

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

Summary of Group Results

	3Q 2018 S\$'000	3Q 2017 S\$'000	Better / (Worse) %	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000	Better / (Worse) %
Revenue	134,481	126,925	6	377,764	361,804	4
Gross Profit	64,150	58,749	9	175,956	165,138	7
Unitholders' Distribution	39,372	36,323	8	108,315 ⁽¹⁾	108,312 ⁽²⁾	–
Distribution Per Unit ("DPU") (cents)	1.82	1.69	8	5.01	5.04	(1)
<u>For information only</u> DPU (cents) (adjusted for one-off items ^{(1), (2)})	1.82	1.69	8	4.94	4.49	10

⁽¹⁾ Unitholders' distribution for YTD Sep 2018 included a realised exchange gain of S\$1.6 million arising from the receipt of divestment proceeds and repayment of foreign currency bank loans with the divestment proceeds.

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

ASCOTT RESIDENCE TRUST

2018 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

INTRODUCTION

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

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

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

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

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

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”.

On 20 September 2018, Ascott Reit announced the acquisition of a greenfield site from JTC Corporation for its maiden development project at Nepal Hill, Singapore. It will build the first coliving property in Nepal Hill to be named lyf one-north Singapore. The project will be completed by 2020.

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

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

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		3Q 2018 S\$'000	3Q 2017 S\$'000		YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000	
Revenue	A.1	134,481	126,925	6	377,764	361,804	4
Direct expenses	A.2	(70,331)	(68,176)	(3)	(201,808)	(196,666)	(3)
Gross Profit	A.1	64,150	58,749	9	175,956	165,138	7
Finance income	A.3	228	546	(58)	828	1,114	(26)
Other operating income	A.4	806	68	n.m.	1,202	428	181
Finance costs	A.3	(12,003)	(11,333)	(6)	(35,251)	(34,423)	(2)
Manager's management fees	A.5	(6,213)	(5,566)	(12)	(17,672)	(16,177)	(9)
Trustee's fee		(147)	(124)	(19)	(399)	(361)	(11)
Professional fees	A.6	(722)	(418)	(73)	(2,038)	(1,786)	(14)
Audit fees	A.5	(724)	(589)	(23)	(2,093)	(1,789)	(17)
Foreign exchange gain / (loss)	A.7	1,001	6,877	(85)	(2,288)	20,019	n.m.
Other operating expenses	A.8	(322)	(147)	(119)	(1,788)	(1,675)	(7)
Share of results of associate (net of tax)		–	(26)	n.m.	(40)	(59)	(32)
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		46,054	48,037	(4)	116,417	130,429	(11)
Net change in fair value of financial derivatives	A.9	(83)	555	n.m.	200	777	(74)
Net change in fair value of serviced residence properties and assets held for sale	A.10	–	75,667	n.m.	26,696	81,799	(67)
Profit / (loss) upon divestment	A.11	–	2,853	n.m.	(488)	20,811	n.m.
Assets written off		(62)	–	n.m.	(76)	(5)	n.m.
Total return for the period before tax		45,909	127,112	(64)	142,749	233,811	(39)
Income tax expense	A.12	(7,347)	(29,680)	75	(24,579)	(43,078)	43
Total return for the period after tax		38,562	97,432	(60)	118,170	190,733	(38)
Attributable to:							
Unitholders / perpetual securities holders		36,553	95,953		111,210	184,430	
Non-controlling interests		2,009	1,479		6,960	6,303	
Total return for the period		38,562	97,432	(60)	118,170	190,733	(38)

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		3Q 2018 S\$'000	3Q 2017 S\$'000		YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000	
Total return for the period attributable to Unitholders / perpetual securities holders		36,553	95,953		111,210	184,430	
Net effect of non-tax deductible / chargeable items and other adjustments	A.13	7,659	(54,790)		11,466	(61,757)	
Total amount distributable for the period		44,212	41,163	7	122,676	122,673	-
Amount distributable:							
- Unitholders		39,372	36,323		108,315	108,312	
- Perpetual securities holders		4,840	4,840		14,361	14,361	
		44,212	41,163	7	122,676	122,673	-
Comprises:							
- from operations		(2,650)	(10,840)		66,293	(15,806)	
- from unitholders' contributions		42,022	47,163		42,022	124,118	
		39,372	36,323	8	108,315	108,312	-

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

A.1 Revenue and Gross profit

Revenue for 3Q 2018 of S\$134.5 million comprised S\$20.8 million (15% of total revenue) from serviced residences on Master Leases, S\$20.8 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$92.9 million (70%) from serviced residences on management contracts.

Revenue for 3Q 2018 increased by S\$7.6 million or 6% as compared to 3Q 2017. This was mainly contributed by the additional revenue of S\$6.2 million from the acquisition of Ascott Orchard Singapore and DoubleTree by Hilton Hotel New York – Times Square South and higher revenue from the existing properties of S\$3.6 million, partially offset by the decrease in revenue of S\$2.2 million from the Divestments.

The Group achieved a revenue per available unit ("REVPAU") of S\$158 for 3Q 2018, an increase of 8% as compared to 3Q 2017.

Gross profit for 3Q 2018 of S\$64.2 million comprised S\$18.7 million (29% of total gross profit) from serviced residences on Master Leases, S\$9.4 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$36.1 million (56%) from serviced residences on management contracts.

As compared to 3Q 2017, gross profit increased by S\$5.4 million or 9% due to higher revenue.

