued					
- Manager's management fees paid in units		4,473	4,037	8,459	7,535
- Rights Issue on 11 April 2017		–	442,671	–	442,671
Issue expenses		–	(4,840)	–	(4,840)
Distribution to Unitholders		–	–	(44,126)	(58,179)
Balance as at end of period		**1,735,643**	**1,838,814**	**1,735,643**	**1,838,814**
Operations					
Balance as at beginning of period		228,786	85,716	166,072	112,094
Total return for the period attributable to Unitholders / perpetual securities holders		8,750	44,058	112,255	36,855
Total return attributable to perpetual securities holders		(4,787)	(4,787)	(9,521)	(9,521)
Distribution to Unitholders		–	–	(36,057)	(14,441)
Balance as at end of period		**232,749**	**124,987**	**232,749**	**124,987**
Hedging Reserve					
Balance as at beginning of period		(2,569)	(3,364)	(3,275)	(3,884)
Effective portion of change in fair values of cash flow hedges		350	(238)	1,056	282
Balance as at end of period		**(2,219)**	**(3,602)**	**(2,219)**	**(3,602)**
Unitholders' Funds	**1(b)(i)**	**1,966,173**	**1,960,199**	**1,966,173**	**1,960,199**
Perpetual Securities					
Balance as at beginning of period		401,861	401,861	397,127	397,127
Total return attributable to perpetual securities holders		4,787	4,787	9,521	9,521
Distribution to perpetual securities holders		(9,574)	(9,574)	(9,574)	(9,574)
Balance as at end of period	**1(b)(i)**	**397,074**	**397,074**	**397,074**	**397,074**
Equity	**1(b)(i)**	**2,363,247**	**2,357,273**	**2,363,247**	**2,357,273**

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

	TRUST 2Q 2018 '000	TRUST 2Q 2017 '000	TRUST YTD Jun 2018 '000	TRUST YTD Jun 2017 '000
Balance as at beginning of period	2,157,206	1,660,993	2,149,688	1,653,471
Issue of new units:				
- partial payment of manager's management fees in units	2,347	2,158	9,865	9,680
- Rights Issue on 11 April 2017	–	481,688	–	481,688
Balance as at end of period	**2,159,553**	**2,144,839**	**2,159,553**	**2,144,839**

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

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

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

Not applicable.

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

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

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

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

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

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

	GROUP		**GROUP**	
	2Q 2018 S$'000	**2Q 2017 S$'000**	**YTD Jun 2018 S$'000**	**YTD Jun 2017 S$'000**
Total return for the period attributable to Unitholders / perpetual securities holders	46,526	70,822	74,657	88,477
Less: Total return attributable to perpetual securities holders	(4,787)	(4,787)	(9,521)	(9,521)
Total return for the period attributable to Unitholders	**41,739**	**66,035**	**65,136**	**78,956**

Earnings per Unit (EPU)	**2Q 2018**	**2Q 2017**	**YTD Jun 2018**	**YTD Jun 2017**
Weighted average number of units for the period ('000)				
– Basic	2,158,934	2,141,143	2,156,538	1,925,588
– Diluted	2,164,928	2,146,244	2,164,928	1,933,251
EPU (cents) (based on the weighted average number of units for the period)				
– Basic [(1)]	1.93	3.08	3.02	4.10
– Diluted	1.93	3.08	3.01	4.08

(1) The computation of EPU included the net change in fair value of serviced residence properties, net of tax and non-controlling interests. Excluding these effects, the EPU for 2Q 2018 and 2Q 2017 would be 1.33 cents and 2.89 cents respectively, and the EPU for YTD Jun 2018 and YTD Jun 2017 would be 2.41 cents and 3.88 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)	**2Q 2018**	**2Q 2017**	**YTD Jun 2018**	**YTD Jun 2017**
Number of units on issue at end of period ('000)	2,159,553	2,144,839	2,159,553	2,144,839
DPU (cents)	1.84	1.84	3.19	3.36
DPU (cents) (restated for Rights Issue)	1.84	2.18	3.19	3.36

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

	GROUP		**TRUST**	
	30/06/18	**31/12/17**	**30/06/18**	**31/12/17**
NAV / NTA per Unit [1] (S$)	1.23	1.25	0.91	0.90
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S$)	1.20	1.21	0.88	0.86

(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 – 2Q 2018 vs. 2Q 2017 (Local Currency ("LC"))

