ASCOTT RESIDENCE TRUST

ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2010

TABLE OF CONTENTS

Item No.	Description	Page No.
	Summary of Group Results	1
	Introduction	2
1(a)(i)	Consolidated Statement of Total Return and Reconciliation Statement	3 – 4
1(a)(ii)	Explanatory Notes to Consolidated Statement of Total Return	4 – 5
1(b)(i)	Balance Sheet	6 – 7
1(c)	Consolidated Cash Flow Statement	8
1(d)(i)	Statement of Changes in Equity	9 – 10
1(d)(ii)	Details of Any Change in the Units	10
2 & 3	Audit Statement	10
4 & 5	Changes in Accounting Policies	10
6	Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”)	11
7	Net Asset Value (“NAV”) Per Unit	11
8	Group Performance Review	12 – 13
9	Prospects	14
10	Distributions	14 - 15
11	Negative Assurance Confirmation	15

ASCOTT RESIDENCE TRUST
2010 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

Summary of Group Results

	2Q 2010 S$'000	2Q 2009 S$'000	Better/ (Worse) %	YTD Jun 2010 S$'000	YTD Jun 2009 S$'000	Better/ (Worse) %
Revenue	44,441	42,973	3	87,905	85,095	3
Gross Profit	20,754	20,832	-	40,900	40,696	1
Unitholders' Distribution	11,550	11,004	5	21,824	21,852	-
Distribution Per Unit (cents)	1.87	1.79	4	3.53	3.55	-1

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2010 to 30 June 2010
Distribution rate	**3.53 cents**
Book Closure Date	2 August 2010
Payment Date	27 August 2010

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 or rental housing properties in the Pan-Asian Region.

Ascott Reit was directly held by The Ascott Limited (formerly known as The Ascott Group Limited) up to and including 30 March 2006 (the "Private Trust"). On 31 March 2006 (the "Listing Date"), Ascott Reit 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).

At 30 June 2010, Ascott Reit's portfolio comprises 38 properties with 3,644 apartment units in 11 cities across seven countries (Singapore, Australia, China, Indonesia, Japan, the Philippines and Vietnam).

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.

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

	Note	GROUP 2Q 2010 S$'000	GROUP 2Q 2009 S$'000	Better / (Worse) % +/-	GROUP YTD June 2010 S$'000	GROUP YTD Jun 2009 S$'000	Better / (Worse) % +/-
Revenue	A.1	44,441	42,973	3	87,905	85,095	3
Direct expenses	A.2	(23,687)	(22,141)	-7	(47,005)	(44,399)	-6
Gross Profit	A.1	20,754	20,832	-	40,900	40,696	1
Finance income		294	155	90	632	325	94
Other operating income		53	342	-85	106	398	-73
Finance costs		(5,685)	(5,968)	5	(11,442)	(11,795)	3
Manager's management fees		(1,891)	(1,932)	2	(3,666)	(3,667)	-
Trustee's fee		(48)	(50)	4	(97)	(100)	3
Professional fees		(208)	(270)	23	(384)	(454)	15
Audit fees		(204)	(272)	25	(409)	(473)	14
Foreign exchange loss - realised		(259)	(165)	-57	(591)	(354)	-67
Other operating expenses		(76)	(109)	30	(241)	(231)	-4
Share of loss of associate (net of tax)		(22)	(3)	-633	(31)	(4)	-675
Net income before change in fair value of financial derivatives and serviced residence properties, and unrealised foreign exchange (loss) / gain		**12,708**	**12,560**	**1**	**24,777**	**24,341**	**2**
Net change in fair value of financial derivatives	A.3	(473)	(5,097)	91	(898)	639	-241
Change in value of serviced residence properties	A.4	35,486	(61,025)	158	35,486	(61,025)	158
Foreign exchange (loss) / gain - unrealised	A.5	(1,415)	(4,091)	65	219	4,379	-95
Total return for the period before tax		**46,306**	**(57,653)**	**180**	**59,584**	**(31,666)**	**288**
Income tax expense	A.6	(4,271)	(3,102)	-38	(7,088)	(4,921)	-44
Total return for the period after tax		**42,035**	**(60,755)**	**169**	**52,496**	**(36,587)**	**243**
Attributable to:							
Unitholders		39,056	(61,558)		48,246	(38,892)	
Non-controlling interests		2,979	803		4,250	2,305	
Total return for the period		**42,035**	**(60,755)**	**169**	**52,496**	**(36,587)**	**243**

