



**ASCOTT**  
RESIDENCE  
TRUST

**ASCOTT RESIDENCE TRUST**  
**UNAUDITED RESULTS FOR THE PERIOD**  
**ENDED 30 JUNE 2008**  
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**ASCOTT RESIDENCE TRUST**  
**2008 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

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**Summary of Group Results**

	<b>2Q 2008 S\$'000</b>	<b>2Q 2007 S\$'000</b>	<b>Better/ (Worse) %</b>	<b>YTD Jun 2008 S\$'000</b>	<b>YTD Jun 2007 S\$'000</b>	<b>Better/ (Worse) %</b>
Revenue	45,984	40,642	13	91,614	69,599	32
Gross Profit	23,248	18,234	27	46,706	31,856	47
Unitholders' Distribution	13,317	12,148	10	27,486	20,190	36
Distribution Per Unit (cents)	2.19	2.01	9	4.52	3.60	26

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**DISTRIBUTION AND BOOK CLOSURE DATE**

Distribution	For 1 January 2008 to 30 June 2008	
Distribution rate	i) Taxable income	1.61 cents
	ii) Tax Exempt Income	1.13 cents
	iii) Capital distribution	1.78 cents
	<b>Total</b>	<b>4.52 cents</b>
Book Closure Date	1 August 2008	
Payment Date	28 August 2008	

## **ASCOTT RESIDENCE TRUST**

### **2008 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

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#### **INTRODUCTION**

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

ART’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 or rental housing properties in the Pan-Asian Region.

ART was directly held by The Ascott Group Limited up to and including 30 March 2006 (the “Private Trust”). On 31 March 2006 (the “Listing Date”), ART was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) with an initial portfolio of 12 properties (“Initial Properties”) with 2,068 apartment units in 7 cities across five countries (Singapore, China, Indonesia, the Philippines and Vietnam).

In June 2008, ART completed the acquisition of a 100% interest in Somerset St Georges Terrace in Perth, Australia. With this acquisition, ART’s portfolio has expanded to 37 properties with 3,550 apartment units in 11 cities across seven countries (Singapore, Australia, China, Indonesia, Japan, the Philippines and Vietnam).

As disclosed in the prospectus dated 6 March 2006 (the “Prospectus”), ART will distribute at least 90% of its taxable income (other than gains on the sale of real properties or shares by ART which are determined to be trading gains) and Net Overseas Income, with the actual level of distribution to be determined at the Manager’s discretion. For FY 2008, similar to previous years, ART will continue to distribute 100% of its taxable income and Net Overseas Income. ART will make 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, when paid, will be in Singapore dollar.

1(a)(i) **CONSOLIDATED STATEMENT OF TOTAL RETURN**

	Note	GROUP		Better / (Worse) % +/-	GROUP		Better / (Worse) % +/-
		2Q 2008 S\$'000	2Q 2007 S\$'000		YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000	
<b>Revenue</b>	A.1	45,984	40,642	13	91,614	69,599	32
Direct expenses	A.2	(22,736)	(22,408)	-1	(44,908)	(37,743)	-19
<b>Gross Profit</b>	A.1	23,248	18,234	27	46,706	31,856	47
Finance income		294	246	20	494	424	17
Other operating income		197	178	11	390	539	-28
Finance costs	A.3	(4,740)	(4,067)	-17	(9,420)	(7,588)	-24
Manager's management fees		(1,986)	(1,536)	-29	(3,879)	(2,752)	-41
Trustee's fee		(51)	(39)	-31	(101)	(76)	-33
Professional fees		(465)	(229)	-103	(746)	(328)	-127
Audit fees		(178)	(140)	-27	(402)	(207)	-94
Foreign exchange (loss) / gain - realised		(143)	(72)	-99	(141)	167	-184
Other operating expenses		(200)	(117)	-71	(342)	(196)	-74
Share of (loss) / profit of associates (net of tax)		(16)	(6)	-167	(43)	95	-145
<b>Net income before change in fair value of financial derivative and unrealized foreign exchange loss</b>		<b>15,960</b>	<b>12,452</b>	<b>28</b>	<b>32,516</b>	<b>21,934</b>	<b>48</b>
Net change in fair value of financial derivative	A.4	178	1,178	-85	(4,116)	(3,029)	-36
Foreign exchange (loss) / gain - unrealised	A.5	(6,274)	3,946	-259	(4,446)	2,634	-269
<b>Total return for the period before tax</b>		<b>9,864</b>	<b>17,576</b>	<b>-44</b>	<b>23,954</b>	<b>21,539</b>	<b>11</b>
Income tax expense	A.6	(3,064)	(2,240)	-37	(5,755)	(4,119)	-40
<b>Total return for the period after tax</b>		<b>6,800</b>	<b>15,336</b>	<b>-56</b>	<b>18,199</b>	<b>17,420</b>	<b>4</b>
Minority interests		(1,468)	(1,298)	-13	(2,965)	(2,251)	-32
<b>Total return for the period attributable to unitholders before distribution</b>		<b>5,332</b>	<b>14,038</b>	<b>-62</b>	<b>15,234</b>	<b>15,169</b>	<b>n.m.</b>
Distribution to Unitholders from operations							
- Period from 1/7/06 to 31/12/06		-	-		-	(8,950)	
- Period from 1/1/07 to 25/3/07		-	(2,203)		-	(2,203)	
- Period from 1/7/07 to 31/12/07		-	-		(24,855)	-	
<b>Total return for the period attributable to Unitholders after distribution</b>		<b>5,332</b>	<b>11,835</b>	<b>-55</b>	<b>(9,621)</b>	<b>4,016</b>	<b>-340</b>

