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ASCOTT REIT'S 3Q 2018 DISTRIBUTION PER UNIT RISES 8% TO 1.82 CENTS LIFTED BY ACQUISITIONS AND STRONG OPERATING PERFORMANCE

Gross profit increases by 9% while RevPAU grows 8% with stronger performances across key markets

Singapore, 1 November 2018 – Ascott Residence Trust (Ascott Reit) posted a strong third quarter with 3Q 2018 Unitholders' distribution and distribution per unit (DPU) increasing by 8% to S$39.4 million and 1.82 cents respectively over 3Q 2017. Revenue grew 6% year-on-year to S$134.5 million and gross profit increased 9% to S$64.2 million. This was mainly underpinned by additional revenue from Ascott Orchard Singapore and DoubleTree by Hilton Hotel New York – Times Square South that were acquired in 2017, as well as higher revenue from existing properties. Revenue per available unit (RevPAU) rose 8% to S$158, riding on higher demand for Ascott Reit's properties in key markets including Singapore, China and Japan.

Mr Bob Tan, Ascott Residence Trust Management Limited's (ARTML) Chairman, said: "Ascott Reit continued to deliver stable returns this quarter through acquisitions of quality assets that enhanced our portfolio. With a debt headroom of about S$810 million, we have the financial flexibility to seek more accretive acquisitions from our sponsor Ascott and third parties, as well as re-allocate our investments into higher-yielding properties. Recently in September, we acquired a prime greenfield site to build our first coliving property. This will be our maiden development project which will allow us to enjoy development profits. It will broaden our earnings and strengthen Ascott Reit's position as the largest hospitality REIT in Singapore with a diversified global portfolio."

Ascott Reit maintains a balanced portfolio that provides stable and growth income. More than half of Ascott Reit's gross profit is contributed by growth income through management contracts, while the remaining is contributed by stable income from master leases and serviced residences on management contracts with minimum guaranteed income. Approximately 60% of its assets are in Asia Pacific and 40% in Europe and the Americas.

Ms Beh Siew Kim, ARTML's Chief Executive Officer, said: "Ascott Reit's key markets achieved strong operating performance in 3Q 2018. Singapore was the best performer with a 27%[1] surge in gross profit for properties under management contracts due to higher market demand and average daily rate. Gross profit in Japan and United States grew 24%[1] and 21%[1] respectively. Japan saw higher corporate demand in Tokyo, while there was stronger demand for the refurbished apartments at Sheraton Tribeca New York Hotel. Excluding Ascott Reit's divestment of two properties in Shanghai and Xi'an in January 2018, gross profit in China increased 16%[1], bolstered by an increase in project groups on extended stay. In Australia, gross profit for properties under management contracts went up 7%[1] due to higher leisure demand."

[1] Based on gross profit in local currencies.

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Ms Beh said: "Our refurbished properties have been able to command higher valuation and average daily rates of about 10% to 20% while enhancing the experience for guests. We have recently completed the renovation of Ascott Makati and Sheraton Tribeca New York Hotel. Guests can look forward to the newly renovated Citadines Trocadéro Paris and Somerset Grand Hanoi by end of this year and Somerset Grand Citra Jakarta in 1Q 2019."

The International Monetary Fund has tapered growth projections for 2018 to 3.7%[2]. 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. The United States Federal Reserve increased interest rates for the third time in September 2018, and further hikes are expected, tightening the global financial market.

Ms Beh added: "We continue to adopt a disciplined and prudent capital management strategy. Ascott Reit's gearing stands at a healthy 36.4%[3] and approximately 82% of total borrowings is on fixed interest rates. Our debt maturity is well spread over the long term with the bulk of debt maturing in 2020 and beyond. The increasing interest rate environment is not expected to have any significant impact to Ascott Reit. We will continue to monitor and manage our interest rate and exchange rate exposure."

In August 2018, Fitch Ratings affirmed Ascott Reit's investment grade status with a stable outlook at a 'BBB' rating. This allows Ascott Reit to maintain its borrowings at attractive rates. The agency also affirmed Ascott Reit's 'BBB' senior unsecured rating, and the 'BBB' rating on its S$1 billion outstanding multicurrency medium-term notes programme. In September, Ascott Reit refinanced its JPY5 billion medium term note at a lower rate of 0.97% per annum for seven years and is on track to refinance the remaining debts due in 2018.

In the same month, Ascott Reit acquired a greenfield site in Singapore's research and innovation business hub, one-north for S$62.4 million to build its first coliving property. The property, to be named lyf one-north Singapore, accounts for about 3% of Ascott Reit's total asset value, which is within the 10% regulatory limit on property development for REITs. Targeted at the rising millennial segment, the property is expected to open in 2021 and be managed by Ascott Reit's sponsor Ascott. Leveraging Ascott's global scale, marketing network and strong reputation, the property is projected to deliver quality and strong operating performance.

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[2] "World Economic Outlook Update, October 2018: Challenges to Steady Growth" (October 2018), International Monetary Fund.
[3] As at 30 September 2018.

TÜV SÜD
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Summary of Results

3Q 2018 vs. 3Q 2017

	3Q 2018	3Q 2017	Change (%)
Revenue (S$ million)	134.5	126.9	+6
Gross Profit (S$ million)	64.2	58.8	+9
Unitholders' Distribution (S$ million)	39.4	36.3	+8
DPU (S cents)	1.82	1.69	+8
Revenue Per Available Unit (RevPAU) S$/day	158	146	+8

- Revenue grew 6% year-on-year to S$134.5 million on the back of additional revenue from its 2017 acquisitions including Ascott Orchard Singapore and DoubleTree by Hilton Hotel New York – Times Square South, as well as higher revenue from existing properties.

- Gross profit increased 9% to S$64.2 million due to higher revenue.

- Revenue per available unit rose 8% to S$158, riding on higher demand for Ascott Reit's properties in key markets including Singapore, China and Japan.

- Unitholders' distribution for the quarter was S$39.4 million. Distribution per unit increased 8% to 1.82 cents, over 3Q 2017.

About Ascott Residence Trust

Ascott Reit was established with the objective of investing 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.

Ascott Reit's asset size has grown to S$5.3 billion since it was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in March 2006. Ascott Reit's international portfolio comprises 73 properties with 11,430 units in 37 cities across 14 countries in the Americas, Asia Pacific and Europe.

Ascott Reit's serviced residences are mostly operated under the Ascott, Citadines and Somerset brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Guangzhou, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Shanghai, Singapore and Tokyo.

Ascott Reit is managed by Ascott Residence Trust Management Limited, an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies.

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Important Notice

The value of units in Ascott Reit and the income derived from them may fall as well as rise. Units in Ascott Reit are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, the Manager of Ascott Reit (the "Manager") or any of its affiliates. An investment in the units in Ascott Reit is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Ascott Reit is not necessarily indicative of its future performance.

This announcement 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.

Issued by:

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