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

	Note	GROUP 2Q 2010 S$'000	GROUP 2Q 2009 S$'000	Better / (Worse) % +/-	GROUP YTD Jun 2010 S$'000	GROUP YTD Jun 2009 S$'000	Better / (Worse) % +/-
Total return for the period attributable to unitholders		39,056	(61,558)		48,246	(38,892)	
Net effect of non-tax deductible / chargeable items and other adjustments	A.7	(27,506)	72,562		(26,422)	60,744	
Total amount distributable to Unitholders for the period		**11,550**	**11,004**	**5**	**21,824**	**21,852**	**-**
Comprises :							
- from operations		11,489	2,817		12,048	4,120	
- from unitholders' contributions		61	8,187		9,776	17,732	
		11,550	**11,004**	**5**	**21,824**	**21,852**	**-**

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

A.1 Revenue and Gross profit

Revenue for 2Q 2010 increased by S$1.4 million (3%) to S$44.4 million. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore and China, partially offset by a decrease in revenue from the serviced residences in Vietnam.

The Group achieved a REVPAU of S$125 in 2Q 2010, an increase of 5% as compared to 2Q 2009. The increase in REVPAU was driven by the increase in occupancy of the Group's serviced residences from 73% in 2Q 2009 to 81% in 2Q 2010.

Gross profit in 2Q 2010 remained at the same level as that in 2Q 2009 as (1) higher direct expenses were incurred on the occupancy-led improvement in performance of the Group's serviced residences, (2) additional property tax expenses of S$0.1 million for one of the serviced residences in Singapore due to an increase in property value assessed by the Inland Revenue Authority of Singapore ("IRAS"), and (3) an increase in utility charges of S$0.2 million for serviced residences in Vietnam and Philippines due to an increase in utility rates. Gross profit in 2Q 2009 also included a one-off reversal of S$0.3 million pertaining to VAT, hence resulting in higher gross profit in that period.

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

A.2 Direct expenses include the following items:

	GROUP 2Q 2010 S$'000	GROUP 2Q 2009 S$'000	Better / (Worse) % +/-	GROUP YTD Jun 2010 S$'000	GROUP YTD Jun 2009 S$'000	Better / (worse) % +/-
Depreciation and amortisation	(1,531)	(1,455)	-5	(3,015)	(3,156)	4
Staff costs	(4,231)	(4,071)	-4	(8,008)	(7,527)	-6

A.3 Net change in fair value of financial derivatives

The 2Q 2010 loss of S$0.5 million mainly relates to unrealised losses arising from changes in the fair value of a cross currency swap, entered into to effectively convert a subsidiary's US$ bank loan to S$ bank loan at the Group level. The net loss was lower by S$4.6 million as US dollar depreciated to a lesser extent in 2Q 2010 as compared to 2Q 2009.

A.4 Change in value of serviced residence properties

This relates to the surplus on revaluation of serviced residence properties, mainly from the properties in Singapore, and Japan. The valuation of the serviced residence properties was conducted on 30 June 2010 by Jones Lang LaSalle Property Consultants Pte Ltd and Savills (Singapore) Pte Ltd. Refer to Para 8(c).

A.5 Foreign exchange loss - unrealised

The foreign exchange loss recognised in 2Q 2010 was mainly due to (1) unrealised exchange loss on S$ bank loan in Australia subsidiary's books, as a result of the appreciation of S$ against Australian Dollar and (2) unrealised exchange loss on foreign currency shareholder's loans, mainly denominated in US Dollar ("US$"), extended to the Group's subsidiaries, whose functional currency is denominated in US$, as a result of the depreciation of the US$ against S$.