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

	Note	GROUP		Better / (Worse) % +/-	GROUP		Better / (Worse) % +/-
		2Q 2008 S\$'000	2Q 2007 S\$'000		YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000	
Total return for the period attributable to unitholders before distribution		5,332	14,038	-62	15,234	15,169	n.m.
Net effect of non-tax deductible / chargeable items and other adjustments	A.7	7,985	(1,890)	522	12,252	5,021	144
<b>Total amount distributable to Unitholders for the period</b>		<b>13,317</b>	<b>12,148</b>	<b>10</b>	<b>27,486</b>	<b>20,190</b>	<b>36</b>
<b>Comprises :</b>							
- from operations		3,282	1,617		6,521	3,978	
- from unitholders' contributions		10,035	10,531		20,965	16,212	
		<b>13,317</b>	<b>12,148</b>	<b>10</b>	<b>27,486</b>	<b>20,190</b>	<b>36</b>

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

**A.1 Revenue and Gross profit**

Revenue in 2Q 2008 increased by S\$5.4 million (13%) to S\$46.0 million. Gross profit in 2Q 2008 increased by S\$5.0 million (27%) to S\$23.2 million. The strong operating performance was due to both organic growth across the portfolio, particularly in Singapore and Vietnam, and contribution from the newly-acquired properties subsequent to 2Q 2007. On a same store basis, ART's portfolio grew strongly with revenue increasing by S\$2.9 million (7%) to S\$43.5 million and gross profit increasing by S\$3.4 million (19%) to S\$21.6 million. The new acquisitions after 2Q 2007 contributed S\$2.5 million revenue and S\$1.6 million gross profit in 2Q 2008.

Refer to Para 8(i)(a) for more detailed analysis.

**A.2 Direct expenses include the following items:**

	GROUP		Better / (Worse) % +/-	GROUP		Better / (worse) % +/-
	2Q 2008 S\$'000	2Q 2007 S\$'000		YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000	
Depreciation and amortisation	(1,304)	(2,665)	51	(2,583)	(3,484)	26
Staff costs	(4,225)	(3,884)	-9	(8,213)	(6,936)	-18

**A.3 Finance costs**

Finance costs for 2Q 2008 increased by S\$0.7 million as compared to 2Q 2007. This was mainly due to additional bank loans taken up for acquisition of new properties subsequent to 2Q 2007.

**A.4 Net change in fair value of financial derivative**

The 2Q 2008 gain of \$0.2 million relates to unrealized changes in the fair value of a cross currency swap, entered into to effectively convert a subsidiary's US\$ bank loan to S\$ bank loan at the Group level. The corresponding translation effect to the Group arising on the underlying US\$ bank loan was an unrealized foreign exchange gain of S\$2.6 million taken to the Statement of Total Return (refer to Para A.5). Hence, the net impact on the Group's net asset value was an increase of S\$2.8 million.

**A.5 Foreign exchange (loss) / gain - unrealized**

The foreign exchange loss recognised in 2Q 2008 was mainly due to (1) unrealized revaluation loss on foreign currency shareholder's loans, mainly denominated in US Dollar ("US\$"), extended to the Group's subsidiaries, as a result of the depreciation of the US\$ against S\$, (2) unrealized revaluation loss on US\$ shareholder's loan in Philippines subsidiary's books, as a result of the appreciation of US\$ against Peso and partly offset by (3) unrealized revaluation gain on US\$ bank loans in subsidiaries' books, as a result of the depreciation of US\$ against RMB.

