



ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2010
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ASCOTT RESIDENCE TRUST
2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

Summary of Group Results

	3Q 2010 S\$'000	3Q 2009 S\$'000	Better/ (Worse) %	YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000	Better/ (Worse) %
Revenue	46,488	44,370	5	134,393	129,465	4
Gross Profit	21,120	22,001	-4	62,020	62,697	-1
Unitholders' Distribution	11,951	11,823	1	33,775	33,675	-
Distribution Per Unit (cents)	1.85*	1.92	-4	5.38	5.47	-2

* On 22 September 2010, 419,660,000 new units were issued under the private placement tranche of the equity fund raising to part fund the acquisition of the 28 properties, which was completed on 1 October 2010. Excluding the private placement new units, the Distribution per Unit for 3Q 2010 would be 1.93 cents, representing an increase of 1% as compared to 3Q 2009.

ADVANCED DISTRIBUTION

On 13 September 2010, the Manager launched the equity fund raising by way of a private placement and non-renounceable preferential offering. In order to ensure fairness to holders of Ascott Reit units prior to the issuance of the private placement new units, the Manager declares, in lieu of the scheduled distribution, an advanced distribution of the distributable income for the period from 1 July 2010 up to 21 September 2010, the day immediately prior to the date on which the private placement new units are issued. The next distribution therefore will comprise the distributable income from 22 September 2010 to 31 December 2010. Semi-annual distributions will resume thereafter.

Advanced Distribution	For 1 July 2010 to 21 September 2010
Advanced Distribution Rate	1.74 cents per Unit
Book Closure Date	21 September 2010 (Closed)
Payment Date	19 November 2010

ASCOTT RESIDENCE TRUST

2010 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

INTRODUCTION

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

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

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 September 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		Better / (Worse) % +/-	GROUP		Better / (Worse) % +/-
		3Q 2010 S\$'000	3Q 2009 S\$'000		YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000	
Revenue	A.1	46,488	44,370	5	134,393	129,465	4
Direct expenses	A.2	(25,368)	(22,369)	-13	(72,373)	(66,768)	-8
Gross Profit	A.1	21,120	22,001	-4	62,020	62,697	-1
Finance income		195	165	18	826	490	69
Other operating income	A.3	1,075	87	n.m.	1,181	485	144
Finance costs		(6,301)	(5,788)	-9	(17,743)	(17,583)	-1
Manager's management fees		(1,830)	(1,858)	2	(5,496)	(5,525)	1
Trustee's fee		(49)	(49)	-	(146)	(149)	2
Professional fees		(186)	(279)	33	(570)	(733)	22
Audit fees		(184)	(205)	10	(592)	(678)	13
Foreign exchange (loss)/gain	A.4	(2,048)	(950)	-116	(2,419)	3,075	-179
Other operating expenses		(399)	52	-451	(641)	(179)	-258
Share of profit/(loss) of associate (net of tax)		6	-	-	(25)	(4)	-525
Net income before change in fair value of financial derivatives and serviced residence properties		11,399	13,176	-13	36,395	41,896	-13
Net change in fair value of financial derivatives	A.5	(4,697)	(2,675)	-76	(5,595)	(2,036)	-175
Net change in fair value of serviced residence properties		-	-	-	35,486	(61,025)	158
Total return for the period before tax		6,702	10,501	-36	66,286	(21,165)	413
Income tax expense	A.6	(3,034)	(4,619)	34	(10,122)	(9,540)	-6
Total return for the period after tax		3,668	5,882	-38	56,164	(30,705)	283
Attributable to:							
Unitholders		2,445	4,336		50,691	(34,556)	
Non-controlling interests		1,223	1,546		5,473	3,851	
Total return for the period		3,668	5,882	-38	56,164	(30,705)	283

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

	Note	GROUP		Better / (Worse) % +/-	GROUP		Better / (Worse) % +/-
		3Q 2010 S\$'000	3Q 2009 S\$'000		YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000	
Total return for the period attributable to unitholders		2,445	4,336		50,691	(34,556)	
Net effect of non-tax deductible/chargeable items and other adjustments	A.7	9,506	7,487		(16,916)	68,231	
Total amount distributable to Unitholders for the period		11,951	11,823	1	33,775	33,675	-
Comprises :							
- from operations		1,663	746		13,711	4,866	
- from unitholders' contributions		10,288	11,077		20,064	28,809	
		11,951	11,823	1	33,775	33,675	-

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

A.1 Revenue and Gross profit

Revenue for 3Q 2010 increased by S\$2.1 million (5%) to S\$46.5 million as compared to 3Q 2009. Revenue for 3Q 2009 included S\$0.4 million of business interruption ("BI") claim for the loss of revenue due to the closure of apartment units of Somerset Grand Citra for rectification works. Excluding the BI claim, revenue for 3Q 2010 increased by S\$2.5 million or 6% as compared to 3Q 2009. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore and Philippines, partially offset by a decrease in revenue from the serviced residences in Japan.