A.6 Income tax expense

Taxation for 2Q 2010 was higher by S$1.2 million as compared to the corresponding period last year. This was mainly due to higher deferred tax liability arising from the change in value of serviced residence properties, partially offset by deferred tax benefit provided on unrealised exchange loss on US$ shareholder's loan in Philippines subsidiary's books.

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

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	2Q 2010 S$'000	2Q 2009 S$'000	+/-	YTD Jun 2010 S$'000	YTD Jun 2009 S$'000	+/-
Trustee's fees*	8	13	38	21	25	16
Depreciation and amortisation	1,531	1,455	-5	3,015	3,156	4
Net change in fair value of financial derivatives (Note A.3)	473	5,097	91	898	(639)	-241
Change in value of serviced residence properties (Note A.4)	(35,486)	61,025	158	(35,486)	61,025	158
Unrealised foreign exchange loss / (gain) (Note A.5)	1,415	4,091	65	(219)	(4,379)	-95
Manager's management fee payable / paid partially in units	945	966	2	1,833	1,833	-
Deferred tax expense	2,200	975	-126	2,561	975	-163
Effect of non-controlling interests arising from the above	1,503	(926)	-262	1,159	(1,091)	-206

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

1(b)(i) BALANCE SHEET

		GROUP		REIT	
	Note	30/6/10 S$'000	31/12/09 S$'000	30/6/10 S$'000	31/12/09 S$'000
Non-Current Assets					
Plant and equipment	1(b)(ii)	37,836	28,555	14,651	4,928
Serviced residence properties	1(b)(iii)	1,561,832	1,528,311	414,349	395,372
Interest in subsidiaries		-	-	114,527	114,540
Interest in associate		3,428	3,416	3,927	3,884
Financial derivatives		34	195	-	-
Deferred tax assets		307	213	-	-
		1,603,437	**1,560,690**	**547,454**	**518,724**
Current Assets					
Inventories		413	345	-	-
Trade receivables		6,307	5,857	779	624
Other receivables and deposits		20,822	21,861	617,325	613,657
Cash and bank balances	1(b)(iv)	56,524	63,228	4,787	8,930
		84,066	**91,291**	**622,891**	**623,211**
Total Assets		**1,687,503**	**1,651,981**	**1,170,345**	**1,141,935**
Non-Current Liabilities					
Interest bearing liabilities	1(b)(v)	(365,065)	(555,389)	(84,553)	(144,777)
Financial derivatives	1(b)(vi)	(3,629)	(19,051)	-	(14,623)
Deferred tax liabilities		(9,783)	(7,113)	-	-
		(378,477)	**(581,553)**	**(84,553)**	**(159,400)**
Current Liabilities					
Trade payables		(3,000)	(1,947)	(30)	(175)
Other payables		(65,252)	(70,360)	(95,702)	(91,075)
Interest bearing liabilities	1(b)(v)	(292,481)	(95,712)	(164,036)	(89,856)
Financial derivatives	1(b)(vi)	(15,359)	-	(15,359)	-
Provision for taxation		(6,532)	(5,612)	(656)	(728)
		(382,624)	**(173,631)**	**(275,783)**	**(181,834)**
Total Liabilities		**(761,101)**	**(755,184)**	**(360,336)**	**(341,234)**
Net Assets		**926,402**	**896,797**	**810,009**	**800,701**
Represented by:					
Unitholders' funds	1(d)(i)	852,794	825,061	810,009	800,701
Non-controlling interests	1(d)(i)	73,608	71,736	-	-
Total Equity	1(d)(i)	**926,402**	**896,797**	**810,009**	**800,701**

1(b)(ii) Plant and equipment

The increase in the Group's plant and equipment as at 30 June 2010 was mainly due to the renovation of the serviced residence properties in Singapore.

1(b)(iii) Serviced residence properties

The increase in the value of the Group's serviced residence properties as at 30 June 2010 was mainly due to the increase in the valuation of properties.

1(b)(iv) Cash and bank balances

The decrease in the Group's cash and bank balances as at 30 June 2010 was mainly due to distribution paid to unitholders on 26 February 2010 for the period 1 July 2009 to 31 December 2009 and payment for the refurbishment of serviced residence properties, partially offset by cash generated from operations.