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

A.2 Direct expenses include the following items:

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	3Q 2018 S\$'000	3Q 2017 S\$'000		YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000	
Depreciation and amortisation	(3,233)	(3,134)	(3)	(9,546)	(9,598)	1
Staff costs*	(13,354)	(13,078)	(2)	(40,219)	(37,503)	(7)

* Staff costs were higher in 3Q 2018 and YTD Sep 2018 mainly due to the US acquisition in August 2017.

A.3 Finance income and Finance costs

Finance income was higher in 3Q 2017 due to fixed deposit placements with the deposit received for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an and the balance proceeds from the Rights Issue.

Finance costs was higher in 3Q 2018 mainly due to the 2017 Acquisitions.

A.4 Other operating income

Other operating income was higher in 3Q 2018 due to refund of GST in respect of prior periods.

A.5 Manager's management fees / Audit fees

Manager's management fees and audit fees were higher in 3Q 2018 mainly due to the 2017 Acquisitions.

A.6 Professional fees

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

A.7 Foreign exchange gain / (loss)

The foreign exchange gain recognised in 3Q 2018 mainly comprised unrealised exchange gain of S\$0.6 million and realised exchange gain of S\$0.4 million. The unrealised exchange gain mainly arise from EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of EUR against SGD as at balance sheet date, partially offset by unrealised exchange loss on USD bank loans recorded by the China subsidiaries, as a result of the appreciation of USD against RMB.

The realised exchange gain in 3Q 2018 mainly arise from gain on scheduled repayment of USD bank loans recognised by the China subsidiaries and gain on the foreign currency forward contracts.

The foreign exchange gain recognised in 3Q 2017 mainly comprised unrealised exchange gain of S\$6.4 million (mainly arising from EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of EUR against SGD as at balance sheet date) and realised exchange gain of S\$0.5 million.

A.8 Other operating expenses

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

A.9 Net change in fair value of financial derivatives

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

A.10 Net change in fair value of serviced residence properties and assets held for sale

In 3Q 2017, this mainly relates to the surplus on revaluation of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an pursuant to the announcement for the divestment of these serviced residence properties on 3 July 2017. The fair value gain of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an was based on their sale consideration, net of property costs and transaction costs.

A.11 Profit / (loss) upon divestment

In 3Q 2017, this relates to the profit from divestment of 18 rental housing properties in Tokyo, Japan.

A.12 Income tax expense

Taxation for 3Q 2018 was lower by S\$22.3 million as compared to the corresponding period last year. In 3Q 2017, taxation was higher mainly due to the tax expense provided for the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an.

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

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	3Q 2018 S\$'000	3Q 2017 S\$'000		YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000	
Depreciation and amortisation	3,233	3,134	(3)	9,546	9,598	1
Manager's management fee payable / paid partially in units	4,557	4,010	(14)	12,967	11,573	(12)
Trustee's fees *	27	8	(238)	75	43	(74)
Unrealised foreign exchange (gain) / loss	(626)	(6,406)	(90)	4,751	(6,281)	n.m.
Net change in fair value of financial derivatives (Note A.9)	83	(555)	n.m.	(200)	(777)	(74)
Net change in fair value of serviced residence properties and assets held for sale (Note A.10)	–	(75,667)	n.m.	(26,696)	(81,799)	(67)
(Profit) / loss upon divestment (Note A.11)	–	(2,853)	n.m.	488	(20,811)	n.m.
Operating lease expense recognised on a straight-line basis	799	876	9	2,350	2,682	12
Assets written off	62	–	n.m.	76	5	n.m.
Deferred tax expense	(536)	22,825	n.m.	6,194	22,848	73
Effect of non-controlling interests arising from the above	185	(79)	n.m.	2,068	1,472	(40)

* This relates to the Singapore properties only and is not tax deductible. The increase in trustee's fees for 3Q 2018 and YTD Sep 2018 mainly arise due to the acquisition of Ascott Orchard Singapore in October 2017.

1(b)(i) Statement of Financial Position

	Note	GROUP		TRUST	
		30/09/18 S\$'000	31/12/17 S\$'000	30/09/18 S\$'000	31/12/17 S\$'000
Non-Current Assets					
Plant and equipment		46,652	49,768	12,570	13,844
Serviced residence properties	B.1	4,927,395	4,908,400	951,047	950,156
Interest in subsidiaries		–	–	340,889	340,889
Interest in associate		3,012	2,992	3,054	2,993
Financial derivatives	B.2	12,703	7,169	2,857	2,090
Deferred tax assets		6,466	5,770	–	–
Other non-current assets	B.3	4,861	–	4,861	–
		5,001,089	4,974,099	1,315,278	1,309,972
Current Assets					
Inventories		319	214	–	–
Trade and other receivables	B.4	52,311	66,573	2,310,744	2,369,264
Assets held for sale	B.5	–	194,820	–	–
Financial derivatives	B.2	200	–	200	–
Cash and cash equivalents	B.6	219,151	257,345	12,423	12,598
		271,981	518,952	2,323,367	2,381,862
Total Assets		5,273,070	5,493,051	3,638,645	3,691,834
Non-Current Liabilities					
Interest bearing liabilities	B.9	(1,635,397)	(1,681,106)	(304,167)	(351,782)
Financial derivatives	B.2	(17,059)	(15,960)	(15,530)	(13,570)
Deferred tax liabilities	B.8	(111,334)	(119,211)	–	–
		(1,763,790)	(1,816,277)	(319,697)	(365,352)
Current Liabilities					
Trade and other payables	B.7	(138,306)	(237,069)	(943,805)	(917,940)
Liabilities held for sale	B.5	–	(1,065)	–	–
Interest bearing liabilities	B.9	(239,953)	(264,267)	(65,048)	(77,187)
Financial derivatives	B.2	(751)	(165)	(547)	(121)
Provision for taxation		(6,795)	(2,525)	–	–
		(385,805)	(505,091)	(1,009,400)	(995,248)
Total Liabilities		(2,149,595)	(2,321,368)	(1,329,097)	(1,360,600)
Net Assets		3,123,475	3,171,683	2,309,548	2,331,234
Represented by:					
Unitholders' funds	1(d)(i)	2,629,137	2,685,129	1,907,634	1,934,107
Perpetual securities holders	1(d)(i)	401,914	397,127	401,914	397,127
Non-controlling interests	1(d)(i)	92,424	89,427	–	–
Total Equity		3,123,475	3,171,683	2,309,548	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 September 2018 was mainly due to higher valuation of properties, 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 RMB, USD and PHP.