		Revenue[1]				Gross Profit[1]				REVPAU Analysis[2]		
		2Q 2018	2Q 2017	Better/ (Worse)		2Q 2018	2Q 2017	Better/ (Worse)		2Q 2018	2Q 2017	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	1.9	1.8	0.1	6	1.7	1.7	–	–	–	–	–
France	EUR	5.7	5.8	(0.1)	(2)	5.6	5.3	0.3	6	–	–	–
Germany	EUR	2.4	2.0	0.4	20	2.2	1.9	0.3	16	–	–	–
Japan	JPY	133.3	133.3	–	–	104.0	104.2	(0.2)	–	–	–	–
Singapore	S$	5.4	1.8	3.6	200	4.6	1.6	3.0	188	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.4	2.1	0.3	14	0.9	0.7	0.2	29	75	65	15
Spain	EUR	1.4	1.6	(0.2)	(13)	0.7	0.9	(0.2)	(22)	106	118	(10)
United Kingdom	GBP	7.6	7.1	0.5	7	3.4	3.2	0.2	6	130	123	6
Management contracts												
Australia	AUD	6.3	6.5	(0.2)	(3)	2.5	2.5	–	–	134	139	(4)
China	RMB	66.3	76.5	(10.2)	(13)	25.8	30.3	(4.5)	(15)	473	413	15
Indonesia	USD	2.8	2.9	(0.1)	(3)	0.9	1.0	(0.1)	(10)	70	74	(5)
Japan	JPY	1,025.9	1,068.2	(42.3)	(4)	559.6	566.5	(6.9)	(1)	12,203	12,289	(1)
Malaysia	MYR	3.2	3.9	(0.7)	(18)	0.9	1.1	(0.2)	(18)	172	207	(17)
Philippines	PHP	206.2	216.4	(10.2)	(5)	56.0	70.6	(14.6)	(21)	4,145	4,285	(3)
Singapore	S$	6.1	6.1	–	–	2.5	2.4	0.1	4	190	191	–
United States of America	USD	22.8	17.1	5.7	33	6.9	4.9	2.0	41	243	237	3
Vietnam	VND[1]	168.5	182.7	(14.2)	(8)	86.8	101.1	(14.3)	(14)	1,528	1,708	(11)

[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 – 2Q 2018 vs. 2Q 2017 (S$)

	Revenue				Gross Profit				REVPAU Analysis[1]		
	2Q 2018	2Q 2017	Better/ (Worse)		2Q 2018	2Q 2017	Better/ (Worse)		2Q 2018	2Q 2017	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	1.9	1.9	–	–	1.7	1.8	(0.1)	(6)	–	–	–
France	9.1	8.8	0.3	3	8.9	8.0	0.9	11	–	–	–
Germany	3.8	3.1	0.7	23	3.5	2.9	0.6	21	–	–	–
Japan	1.6	1.7	(0.1)	(6)	1.3	1.3	–	–	–	–	–
Singapore	5.4	1.8	3.6	200	4.6	1.6	3.0	188	–	–	–
Sub-total	**21.8**	**17.3**	**4.5**	**26**	**20.0**	**15.6**	**4.4**	**28**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	3.9	3.1	0.8	26	1.4	1.0	0.4	40	120	99	21
Spain	2.3	2.4	(0.1)	(4)	1.2	1.4	(0.2)	(14)	169	179	(6)
United Kingdom	13.8	12.6	1.2	10	6.2	5.9	0.3	5	236	218	8
Sub-total	**20.0**	**18.1**	**1.9**	**11**	**8.8**	**8.3**	**0.5**	**6**	**192**	**176**	**9**
Management contracts											
Australia	6.3	6.8	(0.5)	(7)	2.5	2.6	(0.1)	(4)	135	146	(8)
China	13.8	15.5	(1.7)	(11)	5.4	6.1	(0.7)	(11)	99	84	18
Indonesia	3.7	4.1	(0.4)	(10)	1.3	1.4	(0.1)	(7)	93	104	(11)
Japan	12.5	13.3	(0.8)	(6)	6.8	7.1	(0.3)	(4)	149	154	(3)
Malaysia	1.1	1.2	(0.1)	(8)	0.3	0.4	(0.1)	(25)	58	66	(12)
Philippines	5.2	6.0	(0.8)	(13)	1.4	2.0	(0.6)	(30)	105	119	(12)
Singapore	6.1	6.1	–	–	2.5	2.4	0.1	4	190	191	–
United States of America	30.2	24.0	6.2	26	9.1	6.9	2.2	32	323	332	(3)
Vietnam	9.8	11.2	(1.4)	(13)	5.0	6.2	(1.2)	(19)	89	104	(14)
Sub-total	**88.7**	**88.2**	**0.5**	**1**	**34.3**	**35.1**	**(0.8)**	**(2)**	**149**	**141**	**6**
Group	**130.5**	**123.6**	**6.9**	**6**	**63.1**	**59.0**	**4.1**	**7**	**155**	**146**	**6**