**A.6 Income tax expense**

Taxation for 2Q 2008 was higher by S\$0.8 million as compared to the corresponding period last year. This was mainly due to higher operating profit achieved and the unrealized revaluation gain on US\$ bank loan recorded in a China subsidiary's books (refer to Para A.5), which is taxable in China.

**A.7 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following items:**

	GROUP		Better / (Worse) % +/-	GROUP		Better / (Worse) % +/-
	2Q 2008 S\$'000	2Q 2007 S\$'000		YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000	
Trustee's fees*	11	8	-38	25	22	-14
Depreciation (net of MI)	1,202	2,511	52	2,376	3,240	27
Net change in fair value of financial derivative (Note A.4)	(178)	(1,178)	-85	4,116	3,029	-36
Unrealised exchange loss / (gain) (Note A.5)	6,274	(3,946)	-259	4,446	(2,634)	-269
Manager's management fee payable partially in units	993	768	-29	1,940	1,376	-41

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

1(b)(i) **BALANCE SHEET**

	Note	GROUP		REIT	
		30/6/08 S\$'000	31/12/07 S\$'000	30/6/08 S\$'000	31/12/07 S\$'000
<b>Non-Current Assets</b>					
Plant and equipment		22,960	21,271	3,366	3,427
Serviced residence properties	1(b)(ii)	1,570,644	1,559,202	399,973	399,973
Interest in subsidiaries		-	-	105,853	106,121
Interest in associate		3,321	3,591	3,830	4,057
Deferred tax assets		2,534	2,436	-	-
		<b>1,599,459</b>	<b>1,586,500</b>	<b>513,022</b>	<b>513,578</b>
<b>Current Assets</b>					
Inventories		452	438	-	-
Trade receivables		7,432	10,545	1,371	1,411
Other receivables and deposits	1(b)(iii)	27,196	27,097	603,816	610,154
Cash and bank balances	1(b)(iv)	59,798	64,515	5,346	12,636
		<b>94,878</b>	<b>102,595</b>	<b>610,533</b>	<b>624,201</b>
<b>Total Assets</b>		<b>1,694,337</b>	<b>1,689,095</b>	<b>1,123,555</b>	<b>1,137,779</b>
<b>Non-Current Liabilities</b>					
Interest bearing liabilities	1(b)(v)	(386,766)	(365,461)	(127,002)	(121,446)
Financial derivatives	1(b)(vi)	(17,466)	(13,966)	(17,112)	(12,996)
Deferred tax liabilities		(13,393)	(13,932)	-	-
Minority interests		(64,826)	(65,672)	-	-
Net assets attributable to unitholders	1(d)(i)	(955,318)	(972,941)	(877,748)	(916,040)
		<b>(1,437,769)</b>	<b>(1,431,972)</b>	<b>(1,021,862)</b>	<b>(1,050,482)</b>
<b>Current Liabilities</b>					
Trade payables		(4,513)	(3,606)	(212)	(75)
Other payables	1(b)(vii)	(68,886)	(74,659)	(32,884)	(28,365)
Interest bearing liabilities	1(b)(v)	(179,314)	(176,256)	(68,062)	(58,380)
Provision for taxation		(3,855)	(2,602)	(535)	(477)
		<b>(256,568)</b>	<b>(257,123)</b>	<b>(101,693)</b>	<b>(87,297)</b>
<b>Total Liabilities</b>		<b>(1,694,337)</b>	<b>(1,689,095)</b>	<b>(1,123,555)</b>	<b>(1,137,779)</b>

1(b)(ii) **Serviced residence properties**

The increase in the Group's serviced residence properties as at 30 June 2008 was mainly due to the acquisition of Somerset St Georges Terrace in Perth. The increase was partially offset by the foreign currency differences arising from translating the Group's overseas serviced residence properties, held by subsidiaries with non-Singapore dollar functional currencies, to Singapore dollar at lower exchange rates as a result of the weakening of these foreign currencies, particularly US Dollar, against Singapore dollar.

1(b)(iii) **Other receivables and deposits**

The REIT's other receivables and deposits relate mainly to shareholder's loans to its subsidiaries.

1(b)(iv) **Cash and bank balances**

The decrease in the Group's cash and bank balances as at 30 June 2008 was mainly due to distribution to unitholders on 28 February 2008 for the period 1 July 2007 to 31 December 2007.