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 Other non-current assets

Other non-current assets relate to the tender deposit and stamp duty paid for lyf one-north Singapore.

B.4 Trade and other receivables

The decrease in the trade and other receivables as at 30 September 2018 was mainly due to lower prepaid expenses arising from the completion of the divestment of the two China properties in January 2018. The transaction costs were previously recognised as prepayments as at 31 December 2017.

B.5 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 September 2018, the divestments were completed.

B.6 Cash and cash equivalents

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

B.7 Trade and other payables

The decrease in the trade and other payables as at 30 September 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.8 Deferred tax liabilities

The decrease in deferred tax liabilities as at 30 September 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.9 Interest bearing liabilities

	GROUP		TRUST	
	30/09/18 S\$'000	31/12/17 S\$'000	30/09/18 S\$'000	31/12/17 S\$'000
Amount repayable in one year or less or on demand				
- Secured	74,600	26,518	-	-
- Unsecured	165,548	237,786	65,048	77,187
Less: Unamortised transaction costs	(195)	(37)	-	-
	239,953	264,267	65,048	77,187
Amount repayable after one year				
- Secured	849,826	929,691	205,437	212,039
- Unsecured	795,755	764,166	101,401	142,745
Less: Unamortised transaction costs	(10,184)	(12,751)	(2,671)	(3,002)
	1,635,397	1,681,106	304,167	351,782
Total	1,875,350	1,945,373	369,215	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 September 2018, the Group's gearing was 36.4%, 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 4.7 times. S\$1,541.0 million or 82% of the Group's borrowings are on fixed interest rates, of which S\$161.0 million is due in the next 12 months.

Out of the Group's total borrowings, 5 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 2021.

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

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	3Q 2018 S\$'000	3Q 2017 S\$'000	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000
Operating Activities				
Total return for the period before tax	45,909	127,112	142,749	233,811
<u>Adjustments for:</u>				
Depreciation and amortisation	3,233	3,134	9,546	9,598
Loss on disposal of plant and equipment	118	34	96	230
Assets written off	62	–	76	5
Operating lease expense recognised on a straight-line basis	799	876	2,350	2,682
Finance costs	12,003	11,333	35,251	34,423
Finance income	(228)	(546)	(828)	(1,114)
Provision for doubtful debts addition / (reversal)	4	10	(12)	9
Manager's management fees payable / paid partially in units	4,557	4,010	12,967	11,573
Unrealised foreign exchange (gain) / loss	(626)	(6,406)	4,751	(6,281)
Net change in fair value of serviced residence properties and assets held for sale	–	(75,667)	(26,696)	(81,799)
Net change in fair value of financial derivatives	83	(555)	(200)	(777)
(Profit) / Loss upon divestment	–	(2,853)	488	(20,811)
Share of results of associate	–	26	40	59
Operating profit before working capital changes	65,914	60,508	180,578	181,608
Changes in working capital	23,904	(1,841)	(1,760)	(25,597)
Cash generated from operations	89,818	58,667	178,818	156,011
Income tax paid	(4,530)	(4,166)	(12,452)	(13,573)
Cash flows from operating activities	85,288	54,501	166,366	142,438
Investing Activities				
Acquisition of plant and equipment	(2,929)	(1,453)	(10,554)	(9,337)
Acquisition of serviced residence properties, net of cash acquired	–	(130,030)	–	(243,213)
Capital expenditure on serviced residence properties	(1,345)	(4,566)	(2,677)	(9,333)
Acquisition of serviced residence property under development	(4,782)	–	(4,782)	–
Deposit received for divestment of subsidiaries	–	91,046	–	100,947
Proceeds on disposal of assets held for sale	–	–	90,175	6,706
Proceeds from divestment of serviced residence properties	–	2,859	–	150,057
Interest received	228	546	828	1,114
Proceeds from sale of plant and equipment	1	6	45	31
Cash flows (used in) / from investing activities	(8,827)	(41,592)	73,035	(3,028)
Balance carried forward	76,461	12,909	239,401	139,410