The Group achieved a REVPAU of S\$130 in 3Q 2010, an increase of 7% as compared to 3Q 2009. The increase in REVPAU was driven by an increase in occupancy of the Group's serviced residences from 79% in 3Q 2009 to 83% in 3Q 2010 as well as an increase in average daily rates of the Group's serviced residences from S\$154 to S\$157.

Gross profit in 3Q 2010 decreased by S\$0.9 million (4%) to S\$21.1 million as compared to 3Q 2009. Gross profit for 3Q 2010 included an one time charge of prior years' property tax of S\$0.3 million for one of the serviced residences in Indonesia previously not assessed by the Indonesia tax authority. Gross profit in 3Q 2009 included (1) an one-off reversal of S\$1.2 million for prior years' accrual of centralised costs no longer required, and (2) recognition of BI claim of S\$0.4 million.

Excluding these one-off adjustments, gross profit in 3Q 2010 and 3Q 2009 would have been S\$21.4 million and S\$20.4 million respectively, representing an increase of S\$1.0 million or 5% between the two periods.

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

A.2 Direct expenses include the following items:

	GROUP		Better / (Worse) % +/-	GROUP		Better / (worse) % +/-
	3Q 2010 S\$'000	3Q 2009 S\$'000		YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000	
Depreciation and amortisation	(1,759)	(1,538)	-14	(4,774)	(4,694)	-2
Staff costs	(4,332)	(3,959)	-9	(12,340)	(11,486)	-7

A.3 Other operating income

The other operating income recognised in 3Q 2010 mainly relates to reversal of prior years' accrued expenses no longer required.

A.4 Foreign exchange (loss)/gain

The foreign exchange loss recognised in 3Q 2010 was mainly due to 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\$, partially offset by (1) unrealised exchange gain on S\$ bank loan in Australia subsidiary's books, as a result of the appreciation of A\$ against S\$ and (2) unrealised exchange gain on US\$ shareholder's loan in Philippines subsidiary's books, as a result of the depreciation of US\$ against Peso.

A.5 Net change in fair value of financial derivatives

The 3Q 2010 loss of S\$4.7 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 higher by S\$2.0 million as US dollar depreciated to a higher extent in 3Q 2010 as compared to 3Q 2009.

A.6 Income tax expense

Taxation for 3Q 2010 was lower by S\$1.6 million as compared to the corresponding period last year. This was mainly due to lower deferred tax liability provided on lower unrealised exchange gain 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) % +/-
	3Q 2010 S\$'000	3Q 2009 S\$'000		YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000	
Depreciation and amortisation	1,759	1,538	-14	4,774	4,694	-2
Manager's management fee payable/paid partially in units	915	929	2	2,748	2,762	1
Trustee's fees*	40	12	-233	61	37	-65
Foreign exchange loss/(gain) (Note A.4)	1,935	1,007	-92	1,716	(3,372)	-151
Net change in fair value of financial derivatives (Note A.5)	4,697	2,675	-76	5,595	2,036	-175
Net change in fair value of serviced residence properties	-	-	-	(35,486)	61,025	158
Deferred tax expense	485	2,187	78	3,047	3,162	4
Effect of non-controlling interests arising from the above	(76)	(250)	70	1,083	(1,251)	-187