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

Group

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

Analysis By Country

A. Master Leases

Australia

Revenue increased by AUD 0.1 million or 6% as compared to 2Q 2017 due to annual rent increment.

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

France

Revenue decreased by EUR 0.1 million or 2% as compared to 2Q 2017 due to lower rent upon renewal of master leases for four properties from 1 January 2018. Gross profit increased by EUR 0.3 million or 6% due to reversal of provision for business tax no longer required.

In SGD terms, revenue increased by S$0.3 million or 3% due to appreciation of EUR against SGD. Gross profit increased by S$0.9 million or 11% due to reversal of provision for business tax no longer required and appreciation of EUR against SGD.

Germany

Revenue and gross profit increased by EUR 0.4 million or 20% and EUR 0.3 million or 16% respectively, as compared to 2Q 2017, mainly due to the acquisition of two properties on 2 May 2017. On a same store basis, revenue and gross profit remained stable as compared to 2Q 2017.

In SGD terms, both revenue and gross profit increased by S$0.7 million and S$0.6 million respectively mainly due to acquisition of two properties and appreciation of EUR against SGD.

Japan

Revenue and gross profit remained stable.

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

Singapore

Revenue and gross profit increased by S$3.6 million and S$3.0 million respectively, as compared to 2Q 2017, due to the acquisition of Ascott Orchard Singapore on 10 October 2017.

On a same store basis, both revenue and gross profit increased by S$0.2 million.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.3 million or 14% and REVPAU increased by 15% in 2Q 2018 due to stronger demand after market recovery from spate of terrorist attacks in 2016.

In line with the revenue increase, gross profit increased by EUR 0.2 million or 29%.

In SGD terms, revenue increased by S$0.8 million or 26% as compared to 2Q 2017 due to stronger underlying performance and appreciation of EUR against SGD. Gross profit, in SGD terms, increased by S$0.4 million or 40%.

Spain

Both revenue and gross profit decreased by EUR 0.2 million due to weaker leisure demand arising from the political instability in Catalonia.

In SGD terms, revenue decreased by S$0.1 million or 4% due to weaker underlying performance, mitigated by appreciation of EUR against SGD. Gross profit decreased by S$0.2 million or 14%.

United Kingdom

Revenue increased by GBP 0.5 million or 7% and REVPAU increased by 6% as compared to 2Q 2017 due to higher leisure demand and higher revenue from the refurbished apartments at Citadines Barbican London.

Gross profit increased by GBP 0.2 million or 6%, in line with the higher revenue.

In SGD terms, revenue increased by S$1.2 million or 10% due to stronger underlying performance and appreciation of GBP against SGD. Gross profit, in SGD terms, increased by S$0.3 million or 5%.

C. Management contracts

Australia

Revenue decreased by AUD 0.2 million or 3% due to market competition in Melbourne and weaker demand in Perth.

Gross profit remained at the same level as 2Q 2017 due to lower revenue, offset by lower depreciation expense (arising from fully depreciated assets).

In SGD terms, revenue decreased by S$0.5 million or 7% due to weaker underlying performance and depreciation of AUD against SGD. Gross profit decreased by S$0.1 million or 4%.

China

Revenue decreased by RMB 10.2 million or 13% due to the divestment of Citadines Gaoxin Xi'an and Citadines Biyun Shanghai. REVPAU increased by 15% due to the divestment of Citadines Gaoxin Xi'an and Citadines Biyun Shanghai, which had lower REVPAU as compared to the other properties in China. Gross profit decreased by RMB 4.5 million or 15% due to lower revenue.