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	3Q 2018 S\$'000	3Q 2017 S\$'000	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000
Balance brought forward	76,461	12,909	239,401	139,410
Financing Activities				
Distribution to Unitholders	(68,933)	(72,009)	(149,116)	(144,629)
Distribution to perpetual securities holders	–	–	(9,574)	(9,574)
Dividend paid to non-controlling interests	(1,380)	–	(3,186)	(1,622)
Interest paid	(9,564)	(9,357)	(29,190)	(31,315)
Payment of finance lease liabilities	(683)	(821)	(2,364)	(2,340)
Proceeds from bank borrowings and issue of medium term notes	109,098	98,138	260,573	247,940
Proceeds from issue of new units	–	–	–	442,671
Payment of issue expenses on issue of new units	–	–	–	(4,840)
Repayment of bank borrowings and medium term notes	(80,198)	(47,928)	(343,041)	(502,621)
Payment of transaction costs on bank borrowings	(54)	–	(344)	–
Cash flows used in financing activities	(51,714)	(31,977)	(276,242)	(6,330)
Increase / (decrease) in cash and cash equivalents	24,747	(19,068)	(36,841)	133,080
Cash and cash equivalents at beginning of the period	196,754	294,532	257,345	143,074
Effect of exchange rate changes on balances held in foreign currencies	(2,350)	(345)	(1,353)	(1,035)
Cash and cash equivalents at end of the period	219,151	275,119	219,151	275,119

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

	Note	GROUP		GROUP	
		3Q 2018 S\$'000	3Q 2017 S\$'000	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,735,643	1,838,814	1,771,310	1,451,627
New units issued / to be issued					
- Manager's management fees paid in units		4,557	4,993	13,016	12,528
- Rights Issue on 11 April 2017		-	-	-	442,671
Issue expenses		-	-	-	(4,840)
Distribution to Unitholders		-	(76,975)	(44,126)	(135,154)
Balance as at end of period		1,740,200	1,766,832	1,740,200	1,766,832
Operations					
Balance as at beginning of period		1,112,195	962,456	1,083,116	898,132
Total return for the period attributable to Unitholders / perpetual securities holders		36,553	95,953	111,210	184,430
Total return attributable to perpetual securities holders		(4,840)	(4,840)	(14,361)	(14,361)
Transfer between reserves		(1,235)	1	(1,235)	(190)
Distribution to Unitholders		(68,933)	4,966	(104,990)	(9,475)
Balance as at end of period		1,073,740	1,058,536	1,073,740	1,058,536
Foreign Currency Translation Reserve					
Balance as at beginning of period		(191,706)	(170,467)	(170,205)	(153,410)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(4,373)	10,299	(26,594)	(6,758)
Change in ownership interests in subsidiaries with a change in control		-	-	720	-
Balance as at end of period		(196,079)	(160,168)	(196,079)	(160,168)
Capital Reserve					
Balance as at beginning of period		2,148	2,148	2,148	1,957
Transfer between reserves		1,235	(1)	1,235	190
Balance as at end of period		3,383	2,147	3,383	2,147
Hedging Reserve					
Balance as at beginning of period		8,012	(4,931)	(1,240)	2,319
Effective portion of change in fair values of cash flow hedges		(119)	1,205	9,133	(6,045)
Balance as at end of period		7,893	(3,726)	7,893	(3,726)
Unitholders' Funds	1(b)(i)	2,629,137	2,663,621	2,629,137	2,663,621
Perpetual Securities					
Balance as at beginning of period		397,074	397,074	397,127	397,127
Total return attributable to perpetual securities holders		4,840	4,840	14,361	14,361
Distribution to perpetual securities holders		-	-	(9,574)	(9,574)
Balance as at end of period	1(b)(i)	401,914	401,914	401,914	401,914

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

	Note	GROUP		GROUP	
		3Q 2018 S\$'000	3Q 2017 S\$'000	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000
Non-controlling Interests					
Balance as at beginning of period		91,391	88,311	89,427	84,511
Total return for the period		2,009	1,479	6,960	6,303
Dividend paid to non-controlling interests		(1,380)	–	(3,186)	(1,622)
Acquisition of subsidiaries		–	17	–	3,116
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		404	(1,229)	(777)	(3,730)
Balance as at end of period	1(b)(i)	92,424	88,578	92,424	88,578
Equity	1(b)(i)	3,123,475	3,154,113	3,123,475	3,154,113

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

	Note	TRUST		TRUST	
		3Q 2018 S\$'000	3Q 2017 S\$'000	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,735,643	1,838,814	1,771,310	1,451,627
New units issued / to be issued					
- Manager's management fees paid in units		4,557	4,993	13,016	12,528
- Rights Issue on 11 April 2017		–	–	–	442,671
Issue expenses		–	–	–	(4,840)
Distribution to Unitholders		–	(76,975)	(44,126)	(135,154)
Balance as at end of period		1,740,200	1,766,832	1,740,200	1,766,832
Operations					
Balance as at beginning of period		232,749	124,987	166,072	112,094
Total return for the period attributable to Unitholders / perpetual securities holders		10,244	(7,834)	122,499	29,021
Total return attributable to perpetual securities holders		(4,840)	(4,840)	(14,361)	(14,361)
Distribution to Unitholders		(68,933)	4,966	(104,990)	(9,475)
Balance as at end of period		169,220	117,279	169,220	117,279
Hedging Reserve					
Balance as at beginning of period		(2,219)	(3,602)	(3,275)	(3,884)
Effective portion of change in fair values of cash flow hedges		433	30	1,489	312
Balance as at end of period		(1,786)	(3,572)	(1,786)	(3,572)
Unitholders' Funds	1(b)(i)	1,907,634	1,880,539	1,907,634	1,880,539
Perpetual Securities					
Balance as at beginning of period		397,074	397,074	397,127	397,127
Total return attributable to perpetual securities holders		4,840	4,840	14,361	14,361
Distribution to perpetual securities holders		–	–	(9,574)	(9,574)
Balance as at end of period	1(b)(i)	401,914	401,914	401,914	401,914
Equity	1(b)(i)	2,309,548	2,282,453	2,309,548	2,282,453