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

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

	Note	GROUP		REIT	
		30/09/10 S\$'000	31/12/09 S\$'000	30/09/10 S\$'000	31/12/09 S\$'000
Non-Current Assets					
Plant and equipment	1(b)(ii)	34,801	28,555	12,487	4,928
Serviced residence properties	1(b)(iii)	1,358,334	1,528,311	417,139	395,372
Interest in subsidiaries		-	-	114,527	114,540
Interest in associate		3,298	3,416	3,792	3,884
Financial derivatives		2	195	-	-
Deferred tax assets		320	213	-	-
		1,396,755	1,560,690	547,945	518,724
Current Assets					
Serviced residence properties held for sale	1(b)(iv)	194,935	-	-	-
Inventories		398	345	-	-
Trade receivables		7,890	5,857	1,014	624
Other receivables and deposits		17,678	21,861	607,276	613,657
Cash and bank balances	1(b)(v)	498,959	63,228	444,451	8,930
		719,860	91,291	1,052,741	623,211
Total Assets		2,116,615	1,651,981	1,600,686	1,141,935
Non-Current Liabilities					
Interest bearing liabilities	1(b)(vi)	(328,270)	(555,389)	(87,916)	(144,777)
Financial derivatives	1(b)(vii)	(3,495)	(19,051)	(109)	(14,623)
Deferred tax liabilities		(10,105)	(7,113)	-	-
		(341,870)	(581,553)	(88,025)	(159,400)
Current Liabilities					
Trade payables		(2,613)	(1,947)	(666)	(175)
Other payables		(74,243)	(70,360)	(98,101)	(91,075)
Interest bearing liabilities	1(b)(vi)	(333,704)	(95,712)	(169,819)	(89,856)
Financial derivatives	1(b)(vii)	(20,028)	-	(20,028)	-
Provision for taxation		(6,020)	(5,612)	(62)	(728)
		(436,608)	(173,631)	(288,676)	(181,834)
Total Liabilities		(778,478)	(755,184)	(376,701)	(341,234)
Net Assets		1,338,137	896,797	1,223,985	800,701
Represented by:					
Unitholders' funds	1(d)(i)	1,266,887	825,061	1,223,985	800,701
Non-controlling interests	1(d)(i)	71,250	71,736	-	-
Total Equity	1(d)(i)	1,338,137	896,797	1,223,985	800,701

1(b)(ii) **Plant and equipment**

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

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

The decrease in the value of the Group's serviced residence properties as at 30 September 2010 was mainly due to the reclassification of Ascott Beijing and Country Woods to serviced residence properties held for sale under Current Assets, partially offset by the increase in the valuation of properties.

1(b)(iv) **Serviced residence properties held for sale**

This relates to the reclassification of Ascott Beijing and Country Woods from serviced residence properties. Please refer to note 1(b)(iii) above.

1(b)(v) Cash and bank balances

The increase in the Group's cash and bank balances as at 30 September 2010 was mainly due to the proceeds from the private placement tranche of the equity fund raising and cash generated from operations, partially offset by the distribution paid to unitholders and payment for the refurbishment of serviced residence properties.

1(b)(vi) Interest bearing liabilities

	GROUP		REIT	
	30/09/10 S\$'000	31/12/09 S\$'000	30/09/10 S\$'000	31/12/09 S\$'000
Amount repayable in one year or less or on demand				
- Secured	334,494	5,856	169,874	-
- Unsecured	-	89,888	-	89,888
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(790)	(32)	(55)	(32)
	333,704	95,712	169,819	89,856
Amount repayable after one year				
- Secured	279,551	507,717	88,707	144,931
- Unsecured	50,000	50,000	-	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured loans	(1,281)	(2,328)	(791)	(154)
	328,270	555,389	87,916	144,777
Total	661,974	651,101	257,735	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 September 2010, the Group's gearing was 32.2 percent. Excluding the proceeds from the private placement tranche of the equity fund raising in September 2010 which will be used to part fund the acquisition of properties in October 2010 (please refer to section 9 for details), the Group's gearing was 41.1 percent, well within the 60 percent gearing limit allowable under MAS property fund guidelines. The average cost of debts was 3.2 percent per annum, with an interest cover of 3.6 times. S\$418.5 million or 63 percent of the Group's borrowings are on fixed interest rates with S\$235.3 million due for refinancing in 2011, in line with the maturity dates of the underlying loans.

Out of the Group's total borrowings, 50 percent falls due in 2011, 26 percent falls due in 2012 and the balance falls due after 2012.