**1(b)(v) Interest bearing liabilities**

	GROUP		REIT	
	30/6/08 S\$'000	31/12/07 S\$'000	30/6/08 S\$'000	31/12/07 S\$'000
<b>Amount repayable in one year or less or on demand</b>				
- Secured	3,012	8,319	-	-
- Unsecured	177,551	169,056	68,137	58,380
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(1,249)	(1,119)	(75)	-
	179,314	176,256	68,062	58,380
<b>Amount repayable after one year</b>				
- Secured	388,214	366,693	127,354	121,864
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured loans	(1,448)	(1,232)	(352)	(418)
	386,766	365,461	127,002	121,446
<b>Total</b>	<b>566,080</b>	<b>541,717</b>	<b>195,064</b>	<b>179,826</b>

- (1) The increase in the Group's borrowings as at 30 June 2008 was mainly due to additional bank loan of approximately S\$51.8 million drawn down mainly for the acquisition of Somerset St Georges Terrace, Perth, partly offset by the repayment of bank loans of approximately S\$21.5 million.

As at 30 June 2008, ART's gearing was 34.5%, well within the 60% limit allowed under the Monetary Authority of Singapore's Property Fund Guidelines.

**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 properties
- Assignment of rental proceeds of the properties and insurance policies relating to the properties
- Pledge of shares of some subsidiaries
- Corporate guarantee from the Reit

**1(b)(vi) Financial derivative**

The S\$17.5 million provision relates to the fair value of a cross currency swap, entered into to effectively convert a subsidiary's US\$ bank loan to S\$ bank loan at the Group level, and the fair value of interest rate swaps, entered into by two subsidiaries to hedge floating rate loans.

**1(b)(vii) Other payables**

The decrease in the Group's other payables was mainly due to the payment made in the first half of 2008 for the costs accrued as at 31 December 2007 for the acquisition of 18 rental housing properties.



1(c) **CONSOLIDATED CASH FLOW STATEMENT**

<b>GROUP</b>				
Note	<b>2Q 2008 S\$'000</b>	<b>2Q 2007 S\$'000</b>	<b>YTD Jun 2008 S\$'000</b>	<b>YTD Jun 2007 S\$'000</b>
<b>Operating Activities</b>				
	9,864	17,576	23,954	21,539
	Total return for the period before tax			
	<b>Adjustments for:</b>			
A.2	1,304	2,665	2,583	3,484
	Depreciation and amortization			
	2	2	10	3
	Loss on disposal of plant and equipment			
	4,740	4,067	9,420	7,588
	Finance costs			
	(294)	(246)	(494)	(424)
	Finance income			
	993	768	1,940	1,376
	Manager's management fees payable / paid partially in units			
	6,274	(3,946)	4,446	(2,634)
	Foreign exchange (gain) / loss - unrealised			
	(178)	(1,178)	4,116	3,029
	Net change in fair value of financial derivative			
	16	6	42	(95)
	Share of loss / (profit) of associate			
	<b>22,721</b>	<b>19,714</b>	<b>46,017</b>	<b>33,866</b>
	<b>Operating profit before working capital changes</b>			
1	(4,707)	7,350	(2,649)	(7,204)
	Changes in working capital			
	<b>18,014</b>	<b>27,064</b>	<b>43,368</b>	<b>26,662</b>
	<b>Cash generated from operations</b>			
	(4,653)	(4,270)	(6,328)	(5,609)
	Income tax paid			
	<b>13,361</b>	<b>22,794</b>	<b>37,040</b>	<b>21,053</b>
	<b>Cash flows from operating activities</b>			
<b>Investing Activities</b>				
	(963)	(1,541)	(4,733)	(2,037)
	Acquisition of plant and equipment			
	-	(15,405)	-	(123,264)
	Acquisition of subsidiaries, net of cash acquired			
	(40,353)	(86,571)	(40,353)	(86,571)
	Acquisition of serviced residence properties			
	-	43	-	-
	Acquisition of associate			
	-	(1,554)	(447)	(3,952)
	Capital expenditure on serviced residence properties			
	294	250	494	3,413
	Interest received			
	6	25	2	38
	Proceeds from sale of plant and equipment			
	<b>(41,016)</b>	<b>(104,753)</b>	<b>(45,037)</b>	<b>(212,373)</b>
	<b>Cash flows from investing activities</b>			
<b>Financing Activities</b>				
	-	(7,588)	(24,855)	(22,386)
	Distribution to unitholders			
	(132)	-	(132)	(609)
	Dividend paid to minority shareholders			
	(3,317)	(2,306)	(9,418)	(9,743)
	Interest paid			
	34,883	48,925	58,749	51,538
	Proceeds from bank borrowings			
	981	-	1,746	200,342
	Proceeds from issue of new units			
	(2,622)	(3,074)	(21,530)	(7,378)
	Repayment of bank borrowings			
	<b>29,793</b>	<b>35,957</b>	<b>4,560</b>	<b>211,764</b>
	<b>Cash flows from financing activities</b>			
	<b>2,138</b>	<b>(46,002)</b>	<b>(3,437)</b>	<b>20,444</b>
	<b>Increase/ (Decrease) in cash &amp; cash equivalents</b>			
	<b>58,763</b>	<b>102,268</b>	<b>64,515</b>	<b>36,267</b>
	<b>Cash and cash equivalents at beginning of the period</b>			
	(1,103)	(58)	(1,280)	(503)
	Effect of exchange rate changes on balances held in foreign currencies			
	<b>59,798</b>	<b>56,208</b>	<b>59,798</b>	<b>56,208</b>
	<b>Cash and cash equivalents at end of the period</b>			