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

	TRUST			
	3Q 2018 '000	3Q 2017 '000	YTD Sep 2018 '000	YTD Sep 2017 '000
Balance as at beginning of period	2,159,553	2,144,839	2,149,688	1,653,471
Issue of new units:				
- partial payment of manager's management fees in units	2,471	1,970	12,336	11,650
- payment of manager's acquisition fee	-	837	-	837
- Rights Issue on 11 April 2017	-	-	-	481,688
Balance as at end of period	2,162,024	2,147,646	2,162,024	2,147,646

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	
	3Q 2018 S\$'000	3Q 2017 S\$'000	YTD Sep 2018 S\$'000	YTD Sep 2017 S\$'000
Total return for the period attributable to Unitholders / perpetual securities holders	36,553	95,953	111,210	184,430
Less: Total return attributable to perpetual securities holders	(4,840)	(4,840)	(14,361)	(14,361)
Total return for the period attributable to Unitholders	31,713	91,113	96,849	170,069

	3Q 2018	3Q 2017	YTD Sep 2018	YTD Sep 2017
Earnings per Unit (EPU)				
Weighted average number of units for the period ('000)				
– Basic	2,161,030	2,146,757	2,158,052	2,016,914
– Diluted	2,168,998	2,153,226	2,168,998	2,026,179
EPU (cents) (based on the weighted average number of units for the period)				
– Basic ⁽¹⁾	1.47	4.24	4.49	8.43
– Diluted	1.46	4.23	4.47	8.39

⁽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 3Q 2017 would be 1.81 cents, and the EPU for YTD Sep 2018 and YTD Sep 2017 would be 3.88 cents and 5.64 cents respectively.

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

	3Q 2018	3Q 2017	YTD Sep 2018	YTD Sep 2017
Distribution per Unit (DPU)				
Number of units on issue at end of period ('000)	2,162,024	2,147,646	2,162,024	2,147,646
DPU (cents)	1.82	1.69	5.01	5.04

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

	GROUP		TRUST	
	30/09/18	31/12/17	30/09/18	31/12/17
NAV / NTA per Unit ⁽¹⁾ (S\$)	1.22	1.25	0.88	0.90
Adjusted NAV / NTA per Unit (excluding the distributable income to Unitholders) (S\$)	1.20	1.21	0.86	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 – 3Q 2018 vs. 3Q 2017 (Local Currency (“LC”))

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		3Q 2018	3Q 2017	Better/ (Worse)		3Q 2018	3Q 2017	Better/ (Worse)		3Q 2018	3Q 2017	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	5.8	(0.1)	(2)	5.2	5.3	(0.1)	(2)	–	–	–
Germany	EUR	2.4	2.4	–	–	2.2	2.2	–	–	–	–	–
Japan	JPY	–	133.3	(133.3)	n.m.	–	104.8	(104.8)	n.m.	–	–	–
Singapore	S\$	5.9	2.1	3.8	181	5.1	1.9	3.2	168	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.2	2.1	0.1	5	0.7	0.6	0.1	17	67	66	2
Spain	EUR	1.6	1.7	(0.1)	(6)	0.8	0.9	(0.1)	(11)	117	121	(3)
United Kingdom	GBP	8.2	7.8	0.4	5	4.0	3.8	0.2	5	140	132	6
Management contracts												
Australia	AUD	6.9	6.7	0.2	3	2.9	2.7	0.2	7	149	141	6
China	RMB	69.0	78.1	(9.1)	(12)	28.8	30.2	(1.4)	(5)	484	420	15
Indonesia	USD	3.0	3.2	(0.2)	(6)	1.2	1.2	–	–	77	82	(6)
Japan	JPY	1,156.4	968.5	187.9	19	625.8	504.4	121.4	24	11,496	11,145	3
Malaysia	MYR	4.2	4.7	(0.5)	(11)	1.4	1.9	(0.5)	(26)	223	249	(10)
Philippines	PHP	229.9	207.6	22.3	11	67.3	61.6	5.7	9	4,519	3,927	15
Singapore	S\$	7.0	5.9	1.1	19	3.3	2.6	0.7	27	217	183	19
United States of America	USD	21.3	18.7	2.6	14	5.2	4.3	0.9	21	226	224	1
Vietnam	VND ¹	170.3	175.9	(5.6)	(3)	88.7	92.3	(3.6)	(4)	1,499	1,612	(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(a) **Revenue and Gross Profit Analysis – 3Q 2018 vs. 3Q 2017 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	3Q 2018	3Q 2017	Better/ (Worse)		3Q 2018	3Q 2017	Better/ (Worse)		3Q 2018	3Q 2017	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	1.9	2.0	(0.1)	(5)	1.8	1.9	(0.1)	(5)	–	–	–
France	9.1	9.2	(0.1)	(1)	8.3	8.4	(0.1)	(1)	–	–	–
Germany	3.9	3.8	0.1	3	3.5	3.4	0.1	3	–	–	–
Japan	–	1.6	(1.6)	n.m.	–	1.3	(1.3)	n.m.	–	–	–
Singapore	5.9	2.1	3.8	181	5.1	1.9	3.2	168	–	–	–
Sub-total	20.8	18.7	2.1	11	18.7	16.9	1.8	11	–	–	–
Management contracts with minimum guaranteed income											
Belgium	3.6	3.4	0.2	6	1.1	1.0	0.1	10	106	104	2
Spain	2.5	2.6	(0.1)	(4)	1.2	1.4	(0.2)	(14)	187	192	(3)
United Kingdom	14.7	13.7	1.0	7	7.1	6.5	0.6	9	250	234	7
Sub-total	20.8	19.7	1.1	6	9.4	8.9	0.5	6	198	189	5
Management contracts											
Australia	6.9	7.1	(0.2)	(3)	2.9	2.9	–	–	149	151	(1)
China	14.0	15.9	(1.9)	(12)	5.8	6.1	(0.3)	(5)	98	86	14
Indonesia	4.1	4.4	(0.3)	(7)	1.6	1.6	–	–	104	113	(8)
Japan	14.2	12.0	2.2	18	7.7	6.2	1.5	24	141	137	3
Malaysia	1.4	1.5	(0.1)	(7)	0.5	0.6	(0.1)	(17)	75	79	(5)
Philippines	5.9	5.6	0.3	5	1.8	1.7	0.1	6	115	106	8
Singapore	7.0	5.9	1.1	19	3.3	2.6	0.7	27	217	183	19
United States of America	29.0	25.7	3.3	13	7.1	5.9	1.2	20	307	308	–
Vietnam	10.4	10.4	–	–	5.4	5.4	–	–	92	95	(3)
Sub-total	92.9	88.5	4.4	5	36.1	33.0	3.1	9	150	138	9
Group	134.5	126.9	7.6	6	64.2	58.8	5.4	9	158	146	8