1(b)(vii) Financial derivatives

The non-current financial derivatives of S\$3.5 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\$20.0 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**

GROUP				
Note	3Q 2010 S\$'000	3Q 2009 S\$'000	YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000
Operating Activities				
	6,702	10,501	66,286	(21,165)
	Total return for the period before tax			
	<u>Adjustments for:</u>			
A.2	1,759	1,538	4,774	4,694
	Depreciation and amortisation			
	225	9	213	4
	Loss on disposal of plant and equipment			
	6,301	5,788	17,743	17,583
	Finance costs			
	(195)	(165)	(826)	(490)
	Finance income			
	77	(16)	83	(188)
	Provision for doubtful debts addition/(written back)			
	915	929	2,748	2,762
	Manager's management fees payable/paid partially in units			
	1,934	1,007	1,715	(3,372)
	Foreign exchange loss/(gain) - unrealised			
	4,697	2,675	5,595	2,036
	Net change in fair value of financial derivatives			
	-	-	(35,486)	61,025
	Change in value of serviced residence properties			
	(6)	-	25	4
	Share of (profit)/loss of associate			
	22,409	22,266	62,870	62,893
	Operating profit before working capital changes			
	9,198	1,579	5,978	(2,943)
	Changes in working capital			
	31,607	23,845	68,848	59,950
	Cash generated from operations			
	(2,845)	(1,262)	(6,543)	(4,725)
	Income tax paid			
	28,762	22,583	62,305	55,225
	Cash flows from operating activities			
Investing Activities				
	(2,190)	(861)	(11,483)	(3,891)
	Acquisition of plant and equipment			
	-	(294)	-	(20,920)
	Acquisition of subsidiaries, net of cash acquired			
	(398)	(306)	(3,651)	(1,748)
	Capital expenditure on serviced residence properties			
	195	165	826	490
	Interest received			
	67	-	110	29
	Proceeds from sale of plant and equipment			
	(2,326)	(1,296)	(14,198)	(26,040)
	Cash flows from investing activities			
Financing Activities				
	(21,844)	(21,834)	(45,113)	(47,977)
	Distribution to unitholders			
	(996)	(959)	(4,134)	(1,565)
	Dividend paid to non-controlling shareholders			
	(7,700)	(7,445)	(19,538)	(19,247)
	Interest paid			
	(6,262)	-	(6,262)	-
	Payment of issue expenses			
	84,604	28,734	222,712	87,193
	Proceeds from bank borrowings			
	453,233	-	453,233	-
	Proceeds from issue of new units			
	(84,543)	(26,962)	(212,566)	(53,747)
	Repayment of bank borrowings			
	416,492	(28,466)	388,332	(35,343)
	Cash flows from financing activities			
	442,928	(7,179)	436,439	(6,158)
	Increase/(Decrease) in cash & cash equivalents			
	56,524	57,083	63,228	56,110
	Cash and cash equivalents at beginning of the period			
	(493)	22	(708)	(26)
	Effect of exchange rate changes on balances held in foreign currencies			
	498,959	49,926	498,959	49,926
	Cash and cash equivalents at end of the period			

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

	Note	GROUP		GROUP	
		3Q 2010 S\$'000	3Q 2009 S\$'000	YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000
<u>Unitholders' Contribution</u>					
Balance as at beginning of period		760,827	786,897	771,294	793,025
Issue of new units		454,155	952	455,997	2,882
Issue expenses		(9,733)	-	(9,733)	-
Distribution to Unitholders		(9,796)	(17,714)	(22,105)	(25,772)
Balance as at end of period		1,195,453	770,135	1,195,453	770,135
<u>Operations</u>					
Balance as at beginning of period		92,631	41,803	55,345	98,780
Total return for the period attributable to Unitholders		2,445	4,336	50,691	(34,556)
Distribution to Unitholders		(12,048)	(4,120)	(23,008)	(22,205)
Balance as at end of period		83,028	42,019	83,028	42,019
<u>Foreign Currency Translation Reserve</u>					
Balance as at beginning of period		1,464	9,746	1,368	9,659
Translation differences relating to financial statements of foreign subsidiaries		(11,011)	(5,363)	(10,915)	(5,276)
Balance as at end of period		(9,547)	4,383	(9,547)	4,383
<u>Capital Reserve</u>					
Balance as at beginning of period		1,501	1,461	1,483	1,449
Translation adjustment		(53)	(16)	(35)	(4)
Balance as at end of period		1,448	1,445	1,448	1,445
<u>Hedging Reserve</u>					
Balance as at beginning of period		(3,629)	(2,656)	(4,429)	(3,883)
Change in fair value of financial derivatives		134	(1,533)	934	(306)
Balance as at end of period		(3,495)	(4,189)	(3,495)	(4,189)
Unitholders' Funds	1(b)(i)	1,266,887	813,793	1,266,887	813,793
<u>Non-controlling Interests</u>					
Balance as at beginning of period		73,608	73,637	71,736	65,934
Translation differences relating to financial statements of foreign subsidiaries		(3,581)	(1,652)	(5,959)	3,746
Total return for the period		1,223	1,546	5,473	3,851
Balance as at end of period	1(b)(i)	71,250	73,531	71,250	73,531
Equity	1(b)(i)	1,338,137	887,324	1,338,137	887,324