**Footnotes**

- (1) *The negative changes in working capital were mainly due to repayment of amounts owing to related parties, payment of acquisition costs and partial payment of manager's management fees.*

1(d)(i) **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

	Note	GROUP		GROUP	
		2Q 2008 S\$'000	2Q 2007 S\$'000	YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000
<b><u>Unitholders' Contribution</u></b>					
<b>Balance as at beginning of period</b>		810,837	824,368	810,070	633,597
Issue of new units		980	-	1,747	200,342
Issue expenses		-	-	-	(3,723)
Distribution to Unitholders		-	(5,385)	-	(11,233)
<b>Balance as at end of period</b>		<b>811,817</b>	<b>818,983</b>	<b>811,817</b>	<b>818,983</b>
<b><u>Operations</u></b> <sup>(1)</sup>					
<b>Balance as at beginning of period</b>		158,327	18,332	173,280	26,151
Change in net assets attributable to unitholders resulting from operations after distribution		5,332	11,835	(9,621)	4,016
<b>Balance as at end of period</b>		<b>163,659</b>	<b>30,167</b>	<b>163,659</b>	<b>30,167</b>
<b><u>Foreign Currency Translation Reserve</u></b>					
<b>Balance as at beginning of period</b>		(12,916)	(7,672)	(9,919)	2,064
Translation differences relating to financial statements of foreign subsidiaries		(7,356)	2,792	(10,353)	(6,944)
<b>Balance as at end of period</b>		<b>(20,272)</b>	<b>(4,880)</b>	<b>(20,272)</b>	<b>(4,880)</b>
<b><u>Capital Reserve</u></b>					
<b>Balance as at beginning of period</b>		467	-	480	-
Translation adjustment		1	-	(12)	-
<b>Balance as at end of period</b>		<b>468</b>	<b>-</b>	<b>468</b>	<b>-</b>
<b><u>Hedging Reserve</u></b>					
<b>Balance as at beginning of period</b>		(1,378)	-	(970)	-
Change in fair value of financial derivative		1,024	538	616	538
<b>Balance as at end of period</b>		<b>(354)</b>	<b>538</b>	<b>(354)</b>	<b>538</b>
<b>Net Assets Attributable to Unitholders</b>	<b>1(b)(i)</b>	<b>955,318</b>	<b>844,808</b>	<b>955,318</b>	<b>844,808</b>

1(d)(i) **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

	Note	REIT		REIT	
		2Q 2008 S\$'000	2Q 2007 S\$'000	YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000
<b><u>Unitholders' Contribution</u></b>					
<b>Balance as at beginning of period</b>		810,837	824,368	810,070	633,597
Issue of new units		980	-	1,747	200,342
Issue expenses		-	-	-	(3,723)
Distribution to Unitholders		-	(5,385)	-	(11,233)
<b>Balance as at end of period</b>		<b>811,817</b>	<b>818,983</b>	<b>811,817</b>	<b>818,983</b>
<b><u>Operations</u></b> <sup>(1)</sup>					
<b>Balance as at beginning of period</b>		69,736	(8,862)	105,970	9,077
Change in net assets attributable to unitholders resulting from operations after distribution		(3,805)	(918)	(40,039)	(18,857)
<b>Balance as at end of period</b>		<b>65,931</b>	<b>(9,780)</b>	<b>65,931</b>	<b>(9,780)</b>
<b>Net Assets Attributable to Unitholders</b>	<b>1(b)(i)</b>	<b>877,748</b>	<b>809,203</b>	<b>877,748</b>	<b>809,203</b>