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

Group

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

Analysis By Country

A. Master Leases

Australia

Revenue and gross profit increased by AUD 0.1 million or 6% as compared to 3Q 2017 due to annual rent increment.

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

France

Revenue and gross profit decreased by EUR 0.1 million or 2% as compared to 3Q 2017 due to lower rent upon renewal of master leases for four properties from 1 January 2018.

In SGD terms, revenue and gross profit decreased by S\$0.1 million or 1%.

Germany

Revenue and gross profit remained stable.

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

Japan

Revenue and gross profit decreased due to the reclassification of the contribution for Infini Garden to “management contract” category with effect from July 2018, upon the expiry of the master lease arrangement.

Singapore

Revenue and gross profit increased by S\$3.8 million and S\$3.2 million respectively, as compared to 3Q 2017, due to the acquisition of Ascott Orchard Singapore on 10 October 2017.

On a same store basis, revenue and gross profit increased by S\$0.3 million.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.1 million or 5% and REVPAU increased by 2% in 3Q 2018 due to stronger market demand.

In line with the revenue increase, gross profit increased by EUR 0.1 million or 17%.

In SGD terms, revenue increased by S\$0.2 million or 6% as compared to 3Q 2017 due to stronger underlying performance. Gross profit, in SGD terms, increased by S\$0.1 million or 10%.

Spain

Both revenue and gross profit decreased by EUR 0.1 million due to a general decline in rates in the city.

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

United Kingdom

Revenue increased by GBP 0.4 million or 5% and REVPAU increased by 6% as compared to 3Q 2017 due to higher corporate and leisure demand.

Gross profit increased by GBP 0.2 million or 5%, in line with the higher revenue.

In SGD terms, revenue increased by S\$1.0 million or 7% due to stronger underlying performance and appreciation of GBP against SGD. Gross profit, in SGD terms, increased by S\$0.6 million or 9%.

C. Management contracts

Australia

Revenue and gross profit increased by AUD 0.2 million due to higher leisure demand in Melbourne.

In SGD terms, revenue decreased by S\$0.2 million or 3% due to depreciation of AUD against SGD, partially mitigated by stronger underlying performance. Gross profit remained stable.

China

Revenue decreased by RMB 9.1 million or 12% 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 1.4 million or 5% due to lower revenue.

On a same store basis, excluding the contribution from Citadines Gaoxin Xi'an and Citadines Biyun Shanghai, revenue and REVPAU increased by 3% due to increase in project groups. Gross profit increased by 16% due to higher revenue, coupled with lower depreciation expense and reversal of over-provision of prior year's expenses.

In SGD terms, revenue and gross profit decreased by S\$1.9 million or 12% and S\$0.3 million or 5% respectively due to the divestments.

Indonesia

Revenue decreased by USD 0.2 million or 6% and REVPAU decreased by 6% as compared to 3Q 2017 due to ongoing renovation at Somerset Grand Citra. Gross profit remained stable due to lower revenue, mitigated by lower marketing expense and insurance expense.

In SGD terms, revenue decreased by S\$0.3 million or 7% due to ongoing renovation. Gross profit remained stable.

Japan

Revenue and gross profit increased by JPY 187.9 million or 19% and JPY 121.4 million or 24% respectively, as compared to 3Q 2017. This was mainly due to the reclassification of the contribution for Infini Garden from “master lease” category to “management contract” category with effect from July 2018, upon the expiry of the master lease arrangement.

