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ASCOTT RESIDENCE TRUST'S 3Q 2019 DISTRIBUTION PER UNIT RISES 5% TO 1.91 CENTS

Combination with Ascendas Hospitality Trust will create greater capacity to pursue yield-accretive acquisitions, development and conversion projects

Singapore, 30 October 2019 – Ascott Residence Trust's (Ascott Reit) distribution per unit (DPU) for 3Q 2019 rose 5% to 1.91 cents compared with 3Q 2018. Unitholders' distribution for 3Q 2019 grew 6% to S$41.6 million. It included a one-off partial distribution of a S$4.0 million gain from the divestment of Ascott Raffles Place Singapore in May 2019.

Gross profit for 3Q 2019 inched up 1% to S$65.0 million due to the adoption of FRS 116 Leases[1] with effect from 1 January 2019, partially offset by lower revenue due to the divestment of Ascott Raffles Place Singapore. In 3Q 2019, gross profit for Belgium and Spain increased by 29%[2] and 13%[2] respectively due to stronger leisure demand. Gross profit for Vietnam climbed 7%[2] because of higher demand from corporate travellers. United Kingdom also saw higher corporate and leisure demand, resulting in a 5%[2] increase in gross profit.

Ascott Reit maintains a balanced portfolio that provides stable and growth income. About 40% of the gross profit for 3Q 2019 was contributed by stable income from properties on master leases and properties on management contracts with minimum guaranteed income, while the remaining was from properties on management contracts. Ascott Reit's diversified portfolio spans 14 countries, with approximately 60% in Asia Pacific as well as over 40% in Europe and the USA.

Mr Bob Tan, Ascott Residence Trust Management Limited's (ARTML) Chairman, said: "Ascott Reit's diversified portfolio has enabled us to deliver stable distributions to our unitholders. As part of our proactive portfolio management, we divested Ascott Raffles Place Singapore at 64% above book value in 2Q 2019 and as a result we could distribute part of the gain to unitholders in the third quarter. We also entered a transformational deal to combine Ascott Reit and Ascendas Hospitality Trust (A-HTRUST) that would cement the combined entity's position as the largest hospitality trust in Asia Pacific, where business and leisure travel continues to be strong. We thank unitholders for their overwhelming support of the proposed combination and confidence in the future growth of Ascott Reit. We will continue with our disciplined investment and capital management to deliver stable income for our unitholders."

The proposed combination of Ascott Reit and A-HTRUST received strong approval of over 99% of the votes from unitholders at the respective Extraordinary General Meetings and Scheme meetings held on 21 October 2019. The combined entity, the world's eighth largest with an asset

[1] The adoption of the accounting standard FRS 116 Leases has changed the nature of expenses for Ascott Reit's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities.
[2] Gross profit based on local currencies.

value of S$7.6 billion[3], will continue to be named Ascott Residence Trust. Subject to relevant approvals, the proposed combination is expected to complete by the end of 2019 and the new Ascott Reit-Business Trust stapled units under the combined entity are expected to begin trading on the Singapore Exchange on 2 January 2020.

Ms Beh Siew Kim, ARTML's Chief Executive Officer, added: "With a debt headroom of about S$1.1 billion, we have the capacity to pursue yield-accretive acquisitions, development and conversion projects. Post-combination, we will continue to have the mandate to acquire lodging assets in any part of the world. Besides Asia Pacific, we will also keep a lookout for quality assets in Europe and the USA. lyf one-north Singapore, our maiden development project and coliving property, is on track to open in 2021. Post-completion of Ascott Reit's combination with A-HTRUST, we will review the combined portfolio to assess opportunities for asset enhancements to maximise returns."

Ascott Reit continues to adopt a prudent approach towards capital management, with 88% of its borrowings on fixed interest rates. Its gearing of 33% as at 30 September 2019 is well below the 45% gearing threshold set by the Monetary Authority of Singapore. Ascott Reit's average cost of debt was 2.1% per annum.

Leveraging the low interest rate environment, Ascott Reit issued a new tranche of perpetual securities at a lower fixed rate of 3.88% per annum, which was used to fund the redemption of the existing S$150.0 million 5.00% perpetual securities at its first call date in October 2019. Ascott Reit's 'BBB' investment grade rating, affirmed by Fitch Ratings in August 2019, allowed Ascott Reit to tap various funding sources, gave debt investors credit assurance and enabled Ascott Reit to raise funds on favourable terms.