1(b)(v) Interest bearing liabilities

	GROUP		REIT	
	30/6/10	31/12/09	30/6/10	31/12/09
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less or on demand				
- Secured	292,819	5,856	164,124	-
- Unsecured	-	89,888	-	89,888
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(338)	(32)	(88)	(32)
	292,481	95,712	164,036	89,856
Amount repayable after one year				
- Secured	317,273	507,717	85,374	144,931
- Unsecured	50,000	50,000	-	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured loans	(2,208)	(2,328)	(821)	(154)
	365,065	555,389	84,553	144,777
Total	**657,546**	**651,101**	**248,589**	**234,633**

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

Capital management

As at 30 June 2010, the Group's gearing was 40.7 percent, well within the 60 percent gearing limit allowable under MAS property fund guidelines, with an average cost of debts of 3.2 percent per annum and an interest cover of 3.6 times. 72 percent of the Group's borrowings are on fixed rates or swapped to fixed rates with S$347.5 million due for refinancing in 2011, in line with the maturity dates of the underlying loans.

Out of the Group's total borrowings, 0.4 percent is due for refinancing by December 2010, 60.9 percent falls due in 2011 and 38.7 percent falls due after 2011.

1(b)(vi) Financial derivatives

The non-current financial derivatives of S$3.6 million relates to the fair value of interest rate swaps, entered into by subsidiaries to hedge floating rate loans.

The current financial derivatives of S$15.4 million relates to the fair value of a cross currency swap (due in February 2011), entered into to effectively convert a subsidiary's US$ bank loan to S$ bank loan at the Group level.

1(c) CONSOLIDATED CASH FLOW STATEMENT

	Note	GROUP				
		2Q 2010 S$'000	2Q 2009 S$'000		YTD Jun 2010 S$'000	YTD Jun 2009 S$'000
Operating Activities						
Total return for the period before tax		46,306	(57,653)		59,584	(31,666)
Adjustments for:						
Depreciation and amortisation	A.2	1,531	1,455		3,015	3,156
Gain on disposal of plant and equipment		(15)	(13)		(13)	(6)
Finance costs		5,685	5,968		11,442	11,795
Finance income		(294)	(155)		(632)	(325)
Provision for doubtful debts (written back) / addition		(44)	(225)		6	(172)
Manager's management fees payable / paid partially in units		945	966		1,833	1,833
Foreign exchange loss / (gain) - unrealised		1,415	4,091		(219)	(4,379)
Net change in fair value of financial derivatives		473	5,097		898	(639)
Change in value of serviced residence properties		(35,486)	61,025		(35,486)	61,025
Share of loss of associate		22	3		31	4
Operating profit before working capital changes		**20,538**	**20,559**		**40,459**	**40,626**
Changes in working capital		(1,619)	(1,710)		(3,531)	(4,331)
Cash generated from operations		**18,919**	**18,849**		**36,928**	**36,295**
Income tax paid		(2,204)	(1,279)		(3,695)	(3,466)
Cash flows from operating activities		**16,715**	**17,570**		**33,233**	**32,829**
Investing Activities						
Acquisition of plant and equipment		(8,558)	(1,134)		(12,082)	(3,030)
Acquisition of subsidiaries, net of cash acquired		-	(20,626)		-	(20,626)
Capital expenditure on serviced residence properties		(365)	(1,098)		(463)	(1,442)
Interest received		294	155		632	325
Proceeds from sale of plant and equipment		41	25		42	30
Cash flows from investing activities		**(8,588)**	**(22,678)**		**(11,871)**	**(24,743)**
Financing Activities						
Distribution to unitholders		-	-		(23,269)	(26,143)
Dividend paid to non-controlling shareholders		(1,887)	(606)		(3,138)	(606)
Interest paid		(4,260)	(4,475)		(11,838)	(11,802)
Proceeds from bank borrowings		66,392	38,287		138,108	58,459
Repayment of bank borrowings		(66,498)	(23,846)		(128,010)	(26,955)
Cash flows from financing activities		**(6,253)**	**9,360**		**(28,147)**	**(7,047)**
Increase/ (Decrease) in cash & cash equivalents		**1,874**	**4,252**		**(6,785)**	**1,039**
Cash and cash equivalents at beginning of the period		**55,186**	**54,484**		**63,228**	**56,110**
Effect of exchange rate changes on balances held in foreign currencies		(536)	(1,653)		81	(66)
Cash and cash equivalents at end of the period		**56,524**	**57,083**		**56,524**	**57,083**