On a same store basis, excluding the contribution from Citadines Gaoxin Xi'an and Citadines Biyun Shanghai, revenue increased by 2% and REVPAU increased by 4% due to stronger performance from all the properties, except for Somerset Heping Shenyang. Despite the increase in revenue, gross profit decreased by 5% due to property tax refund received and reversal of prior year's depreciation expense in 2Q 2017. Excluding this adjustment, gross profit increased by RMB 2.3 million.

In SGD terms, revenue decreased by S$1.7 million or 11% due to the divestments. Gross profit decreased by S$0.7 million or 11%.

Indonesia

Revenue decreased by USD 0.1 million or 3% and REVPAU decreased by 5% as compared to 2Q 2017 due to ongoing renovation at Somerset Grand Citra. Gross profit decreased by USD 0.1 million or 10%.

In SGD terms, revenue decreased by S$0.4 million or 10% due to weaker underlying performance and depreciation of USD against SGD. Gross profit, in SGD terms, decreased by S$0.1 million or 7%.

Japan

Revenue and gross profit decreased by JPY 42.3 million or 4% and JPY 6.9 million or 1% respectively, as compared to 2Q 2017 mainly due to the divestment of 18 rental housing properties in Tokyo, Japan on 26 April 2017.

On a same store basis, revenue decreased by JPY 1.5 million and REVPAU decreased by 1% due to keen competition and new supply in Kyoto. Gross profit increased by JPY 9.3 million as compared to 2Q 2017 due to lower operation and maintenance expense and depreciation expense, partially offset by lower revenue.

In SGD terms, revenue and gross profit decreased by S$0.8 million or 6% and S$0.3 million or 4% respectively due to the divestment of 18 rental housing properties, weaker underlying performance and depreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 0.7 million or 18% and REVPAU decreased by 17% as compared to 2Q 2017 due to lower occupancy arising from keen competition. Gross profit decreased by MYR 0.2 million or 18% due to lower revenue, partially mitigated by lower marketing expense and staff costs (due to reversal of over-provision of prior year's bonus expense in 2Q 2018).

In SGD terms, revenue and gross profit decreased by S$0.1 million due to appreciation of MYR against SGD, partially offset by weaker underlying performance.

The Philippines

Revenue decreased by PHP 10.2 million or 5% and REVPAU decreased by 3% due to ongoing renovation of Ascott Makati. Gross profit decreased by PHP 14.6 million or 21% due to lower revenue and higher staff costs.

In SGD terms, revenue and gross profit decreased by S$0.8 million or 13% and S$0.6 million or 30% due to weaker underlying performance and depreciation of PHP against SGD.

Singapore

Revenue and REVPAU remained stable as compared to 2Q 2017.

Gross profit increased by S$0.1 million or 4% due to lower depreciation expense (arising from fully depreciated assets).

The United States of America

Revenue increased by USD 5.7 million or 33% as compared to 2Q 2017 due to the acquisition of DoubleTree by Hilton Hotel New York – Times Square South on 16 August 2017 and REVPAU increased by 3%. Gross profit increased by USD 2.0 million or 41% due to higher revenue.

On a same store basis and excluding straight-line recognition of operating lease expense, revenue increased by USD 0.9 million or 5% and REVPAU increased by 5% as compared to 2Q 2017 due to stronger market demand. Gross profit remained stable due to higher revenue, offset by higher staff costs and marketing expense.

In SGD terms, revenue increased by S$6.2 million or 26% whilst gross profit Increased by S$2.2 million or 32%. On a same store basis and excluding the straight-line recognition of operating lease expense, revenue remained stable and gross profit decreased by S$0.1 million due to depreciation of USD against SGD, partially offset by stronger underlying performance.

Vietnam

Revenue decreased by VND 14.2 billion or 8% in 2Q 2018 and REVPAU decreased by 11% as compared to 2Q 2017. The decrease was mainly due to fewer project groups in Hanoi. Gross profit decreased by VND 14.3 billion or 14% due to lower revenue and higher staff costs.

In SGD terms, revenue and gross profit decreased by S$1.4 million or 13% and S$1.2 million or 19% respectively due to weaker underlying performance and depreciation of VND against SGD.