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

	REIT			
	2Q 2008 '000	2Q 2007 '000	YTD Jun 2008 '000	YTD Jun 2007 '000
<b>Balance as at beginning of period</b>	606,796	604,735	606,227	498,639
<b>Issue of new units :</b>				
- partial payment of manager's management fees	734	-	1,303	651
- payment of Manager's acquisition fee	-	-	-	111
- equity fund raising on 26 March 2007	-	-	-	105,334
<b>Balance as at end of period</b>	<b>607,530</b>	<b>604,735</b>	<b>607,530</b>	<b>604,735</b>

2. **Whether the figures have been audited, or reviewed and in accordance with the Singapore Standard on Auditing 910 ( Engagements to Review Financial Statements)**

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**

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the period ended 31 December 2007.

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**

Nil

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.

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

<b>Earnings per unit (EPU)(cents)</b>	<b>2Q 2008</b>	<b>2Q 2007</b>	<b>YTD Jun 2008</b>	<b>YTD Jun 2007</b>
Number of units on issue at end of period	607,530,312	604,735,218	607,530,312	604,735,218
Weighted average number of units for the period	607,239,808	604,735,218	606,874,021	555,677,208
<b>EPU (cents) – Basic and Diluted</b> (based on the weighted average number of units for the period)	0.88	2.32	2.51	2.73

The diluted EPU is the same as the basic EPU as there were no dilutive instruments in issue during the period.

<b>Distribution per unit (DPU)(cents)</b>	<b>2Q 2008</b>	<b>2Q 2007</b>	<b>YTD Jun 2008</b>	<b>YTD Jun 2007</b>
Number of units on issue at end of period	607,530,312	604,735,218	607,530,312	604,735,218
<b>DPU (cents) – Basic and diluted</b>	2.19	2.01	4.52	3.60

The diluted DPU is the same as the basic DPU as there were no dilutive instruments in issue during the period.

7. **Net asset value (“NAV”) backing per unit based on issued units at the end of the period**

	<b>Group</b>		<b>REIT</b>	
	<b>30/6/08</b>	<b>31/12/07</b>	<b>30/6/08</b>	<b>31/12/07</b>
NAV per unit (\$)	1.57	1.60	1.44	1.51

8(i) **GROUP PERFORMANCE REVIEW**

8(i)(a) **Revenue and Gross Profit Analysis – 2Q 2008 vs. 2Q 2007**

	Ref	Revenue				Ref	Gross Profit				REVPAU Analysis			
		2Q 2008	2Q 2007	Better/ (Worse)			2Q 2008	2Q 2007	Better/ (Worse)		2Q 2008	2Q 2007	Better / (worse)	
		S\$*M	S\$M	%			S\$*M	S\$*M	%		S\$/day	S\$/day	+/- %	
Singapore		9.3	7.4	1.9	26		5.4	4.1	1.3	32		252	194	30
Australia		1.0	0.1	0.9	n.m.		0.2	-	0.2	n.m.		144	87	66
China		10.6	10.2	0.4	4		4.5	4.3	0.2	5		144	150	-4
Indonesia		4.9	4.8	0.1	2		1.7	1.7	-	-		74	69	7
Japan		4.2	2.3	1.9	83		2.7	1.3	1.4	108		150*	165*	-9
Philippines		7.2	7.5	(0.3)	-4		3.1	1.7	1.4	82		140	143	-2
Vietnam		8.8	8.3	0.5	6		5.6	5.1	0.5	10		146	134	9
	<b>A.1</b>	<b>46.0</b>	<b>40.6</b>	<b>5.4</b>	<b>13</b>	<b>A.1</b>	<b>23.2</b>	<b>18.2</b>	<b>5.0</b>	<b>27</b>		<b>143</b>	<b>135</b>	<b>6</b>

\* refers to serviced residences in Japan, excludes rental housing

Revenue in 2Q 2008 increased by S\$5.4 million (13%) to S\$46.0 million. Gross profit in 2Q 2008 increased by S\$5.0 million (27%) to S\$23.2 million. The strong operating performance was due to both organic growth across the portfolio, particularly in Singapore and Vietnam, and contribution from the newly-acquired properties subsequent to 2Q 2007. On a same store basis, ART's portfolio grew strongly with revenue increasing by S\$2.9 million (7%) to S\$43.5 million and gross profit increasing by S\$3.4 million (19%) to S\$21.6 million. The new acquisitions after 2Q 2007 contributed S\$2.5 million revenue and S\$1.6 million gross profit in 2Q 2008.