1(d)(i) **STATEMENT OF CHANGES IN EQUITY**

	Note	GROUP 2Q 2010 S$'000	GROUP 2Q 2009 S$'000	GROUP YTD Jun 2010 S$'000	GROUP YTD Jun 2009 S$'000
Unitholders' Contribution					
Balance as at beginning of period		759,920	785,973	771,294	793,025
Issue of new units		907	924	1,842	1,930
Distribution to Unitholders		-	-	(12,309)	(8,058)
Balance as at end of period		**760,827**	**786,897**	**760,827**	**786,897**
Operations					
Balance as at beginning of period		53,575	103,361	55,345	98,780
Total return for the period attributable to Unitholders		39,056	(61,558)	48,246	(38,892)
Distribution to Unitholders		-	-	(10,960)	(18,085)
Balance as at end of period		**92,631**	**41,803**	**92,631**	**41,803**
Foreign Currency Translation Reserve					
Balance as at beginning of period		5,616	37,476	1,368	9,659
Translation differences relating to financial statements of foreign subsidiaries		(4,152)	(27,730)	96	87
Balance as at end of period		**1,464**	**9,746**	**1,464**	**9,746**
Capital Reserve					
Balance as at beginning of period		1,510	1,555	1,483	1,449
Translation adjustment		(9)	(94)	18	12
Balance as at end of period		**1,501**	**1,461**	**1,501**	**1,461**
Hedging Reserve					
Balance as at beginning of period		(4,042)	(3,788)	(4,429)	(3,883)
Change in fair value of financial derivatives		413	1,132	800	1,227
Balance as at end of period		**(3,629)**	**(2,656)**	**(3,629)**	**(2,656)**
Unitholders' Funds	**1(b)(i)**	**852,794**	**837,251**	**852,794**	**837,251**
Non-controlling Interests					
Balance as at beginning of period		72,887	71,924	71,736	65,934
Translation differences relating to financial statements of foreign subsidiaries		(2,258)	910	(2,378)	5,398
Total return for the period		2,979	803	4,250	2,305
Balance as at end of period	**1(b)(i)**	**73,608**	**73,637**	**73,608**	**73,637**
Equity	**1(b)(i)**	**926,402**	**910,888**	**926,402**	**910,888**

1(d)(i) **STATEMENT OF CHANGES IN EQUITY**

	Note	REIT 2Q 2010 S$'000	REIT 2Q 2009 S$'000	REIT YTD Jun 2010 S$'000	REIT YTD Jun 2009 S$'000
Unitholders' Contribution					
Balance as at beginning of period		759,920	785,973	771,294	793,025
Issue of new units		907	924	1,842	1,930
Distribution to Unitholders		-	-	(12,309)	(8,058)
Balance as at end of period		**760,827**	**786,897**	**760,827**	**786,897**
Operations					
Balance as at beginning of period		23,756	103,895	29,407	100,216
Total return for the period attributable to Unitholders		25,426	(24,284)	30,735	(2,520)
Distribution to Unitholders		-	-	(10,960)	(18,085)
Balance as at end of period		**49,182**	**79,611**	**49,182**	**79,611**
Unitholders' Funds	1(b)(i)	**810,009**	**866,508**	**810,009**	**866,508**

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

	REIT 2Q 2010 '000	REIT 2Q 2009 '000	REIT YTD Jun 2010 '000	REIT YTD Jun 2009 '000
Balance as at beginning of period	618,015	613,597	617,210	610,814
Issue of new units :				
- partial payment of manager's management fees	791	1,445	1,596	4,228
Balance as at end of period	**618,806**	**615,042**	**618,806**	**615,042**

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 year ended 31 December 2009.

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.