8(b) Revenue and Gross Profit Analysis – YTD Jun 2018 vs. YTD Jun 2017 (Local Currency (“LC”))

		Revenue[1]				Gross Profit[1]				REVPAU Analysis[2]		
		YTD Jun 2018	YTD Jun 2017	Better/ (Worse)		YTD Jun 2018	YTD Jun 2017	Better/ (Worse)		YTD Jun 2018	YTD Jun 2017	Better/ (Worse)
		LC’m		LC’m	%	LC’m		LC’m	%	LC/day		%
Master Leases												
Australia	AUD	3.7	3.6	0.1	3	3.4	3.4	–	–	–	–	–
France	EUR	11.2	11.6	(0.4)	(3)	10.6	10.6	–	–	–	–	–
Germany	EUR	4.8	3.3	1.5	45	4.4	3.1	1.3	42	–	–	–
Japan	JPY	266.6	266.6	–	–	210.5	209.3	1.2	1	–	–	–
Singapore	S$	10.6	3.7	6.9	186	9.1	3.4	5.7	168	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	4.4	3.7	0.7	19	1.2	1.2	–	–	67	57	18
Spain	EUR	2.5	2.8	(0.3)	(11)	1.2	1.4	(0.2)	(14)	92	98	(6)
United Kingdom	GBP	13.6	12.6	1.0	8	5.4	5.2	0.2	4	116	109	6
Management contracts												
Australia	AUD	13.3	13.5	(0.2)	(1)	5.6	5.5	0.1	2	143	147	(3)
China	RMB	129.4	148.0	(18.6)	(13)	49.2	52.7	(3.5)	(7)	461	400	15
Indonesia	USD	5.8	5.8	–	–	1.9	2.0	(0.1)	(5)	74	75	(1)
Japan	JPY	1,937.4	2,174.7	(237.3)	(11)	1,008.8	1,171.3	(162.5)	(14)	11,304	11,713	(3)
Malaysia	MYR	7.0	8.0	(1.0)	(12)	2.1	2.3	(0.2)	(9)	189	214	(12)
Philippines	PHP	405.7	441.5	(35.8)	(8)	110.3	141.5	(31.2)	(22)	4,097	4,455	(8)
Singapore	S$	11.3	11.8	(0.5)	(4)	4.5	4.7	(0.2)	(4)	177	185	(4)
United States of America	USD	36.6	28.6	8.0	28	6.8	5.0	1.8	36	196	199	(2)
Vietnam	VND[1]	341.7	360.8	(19.1)	(5)	185.8	202.4	(16.6)	(8)	1,570	1,689	(7)

[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 Jun 2018 vs. YTD Jun 2017 (S$)**

	Revenue				Gross Profit				REVPAU Analysis[1]		
	YTD Jun 2018	YTD Jun 2017	Better/ (Worse)		YTD Jun 2018	YTD Jun 2017	Better/ (Worse)		YTD Jun 2018	YTD Jun 2017	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	3.9	3.9	–	–	3.6	3.7	(0.1)	(3)	–	–	–
France	18.0	17.5	0.5	3	17.0	16.0	1.0	6	–	–	–
Germany	7.7	5.1	2.6	51	7.1	4.6	2.5	54	–	–	–
Japan	3.2	3.3	(0.1)	(3)	2.6	2.6	–	–	–	–	–
Singapore	10.6	3.7	6.9	186	9.1	3.4	5.7	168	–	–	–
Sub-total	**43.4**	**33.5**	**9.9**	**30**	**39.4**	**30.3**	**9.1**	**30**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	7.0	5.6	1.4	25	2.0	1.7	0.3	18	108	87	24
Spain	4.1	4.1	–	–	2.0	2.0	–	–	148	148	–
United Kingdom	24.7	22.3	2.4	11	9.9	9.4	0.5	5	211	193	9
Sub-total	**35.8**	**32.0**	**3.8**	**12**	**13.9**	**13.1**	**0.8**	**6**	**172**	**155**	**11**
Management contracts											
Australia	13.6	14.2	(0.6)	(4)	5.7	5.8	(0.1)	(2)	147	155	(5)
China	26.9	30.3	(3.4)	(11)	10.2	10.8	(0.6)	(6)	96	82	17
Indonesia	7.6	8.2	(0.6)	(7)	2.6	2.8	(0.2)	(7)	98	106	(8)
Japan	23.6	27.1	(3.5)	(13)	12.3	14.6	(2.3)	(16)	137	146	(6)
Malaysia	2.4	2.5	(0.1)	(4)	0.7	0.7	–	–	64	68	(6)
Philippines	10.4	12.5	(2.1)	(17)	2.8	4.0	(1.2)	(30)	105	126	(17)
Singapore	11.3	11.8	(0.5)	(4)	4.5	4.7	(0.2)	(4)	177	185	(4)
United States of America	48.5	40.4	8.1	20	8.9	7.0	1.9	27	259	281	(8)
Vietnam	19.8	22.4	(2.6)	(12)	10.8	12.6	(1.8)	(14)	91	105	(13)
Sub-total	**164.1**	**169.4**	**(5.3)**	**(3)**	**58.5**	**63.0**	**(4.5)**	**(7)**	**137**	**134**	**2**
Group	**243.3**	**234.9**	**8.4**	**4**	**111.8**	**106.4**	**5.4**	**5**	**142**	**137**	**4**