We achieved an overall REVPAU of S\$143 in 2Q 2008, an increase of 6% as compared to 2Q 2007. With overall portfolio occupancy remaining high at 82%, the growth in REVPAU was mainly driven by an increase in average daily rates in most markets. Serviced residence operations in Singapore and Australia achieved double-digit REVPAU growth in 2Q 2008 as compared to the corresponding period.

In Singapore, the Group's serviced residences continued to deliver strong results. Revenue increased by S\$1.9 million or 26% as compared to 2Q 2007. Overall REVPAU increased by 30% from S\$194 in 2Q 2007 to S\$252 in 2Q 2008. With the continuation of strong demand for accommodation as a result of increased business activities in Singapore, the Group increased its average daily rates while maintaining occupancy above 90%. As a result, the gross profit of Singapore operations in 2Q 2008 exceeded that of 2Q 2007 by 32%.

For Australia, revenue and gross profit in 2Q 2008 increased by S\$0.9 million and S\$0.2 million respectively. This increase was due to the inclusion of Somerset St Georges Terrace in the portfolio and higher average daily rates achieved. Overall REVPAU increased by 66% from S\$87 in 2Q 2007 to S\$144 in 2Q 2008.

For the Group's serviced residences in China, revenue increased by 4% in 2Q 2008 as compared to 2Q 2007 despite a drop in the overall REVPAU from S\$150 in 2Q 2007 to S\$144 in 2Q 2008. This was mainly due to the completion of the reconfiguration programme in Ascott Beijing and Somerset Olympic Tower with an increase in the number of apartment units. In line with the increased revenue, gross profit in 2Q 2008 was higher than 2Q 2007 by S\$0.2 million or 5%.

In Indonesia, revenue in 2Q 2008 increased by S\$0.1 million as compared to 2Q 2007. This was mainly due to an increase in REVPAU in 2Q 2008 from S\$69 in 2Q 2007 to S\$74 in 2Q 2008. Gross profit in 2Q 2008 was maintained at the same level as 2Q 2007.

For Japan, revenue and gross profit in 2Q 2008 increased by S\$1.9 million and S\$1.4 million respectively. This increase was due to the inclusion of 18 rental housing properties in the portfolio. REVPAU achieved for the serviced residences decreased from S\$165 in 2Q 2007 to S\$150 in 2Q 2008. This was mainly due to increased competition from newly opened properties. The rental housing properties continued to achieve high occupancy of 90%.

In Philippines, revenue in 2Q 2008 decreased by S\$0.3 million or 4% and overall REVPAU decreased by 2% from S\$143 in 2Q 2007 to S\$140 in 2Q 2008 due mainly to a decrease in project based business. Gross profit in 2Q 2008 increased by S\$1.4 million or 82% due mainly to a higher depreciation in 2Q 2007 as a result of re-alignment of depreciation rates to the Group's policy.

In Vietnam, the Group's serviced residences have put in a strong performance. Revenue increased by S\$0.5 million or 6% as compared to 2Q 2007. This increase was due to higher average daily rates achieved while maintaining occupancy above 90%. The rate increases were driven by strong demand for quality serviced residences and limited supply. In line with the increased revenue, gross profit was higher than 2Q 2007 by S\$0.5 million or 10%.

**8(i)(b) Revenue and Gross Profit Analysis - YTD Jun 2008 vs. YTD Jun 2007**

	Ref	Revenue				Ref	Gross Profit				REVPAU Analysis		
		YTD Jun 2008	YTD Jun 2007	Better / (Worse)			YTD Jun 2008	YTD Jun 2007	Better / (Worse)		YTD Jun 2008	YTD Jun 2007	Better / (worse) +/-
		S\$'M	S\$'M	%		S\$'M	S\$'M	%		S\$/day	S\$/day	%	
Singapore		18.5	14.6	3.9	27		11.1	8.0	3.1	39	251	194	29
Australia		1.7	0.1	1.6	n.m.		0.5	-	0.5	n.m.	159	87	83
China		20.6	19.4	1.2	6		8.6	8.1	0.5	6	142	143	-1
Indonesia		10.0	9.6	0.4	4		3.5	3.4	0.1	3	74	69	7
Japan		8.4	2.3	6.1	265		5.5	1.4	4.1	293	141*	165*	-15
Philippines		14.9	9.8	5.1	52		6.4	2.5	3.9	156	140	128	9
Vietnam		17.5	13.8	3.7	27		11.1	8.5	2.6	31	144	133	8
	<b>A.1</b>	<b>91.6</b>	<b>69.6</b>	<b>22.0</b>	<b>32</b>	<b>A.1</b>	<b>46.7</b>	<b>31.9</b>	<b>14.8</b>	<b>46</b>	<b>142</b>	<b>130</b>	<b>9</b>