Earnings per unit (EPU)	2Q 2010	2Q 2009		YTD Jun 2010	YTD Jun 2009
Number of units on issue at end of period	618,806,086	615,042,272		618,806,086	615,042,272
Weighted average number of units for the period	618,397,667	614,232,464		618,051,777	612,917,282
EPU (cents) – Basic and Diluted (based on the weighted average number of units for the period)	6.32	(10.02)[1]		7.81	(6.35)[1]

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

Note 1: Negative EPU was mainly due to the deficit on revaluation of serviced residence properties. Valuation was conducted by HVS International Ltd on the Group's serviced residence properties in June 2009.

Distribution per unit (DPU)	2Q 2010	2Q 2009		YTD Jun 2010	YTD Jun 2009
Number of units on issue at end of period	618,806,086	615,042,272		618,806,086	615,042,272
DPU (cents) – Basic and diluted	1.87	1.79		3.53	3.55

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

	Group		REIT	
	30/06/10	31/12/09	30/06/10	31/12/09
NAV per unit ($)	1.38	1.34	1.31	1.30

8. GROUP PERFORMANCE REVIEW

8(a) Revenue and Gross Profit Analysis – 2Q 2010 vs. 2Q 2009

	Ref	Revenue 2Q 2010 S$'M	Revenue 2Q 2009 S$'M	Revenue Better/ (Worse) S$M	Revenue Better/ (Worse) %	Ref	Gross Profit 2Q 2010 S$'M	Gross Profit 2Q 2009 S$'M	Gross Profit Better/ (Worse) S$'M	Gross Profit Better/ (Worse) %		REVPAU Analysis 2Q 2010 S$/day	REVPAU Analysis 2Q 2009 S$/day	REVPAU Analysis Better/ (Worse) +/- %
Australia		2.0	2.0	-	-		0.5	0.5	-	-		150	129	16
China		9.3	8.6	0.7	8		3.7	3.1	0.6	19		130	117	11
Indonesia		4.8	4.6	0.2	4		1.4	1.5	(0.1)	-7		73	68	7
Japan		4.3	4.2	0.1	2		2.4	2.8	(0.4)	-14		152*	135*	13
Philippines		7.4	7.3	0.1	1		3.0	3.2	(0.2)	-6		139	141	-1
Singapore		7.4	6.2	1.2	19		3.9	3.2	0.7	22		184	154	19
Vietnam		9.2	10.1	(0.9)	-9		5.9	6.5	(0.6)	-9		114	128	-11
Group	**A.1**	**44.4**	**43.0**	**1.4**	**3**		**20.8**	**20.8**	**-**	**-**		**125**	**119**	**5**

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

Revenue for 2Q 2010 increased by S$1.4 million (3%) to S$44.4 million. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore and China, partially offset by a decrease in revenue from the serviced residences in Vietnam.

The Group achieved a REVPAU of S$125 in 2Q 2010, an increase of 5% as compared to 2Q 2009. The increase in REVPAU was driven by the increase in occupancy of the Group's serviced residences from 73% in 2Q 2009 to 81% in 2Q 2010.

Gross profit in 2Q 2010 remained at the same level as that in 2Q 2009 as (1) higher direct expenses were incurred on the occupancy-led improvement in performance of the Group's serviced residences, (2) additional property tax expenses of S$0.1 million for one of the serviced residences in Singapore due to an increase in property value assessed by IRAS, and (3) an increase in utility charges of S$0.2 million for serviced residences in Vietnam and Philippines due to an increase in utility rates. Gross profit in 2Q 2009 also included a one-off reversal of S$0.3 million pertaining to VAT, hence resulting in higher gross profit in that period.

For the Group's serviced residences in Australia, as a result of the strengthening of AUD against SGD, revenue and gross profit in 2Q 2010 remained at the same level as that in 2Q 2009, but REVPAU increased from S$129 in 2Q 2009 to S$150 in 2Q 2010. In AUD terms, revenue decreased by A$0.3 million or 16% mainly due to a reduction in the level of food and beverage operation at Somerset St Georges Terrace. REVPAU has also decreased by 4% from A$125 in 2Q 2009 to A$120 in 2Q 2010 mainly due to weaker demand from corporate travellers in Perth.