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

For the six months ended 30 June 2018 ("YTD Jun 2018"), revenue increased by S$8.4 million or 4% as compared to the corresponding period last year ("YTD Jun 2017"). The increase in revenue was mainly due to additional contribution of S$18.6 million from the 2017 Acquisitions, partially offset by decrease in revenue of S$6.8 million from the Divestments and decrease in revenue of S$3.4 million from the existing properties (mainly from Vietnam and Indonesia).

REVPAU increased from S$137 in YTD Jun 2017 to S$142 in YTD Jun 2018.

Gross profit for YTD Jun 2018 increased by S$5.4 million as compared to YTD Jun 2017 mainly due to contribution from the 2017 Acquisitions.

(c) Change in value of serviced residence properties

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 30 June 2018, independent desktop valuations were carried out by Colliers International. 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 31 December 2017 valuation.

The Group's portfolio was revalued at S$4,916.4 million, resulting in a surplus of S$26.7 million which was recognised in the Consolidated Statement of Total Return in 2Q 2018. The surplus resulted mainly from higher valuation of the Group's properties in Vietnam, United Kingdom, France and Philippines, partially offset by lower valuation from the properties in USA. The net impact on the Consolidated Statement of Total Return was S$13.1 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

In the July 2018 update to the World Economic Outlook growth forecasts, whilst International Monetary Fund had kept the FY 2018 global growth projection unchanged at 3.9%, the optimistic sentiments of an improving economy earlier this year lessened to some extent. This is largely due to the tightening of global financial conditions, and recent escalating trade tensions, which in turn impact trade, businesses and investment sentiments and introduce more uncertainties to the global economy.

Coupled with continuous competition from direct and indirect players in the serviced residence industry, Ascott REIT will continue to face challenges amidst new supply. Nevertheless, Ascott REIT remains committed to delivering stable income and resilient returns to our Unitholders through our diversified portfolio, extended-stay business model and properties operating under the three types of contracts: *Master Leases, Management Contracts with Minimum Guaranteed Income and Management Contracts*.

The US Federal Reserve had further raised interest rates in June 2018, following the first hike earlier in April. With an expectation of further hikes for the year that might stretch to 2019 and 2020, we remain proactive in maintaining a disciplined and prudent approach towards capital management to mitigate potential risks. Approximately 84% of our total borrowings are on fixed interest rates to hedge against any potential increases. We continue to remain vigilant in monitoring our interest rate and exchange rate exposure.

Ascott REIT remains dedicated in managing and enhancing our properties to stay competitive. This is achieved through our asset enhancement initiatives including the recently completed renovation of Sheraton Tribeca New York Hotel, and on-going refurbishments of three other properties. At the same time, we continue to stay alert for potential yield-accretive acquisition and divestment opportunities that strengthen our portfolio for sustained growth.

Sources: International Monetary Fund (2018); The Washington Post (2018); The Straits Times (2018)

11. DISTRIBUTIONS

11(a) **Current financial period**
Any distributions declared for the current financial period? Yes
Period of distribution : Distribution for 1 January 2018 to 30 June 2018

Distribution Type	Distribution Rate (cents)
Taxable Income	0.610
Tax Exempt Income	1.344
Capital	1.238
Total	**3.192**

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 January 2017 to 30 June 2017

Distribution Type	Distribution Rate (cents)
Taxable Income	0.357
Tax Exempt Income	2.667
Capital	0.332
Total	**3.356**

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 : 1 August 2018

11(d) Date payable : 27 August 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. **Confirmation pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Trust (comprising the statements of financial position as at 30 June 2018, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the six months ended 30 June 2018, together with their accompanying notes), to be false or misleading in any material aspect.

On behalf of the Board
Ascott Residence Trust Management Limited

Tan Beng Hai	Beh Siew Kim
Chairman	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 July 2018