On a same store basis (excluding the contribution from Infini Garden for 3Q 2018), revenue increased by 4% and REVPAU increased by 3% due to higher corporate demand in Tokyo, partially offset by keen competition arising from new supply in Kyoto. Gross profit increased by 2% as compared to 3Q 2017 due to higher revenue, partially offset by higher operation and maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S\$2.2 million or 18% and S\$1.5 million or 24% respectively.

Malaysia

Revenue decreased by MYR 0.5 million or 11% and REVPAU decreased by 10% as compared to 3Q 2017 due to weaker leisure demand. Gross profit decreased by MYR 0.5 million or 26% due to lower revenue.

In SGD terms, revenue and gross profit decreased by S\$0.1 million due to weaker underlying performance.

The Philippines

Revenue increased by PHP 22.3 million or 11% and REVPAU increased by 15% due to higher revenue from the refurbished apartments at Ascott Makati and higher corporate demand. Gross profit increased by PHP 5.7 million or 9% due to higher revenue.

In SGD terms, revenue and gross profit increased by S\$0.3 million or 5% and S\$0.1 million or 6% due to stronger underlying performance, partially offset by depreciation of PHP against SGD.

Singapore

Revenue increased by S\$1.1 million or 19% and REVPAU increased by 19% due to higher market demand and higher average daily rate as revenue was affected by a long stay project group with lower average daily rate in 3Q 2017.

Gross profit increased by S\$0.7 million or 27% due to higher revenue.

The United States of America

Revenue increased by USD 2.6 million or 14% as compared to 3Q 2017 due to the full quarter contribution from DoubleTree by Hilton Hotel New York – Times Square South, which was acquired on 16 August 2017. REVPAU increased by 1%. Gross profit increased by USD 0.9 million or 21% due to higher revenue.

On a same store basis and excluding straight-line recognition of operating lease expense, revenue increased by USD 0.5 million or 3% and REVPAU increased by 3% as compared to 3Q 2017 due to higher revenue from the refurbished apartments at Sheraton Tribeca New York Hotel and improved market condition in New York. Gross profit increased by USD 0.4 million due to higher revenue, partially offset by higher operation and maintenance expense.

In SGD terms, revenue increased by S\$3.3 million or 13% whilst gross profit increased by S\$1.2 million or 20%. On a same store basis and excluding the straight-line recognition of operating lease expense, revenue increased by S\$0.6 million or 3%, gross profit increased by S\$0.4 million or 8% and REVPAU increased by 3%.

Vietnam

Revenue decreased by VND 5.6 billion or 3% in 3Q 2018 and REVPAU decreased by 7% as compared to 3Q 2017. The decrease was mainly due to fewer project groups in Hanoi. Gross profit decreased by VND 3.6 billion or 4% due to lower revenue.

In SGD terms, revenue and gross profit remained stable due to weaker underlying performance, offset by appreciation of VND against SGD.

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

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Sep 2018	YTD Sep 2017	Better/ (Worse)		YTD Sep 2018	YTD Sep 2017	Better/ (Worse)		YTD Sep 2018	YTD Sep 2017	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	5.6	5.4	0.2	4	5.2	5.1	0.1	2	–	–	–
France	EUR	16.9	17.4	(0.5)	(3)	15.8	15.9	(0.1)	(1)	–	–	–
Germany	EUR	7.2	5.7	1.5	26	6.6	5.3	1.3	25	–	–	–
Japan	JPY	266.6	399.9	(133.3)	(33)	210.5	314.1	(103.6)	(33)	–	–	–
Singapore	S\$	16.5	5.8	10.7	184	14.1	5.3	8.8	166	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	6.6	5.9	0.7	12	1.9	1.8	0.1	6	67	60	12
Spain	EUR	4.1	4.4	(0.3)	(7)	2.0	2.3	(0.3)	(13)	101	106	(5)
United Kingdom	GBP	21.8	20.4	1.4	7	9.4	9.0	0.4	4	124	117	6
Management contracts												
Australia	AUD	20.2	20.2	–	–	8.5	8.2	0.3	4	145	145	–
China	RMB	198.4	226.1	(27.7)	(12)	78.0	82.9	(4.9)	(6)	469	407	15
Indonesia	USD	8.8	9.0	(0.2)	(2)	3.1	3.2	(0.1)	(3)	75	78	(4)
Japan	JPY	3,093.8	3,143.2	(49.4)	(2)	1,634.6	1,675.7	(41.1)	(2)	11,369	11,522	(1)
Malaysia	MYR	11.2	12.7	(1.5)	(12)	3.5	4.2	(0.7)	(17)	201	225	(11)
Philippines	PHP	635.6	649.1	(13.5)	(2)	177.6	203.1	(25.5)	(13)	4,239	4,277	(1)
Singapore	S\$	18.4	17.7	0.7	4	7.9	7.2	0.7	10	191	184	4
United States of America	USD	57.9	47.3	10.6	22	12.0	9.3	2.7	29	206	208	(1)
Vietnam	VND ¹	512.0	536.7	(24.7)	(5)	274.5	294.7	(20.2)	(7)	1,546	1,663	(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 Sep 2018 vs. YTD Sep 2017 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Sep 2018	YTD Sep 2017	Better/(Worse)		YTD Sep 2018	YTD Sep 2017	Better/(Worse)		YTD Sep 2018	YTD Sep 2017	Better/(Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day		%
Master Leases											
Australia	5.7	5.9	(0.2)	(3)	5.3	5.5	(0.2)	(4)	–	–	–
France	27.1	26.6	0.5	2	25.4	24.4	1.0	4	–	–	–
Germany	11.6	8.8	2.8	32	10.6	8.1	2.5	31	–	–	–
Japan	3.2	5.0	(1.8)	(36)	2.6	3.9	(1.3)	(33)	–	–	–
Singapore	16.5	5.8	10.7	184	14.1	5.3	8.8	166	–	–	–
Sub-total	64.1	52.1	12.0	23	58.0	47.2	10.8	23	–	–	–
Management contracts with minimum guaranteed income											
Belgium	10.6	9.0	1.6	18	3.1	2.8	0.3	11	107	93	15
Spain	6.6	6.7	(0.1)	(1)	3.2	3.4	(0.2)	(6)	161	163	(1)
United Kingdom	39.4	36.1	3.3	9	17.0	15.9	1.1	7	224	207	8
Sub-total	56.6	51.8	4.8	9	23.3	22.1	1.2	5	181	166	9
Management contracts											
Australia	20.5	21.3	(0.8)	(4)	8.7	8.7	–	–	148	154	(4)
China	40.8	46.2	(5.4)	(12)	16.1	16.9	(0.8)	(5)	97	83	17
Indonesia	11.8	12.7	(0.9)	(7)	4.2	4.4	(0.2)	(5)	100	108	(7)
Japan	37.8	39.1	(1.3)	(3)	20.0	20.8	(0.8)	(4)	139	143	(3)
Malaysia	3.8	4.1	(0.3)	(7)	1.1	1.3	(0.2)	(15)	67	72	(7)
Philippines	16.3	18.0	(1.7)	(9)	4.5	5.6	(1.1)	(20)	109	119	(8)
Singapore	18.4	17.7	0.7	4	7.9	7.2	0.7	10	191	184	4
United States of America	77.5	66.1	11.4	17	16.0	12.9	3.1	24	275	291	(5)
Vietnam	30.2	32.7	(2.5)	(8)	16.2	18.0	(1.8)	(10)	91	101	(10)
Sub-total	257.1	257.9	(0.8)	–	94.7	95.8	(1.1)	(1)	141	135	4
Group	377.8	361.8	16.0	4	176.0	165.1	10.9	7	147	140	5