The Group's serviced residences in China continued to show strong performance. Revenue increased by S$0.7 million or 8% in 2Q 2010 as compared to 2Q 2009. REVPAU increased by 11% from S$117 in 2Q 2009 to S$130 in 2Q 2010. The increase was mainly due to better performance in Beijing and Shanghai, partially offset by lower performance in Tianjin. In Beijing, the better performance was due to higher occupancies as business activities picked up but at lower rates due to the oversupply situation post 2008 Olympics. In Shanghai, both occupancy and rate have increased due to the World Expo. For Tianjin, both the occupancy and rate declined due to increased competition and reduction in corporate accommodation budget. Gross profit in 2Q 2010 increased by S$0.6 million or 19% due to increase in revenue and improved cost management.

For the Group's serviced residences in Indonesia, revenue increased by S$0.2 million or 4% in 2Q 2010 as compared to 2Q 2009. REVPAU increased from S$68 in 2Q 2009 to S$73 in 2Q 2010. The increase was mainly due to higher demand for serviced residences as a result of increased business from the information technology and oil and gas industries. Gross profit in 2Q 2010 decreased by S$0.1 million or 7% due to the appreciation of Rupiah against Singapore dollar as operating expenses are mainly denominated in Rupiah.

For the Group's serviced residences in Japan, revenue increased by S$0.1 million or 2% in 2Q 2010 as compared to 2Q 2009. REVPAU achieved for the serviced residences increased from S$135 in 2Q 2009 to S$152 in 2Q 2010. This was mainly due to an increase in the demand for serviced residences arising from higher business activities from the financial industry. The improved performance from the serviced residences was partially offset by the weaker performance from the rental housing properties, which continued to achieve stable rental rates but at lower occupancy of 85%. Gross profit in 2Q 2010 decreased by S$0.4 million or 14% as in 2Q 2009, there was a one-off reversal of S$0.3 million pertaining to VAT which resulted in higher gross profit.

For the Group's serviced residences in The Philippines, revenue in 2Q 2010 increased by S$0.1 million or 1% as compared to 2Q 2009 due to the receipt of the business interruption insurance claim of S$0.2 million for the October 2007 explosion in the shopping complex at Ayala Center, in the vicinity of Ascott Makati. REVPAU decreased marginally from S$141 in 2Q 2009 to S$139 in 2Q 2010. Gross profit in 2Q 2010 decreased by S$0.2 million or 6% due to higher utility rates.

For the Group's serviced residences in Singapore, revenue increased by S$1.2 million or 19% in 2Q 2010 as compared to 2Q 2009. REVPAU increased by 19% from S$154 in 2Q 2009 to S$184 in 2Q 2010 mainly driven by higher rates. The increase would have been higher if not for the phased renovation of the properties in 2Q 2010. The better performance was mainly due to an increase in demand from the financial industry. In line with the increase in revenue, gross profit in 2Q 2010 increased by S$0.7 million or 22%.

For the Group's serviced residences in Vietnam, revenue decreased by S$0.9 million or 9% as compared to 2Q 2009. REVPAU decreased by 11% from S$128 in 2Q 2009 to S$114 in 2Q 2010. In USD terms, revenue and REVPAU decreased by 3% and 5% respectively. The lower performance was due to lower renewal rates contracted in 2009 when corporates reduced their staff accommodation budget. In line with the decrease in revenue, gross profit in 2Q 2010 decreased by S$0.6 million or 9%.