\* refers to serviced residences in Japan, excludes rental housing

For the 6-month period ended 30 Jun 2008 ("YTD Jun 2008"), including new properties which were acquired subsequent to June 2007, revenue, gross profit and REVPAU increased by 32%, 46% and 9% respectively as compared to the 6-month period ended 30 June 2007 ("YTD Jun 2007"). Overall REVPAU improved by S\$12 from S\$130 in YTD Jun 2007 to S\$142 in YTD Jun 2008, mainly driven by an increase in the average daily rates.

**8(i)(c) Total Return**

Total Return	2Q 2008 S\$'000	2Q 2007 S\$'000	Better / (Worse) +/- %
Operating net profit	11,571	8,986	29
Net change in fair value of financial derivative	178	1,178	-85
Foreign exchange (loss) / gain	(6,417)	3,874	-266
<b>Total return attributable to unitholders</b>	<b>5,332</b>	<b>14,038</b>	<b>-62</b>

In 2Q 2008, the Group achieved a higher operating net profit of S\$11.6 million vs S\$9.0 million in 2Q 2007, or 29% increase due to higher gross profit achieved as explained in Para 8(i)(a) above. Including foreign exchange differences and net change in fair value of financial derivative, the total return to unitholders in 2Q 2008 decreased by S\$8.7 million to S\$5.3 million as compared to 2Q 2007.

Total Return	YTD Jun 2008 S\$'000	YTD Jun 2007 S\$'000	Better / (Worse) +/- %
Operating net profit	23,937	15,397	55
Net change in fair value of financial derivative	(4,116)	(3,029)	-36
Foreign exchange (loss) / gain	(4,587)	2,801	-264
<b>Total return attributable to unitholders</b>	<b>15,234</b>	<b>15,169</b>	<b>n.m.</b>

Similarly, the Group's operating performance in YTD Jun 2008 exceeded that of the period YTD Jun 2007. The operating net profit for YTD Jun 2008 was S\$23.9 million vs. S\$15.4 million in YTD Jun 2007, an improvement of S\$8.5 million or 55%. Including foreign exchange differences and net change in fair value of financial derivative, the total return to unitholders in YTD Jun 2008 was at the same level of S\$15.2 million as that in YTD Jun 2007.

9. **PROSPECTS**

Concerns over rising inflation in Asia caused mainly by the surge in crude oil prices and cost of food imports continue to increase. The global financial turmoil triggered by the sub-prime crisis in the US continues to play out with reduced credit availability from financial institutions. This has affected the pace of business activity.

These two factors have had some impact on the Asian hospitality industry in the first half of 2008. Should these factors persist, there will be further impact on business travel patterns to the markets we operate in although the Group's geographical diversity and extended stay business model allows it to mitigate these factors.

The Group's operating performance in second half 2008 is expected to remain stable.

10. **DISTRIBUTIONS**

10(a) **Current financial period**

Any distributions declared for the current financial period? Yes  
Period of distribution : Distribution for 1 January 2008 to 30 June 2008

Distribution Type	Distribution Rate (cents)
Taxable Income	1.61
Tax Exempt Income	1.13
Capital	1.78
<b>Total</b>	<b>4.52</b>

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 18%.

**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 ART Units, the amount of capital distribution will be applied to reduce the cost base of their ART Units for tax purposes.

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

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes  
Name of distribution : Distribution for 26 March 2007 to 30 June 2007

Distribution Type	Distribution Rate (cents)
Taxable Income	0.63
Tax Exempt Income	0.69
Capital	0.78
<b>Total</b>	<b>2.10</b>

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 20%.

**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 ART Units, the amount of capital distribution will be applied to reduce the cost base of their ART Units for tax purposes.

10(c) Book closure date : 1 August 2008

10(d) Date payable : 28 August 2008

**11. Confirmation pursuant to Rule 705(4) 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 REIT (comprising the balance sheets as 30 June 2008 and the results of the business, consolidated statement of total return, consolidated cash flow statement and changes in net assets attributable to unitholders for the six months ended 30 June 2008, together with their accompanying notes), to be false or misleading in any material respect.

On behalf of the Board  
Ascott Residence Trust Management Limited

Lim Jit Poh  
Director

Jennie Chua  
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

Lam Chee Kin / Kang Siew Fong  
Joint Company Secretaries

Singapore  
23 July 2008