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

For the nine months ended 30 September 2018 (“YTD Sep 2018”), revenue increased by S\$16.0 million or 4% as compared to the corresponding period last year (“YTD Sep 2017”). The increase in revenue was mainly due to additional contribution of S\$24.9 million from the 2017 Acquisitions and increase in revenue of S\$0.2 million from the existing properties, partially offset by decrease in revenue of S\$9.1 million from the Divestments.

REVPAU increased 5%, from S\$140 in YTD Sep 2017 to S\$147 in YTD Sep 2018.

Gross profit for YTD Sep 2018 increased by S\$10.9 million or 7% as compared to YTD Sep 2017 mainly due to contribution from the 2017 Acquisitions and higher contribution from the existing properties, partially offset by decrease from the Divestments.

9. **Variance from forecast**

The Group has not disclosed any forecast to the market.

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

The International Monetary Fund has tapered their 2018 growth projections to 3.7% in the October 2018 update to the World Economic Outlook. While positive signals may continue to originate from the broader hospitality industry, some markets may face pressure from continued trade tensions, new supply and policy uncertainties. Ascott REIT's strategy of having a well-diversified global portfolio will help to cushion the effects of these impending challenges. With an asset allocation of 60:40 in Asia Pacific and Europe/Americas respectively, Ascott REIT has positioned itself with balanced portfolios in both developed and emerging markets. With no market contributing more than 15% to its earnings, Ascott REIT is not over-reliant on a single economy, enabling its earnings to remain steadfast.

2018's third interest rate hike in September by the US Federal Reserves, with further rises expected through 2020, has tightened the global financial market. Ascott REIT has adopted a prudent approach towards capital and risk management. With 82% of total debts on fixed rates, coupled with a well-spread debt maturity and having less than 10% of debt expiring in 2019, the increasing interest rate environment is not expected to have any significant impact to Ascott REIT's bottom-line. In August, Fitch Ratings affirmed Ascott REIT's investment grade status, maintaining 'BBB' with a stable outlook, thereby allowing Ascott REIT to maintain its borrowings on attractive rates.

In its continual bid towards yield enhancement, Ascott REIT has embarked on its maiden development project, to build its first coliving property. When completed, this new accommodation offering will cater specially to the growing market of millennials and the millennial-minded. Proactive asset management has strengthened Ascott REIT's balance sheet and earnings, including timely Asset Enhancement Initiatives ("AEIs") to optimise the performance of its assets through uplifts in rates and property valuation. Ascott REIT is expected to benefit from the recent completion of AEIs in Ascott Makati and Sheraton Tribeca New York Hotel, as well as Somerset Grand Hanoi and Somerset Grand Citra Jakarta by end 2018 and early 2019, respectively.

Source: International Monetary Fund (2018), Business Times (2018)

11. **DISTRIBUTIONS**

11(a) **Current financial period**

Any distributions declared for the current financial period? No

11(b) **Corresponding period of the preceding financial period**

Any distributions declared for the corresponding period of the immediate preceding financial period? No

11(c) Book closure date : Not applicable

11(d) Date payable : Not applicable

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

Not applicable.

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

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

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

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

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

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

On behalf of the Board
Ascott Residence Trust Management Limited

Tan Beng Hai
Chairman

Beh Siew Kim
Director

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

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

Karen Chan
Company Secretary
1 November 2018