8(b) Revenue and Gross Profit Analysis – YTD Jun 2010 vs. YTD Jun 2009

		Revenue					Gross Profit				REVPAU Analysis		
		YTD Jun 2010	YTD Jun 2009	Better/ (Worse)			YTD Jun 2010	YTD Jun 2009	Better/ (Worse)		YTD Jun 2010	YTD Jun 2009	Better / (worse) +/-
	Ref	S$'M		S$'M	%	Ref	S$'M		S$'M	%	S$/day	S$/day	%
Australia		4.0	3.7	0.3	8		0.9	0.8	0.1	13	152	131	16
China		17.7	16.8	0.9	5		6.5	5.5	1.0	18	122	115	6
Indonesia		9.7	9.6	0.1	1		3.1	3.6	(0.5)	-14	70	71	-1
Japan		8.4	8.7	(0.3)	-3		4.9	5.4	(0.5)	-9	141*	137*	3
Philippines		15.0	14.4	0.6	4		6.3	6.0	0.3	5	144	139	4
Singapore		14.6	12.9	1.7	13		7.4	6.9	0.5	7	182	162	12
Vietnam		18.5	19.0	(0.5)	-3		11.8	12.5	(0.7)	-6	114	132	-14
	A.1	**87.9**	**85.1**	**2.8**	**3**		**40.9**	**40.7**	**0.2**	**1**	**123**	**120**	**3**

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

For the 6-month period ended 30 June 2010 ("YTD Jun 2010"), revenue, gross profit and REVPAU increased by 3%, 1% and 3% respectively as compared to the 6-month period ended 30 June 2009 ("YTD Jun 2009").

REVPAU increased by S$3 from S$120 in YTD Jun 2009 to S$123 in YTD Jun 2010, driven by an increase in the occupancies of the Group's serviced residences. The Group's occupancy increased from 71% in YTD Jun 2009 to 79% in YTD Jun 2010.

8(c) Change in value of serviced residence properties

The change in value of serviced residence properties has no impact on the unitholder's distribution.

Any increase or decrease in value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of serviced residence properties.

As at 30 June 2010, independent full valuations were conducted by Jones Lang LaSalle Property Consultants Pte Ltd and Savills (Singapore) Pte Ltd for the Group's serviced residence properties, adopting the income approach using the Discounted Cash Flow analysis as the main method of valuation.

The Group's portfolio was revalued at S$1,561.8 million, resulting in a surplus in the value of serviced residence properties of S$35.5 million which was recognised in the Consolidated Statement of Total Return in 2Q 2010. The surplus resulted mainly from higher valuation of the Group's serviced residences in Singapore and Japan as compared to December 2009 valuation. The net impact on the Consolidated Statement of Total Return was S$31.7 million (net of tax and non-controlling interests).

9. PROSPECTS

The pace of recovery of hospitality demand differs in the markets where we operate. Our geographical diversification will continue to provide income stability for the Group.

We have completed the refurbishment of the two Singapore properties and have relaunched them in July amidst a buoyant market. Somerset Grand Cairnhill and Somerset Liang Court are expected to benefit from the strong demand, with the renovated apartments enjoying premium rates. We have also embarked on refurbishments for selected properties in Vietnam and China. Our asset enhancement initiatives will increase the returns of our portfolio in the long term.

We will explore new and existing markets for opportunities to expand the portfolio for increased and stable income. We will also look for opportunities to divest properties which have reached optimal yield.

The Group remains confident of the long term growth in the markets in which it operates. The operating performance in 2010 is expected to remain profitable.

10. DISTRIBUTIONS

10(a) **Current financial period**

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2010 to 30 June 2010

Distribution Type	**Distribution Rate (cents)**
Taxable Income	1.06
Tax Exempt Income	0.43
Capital	2.04
Total	**3.53**

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 1 January 2009 to 30 June 2009

Distribution Type	**Distribution Rate (cents)**
Taxable Income	0.95
Tax Exempt Income	0.61
Capital	1.99
Total	**3.55**

10(c) Tax rate : **Taxable Income Distribution**

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-exempt income distribution is exempt from tax in the hands of all unitholders

Capital Distribution

Capital distribution represents a return of capital to unitholders for tax purposes and is therefore not subject to income tax. For unitholders who are liable to tax on profits from sale of ART Units, the amount of capital distribution will be applied to reduce the cost base of their ART Units for tax purposes.

10(d) Book closure date : 2 August 2010

10(e) Date payable : 27 August 2010

11. <u>Confirmation pursuant to Rule 705(5) of the Listing Manual</u>

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 at 30 June 2010 and the results of the business, consolidated statement of total return, consolidated cash flow statement and changes in equity for the six months ended 30 June 2010, 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	Chong Kee Hiong 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 2010