International tourist arrivals grew 4% in the first half of 2019[4], with Asia Pacific recording a 6% increase[4]. For the rest of the year, growth in international tourist arrivals may moderate, on the back of ongoing trade tensions and soft economic indicators which are expected to weigh on business and consumer sentiment. On the supply front, the growth in new hotel room inventory is expected to outpace demand in some markets in the near term. The International Monetary Fund expects the global economy to grow 3.0% in 2019 and 3.4% in 2020[5]. For the second time this year, the US Federal Reserve has cut interest rates in September 2019 amid concerns about slowing global growth[6].

[3] Based on the combined total assets of Ascott Reit and A-HTRUST as at 31 March 2019.
[4] "World Tourism Barometer" (9 September 2019), World Tourism Organization.
[5] "World Economic Outlook" (October 2019), International Monetary Fund.
[6] "Federal Open Market Committee Meeting" (17-18 September 2019), Federal Reserve System.

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A Member of CapitaLand

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Summary of Results

3Q 2019 vs. 3Q 2018

	3Q 2019	3Q 2018	Change (%)
Revenue (S$ million) (1)	132.4	134.5	(2)
Gross Profit (S$ million) (2)	65.0	64.2	1
Unitholders' Distribution (S$ million) (3)	41.6	39.4	6
DPU (S cents)	1.91	1.82	5
DPU (S cents) (adjusted for one-off items) (5)	1.73	1.72	1
Revenue Per Available Unit (RevPAU) S$/day	155	158	(2)

YTD Sep 2019 vs. YTD Sep 2018

	YTD Sep 2019	YTD Sep 2018	Change (%)
Revenue (S$ million) (1)	380.9	377.8	1
Gross Profit (S$ million) (2)	187.3	176.0	6
Unitholders' Distribution (S$ million) (4)	116.2	108.3	7
DPU (S cents)	5.34	5.01	7
DPU (S cents) (adjusted for one-off items) (5)	4.76	4.66	2
Revenue Per Available Unit (RevPAU) S$/day	149	147	1

(1) Revenue for 3Q 2019 was lower by S$2.1 million or 2% as compared to 3Q 2018 mainly due to the decrease in revenue of S$2.3 million from the divestment of Ascott Raffles Place Singapore.

Revenue for YTD Sep 2019 increased by S$3.1 million as compared to YTD Sep 2018. The increase in revenue was mainly due to higher revenue of S$4.2 million from the existing properties and additional contribution of S$2.2 million from the acquisition of Citadines Connect Sydney Airport, partially offset by the decrease in revenue of S$3.3 million from the divestment of Ascott Raffles Place Singapore.

(2) FRS 116 Leases is effective from 1 January 2019. The adoption of this standard changed the nature of expense for Ascott Reit's portfolio of operating leases and replaced the straight-line operating lease expense to change in fair value for right-of-use assets and interest expense on lease liabilities. Gross profit (excluding FRS 116 impact) for 3Q 2019 and YTD Sep 2019 is S$59.9 million and S$171.9 million respectively.

(3) Unitholders' distribution for 3Q 2019 included a one-off partial distribution of S$4.0 million gain from the divestment of Ascott Raffles Place Singapore.

(4) Unitholders' distribution for YTD Sep 2019 included a realised exchange gain of S$5.7 million arising from the repayment of foreign currency bank loans with the proceeds from the divestment of Ascott Raffles Place Singapore, and the partial distribution of divestment gain of S$4.0 million.

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.

(5) DPU for 3Q 2019 was adjusted to exclude the divestment gain (as mentioned above). DPU for 3Q 2018 was adjusted to exclude the contribution from Ascott Raffles Place Singapore.

DPU for YTD Sep 2019 was adjusted to exclude the divestment gain, realised exchange gain and contribution from Ascott Raffles Place Singapore. DPU for YTD Sep 2018 was adjusted to exclude the realised exchange gain and contribution from Ascott Raffles Place Singapore.

For Ascott Reit's 3Q 2019 financial statement and presentation, please visit www.ascottreit.com.

About Ascott Residence Trust

Ascott Residence Trust (Ascott Reit) is Singapore's first and largest hospitality real estate investment trust with an asset value of S$5.7 billion as at 30 September 2019. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006.

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.

As at the date hereof, Ascott Reit's international portfolio comprises 74 properties with more than 11,700 units in 37 cities across 14 countries in the Asia Pacific, Europe and the United States of America.

Ascott Reit's properties are mostly operated under the Ascott, Citadines and Somerset brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Frankfurt, 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, a wholly owned subsidiary of CapitaLand Limited, one of Asia's largest diversified real estate groups.

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About CapitaLand Limited (www.capitaland.com)

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth S$129.1 billion as at 30 June 2019. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 200 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages eight listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Reit, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust, CapitaLand Malaysia Mall Trust and Ascendas Hospitality Trust.

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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