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

	Note	REIT		REIT	
		3Q 2010 S\$'000	3Q 2009 S\$'000	YTD Sep 2010 S\$'000	YTD Sep 2009 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		760,827	786,897	771,294	793,025
Issue of new units		454,155	952	455,977	2,882
Issue expenses		(9,733)	-	(9,733)	-
Distribution to Unitholders		(9,796)	(17,714)	(22,105)	(25,772)
Balance as at end of period		1,195,453	770,135	1,195,453	770,135
Operations					
Balance as at beginning of period		49,182	79,611	29,407	100,216
Total return for the period attributable to Unitholders		(8,493)	(2,493)	22,242	(5,013)
Distribution to Unitholders		(12,048)	(4,120)	(23,008)	(22,205)
Balance as at end of period		28,641	72,998	28,641	72,998
Hedging Reserve					
Balance as at beginning of period		-	-	-	-
Change in fair value of financial derivatives		(109)	-	(109)	-
Balance as at end of period		(109)	-	(109)	-
Unitholders' Funds	1(b)(i)	1,223,985	843,133	1,223,985	843,133

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

	REIT			
	3Q 2010 '000	3Q 2009 '000	YTD Sep 2010 '000	YTD Sep 2009 '000
Balance as at beginning of period	618,806	615,042	617,210	610,814
Issue of new units :				
- equity fund raising	419,660	-	419,660	-
- partial payment of manager's management fees	774	1,065	2,370	5,293
Balance as at end of period	1,039,240	616,107	1,039,240	616,107

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by our auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the most recently audited annual financial statements have been applied**

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)	3Q 2010	3Q 2009	YTD Sep 2010	YTD Sep 2009
Number of units on issue at end of period ('000)	1,039,240	616,107	1,039,240	616,107
Weighted average number of units for the period ('000)	660,348	615,725	632,305	613,860
EPU (cents) – Basic and Diluted (based on the weighted average number of units for the period)	0.37	0.70	8.02 ¹	(5.63) ¹

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

Note 1: The computation of EPU included the net change in fair value of serviced residence properties. Valuations of the serviced residence properties were conducted by independent valuers in June 2010 and June 2009. Excluding these effects, the EPU for YTD Sep 2010 and YTD Sep 2009 would be 3.00 cents and 4.24 cents respectively.

Distribution per unit (DPU)	1 Jul to 21 Sep 10	22 Sep to 30 Sep 10	3Q 2010	3Q 2009	YTD Sep 2010	YTD Sep 2009
Number of units on issue at end of period ('000)	619,580	1,039,240	1,039,240	616,107	1,039,240	616,107
DPU (cents) – Basic and diluted	1.74	0.11	1.85*	1.92	5.38	5.47

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

* On 22 September 2010, 419,660,000 new units were issued under the private placement tranche of the equity fund raising to part fund the acquisition of the 28 properties, which was completed on 1 October 2010. Excluding the private placement new units, the DPU for 3Q 2010 would be 1.93 cents, representing an increase of 1% as compared to 3Q 2009. Refer to para 10 for details on the advanced distribution of Ascott Reit’s distributable income for the period from 1 July 2010 to 21 September 2010 (prior to the date on which the private placement new units are issued on 22 September 2010).

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

	Group		REIT	
	30/09/10	31/12/09	30/09/10	31/12/09
NAV per unit (\$)	1.22*	1.34	1.18*	1.30

* The decrease in NAV as at 30 September 2010 was mainly due to the increase in units from the private placement tranche of the equity fund raising issued at S\$1.08 per unit and distribution paid to unitholders. The proforma NAV as at 30 September 2010, after adjusting for the equity fund raising, acquisition and divestment, would be \$1.28 per unit.

8. **GROUP PERFORMANCE REVIEW**

8(a) **Revenue and Gross Profit Analysis – 3Q 2010 vs. 3Q 2009**

	Ref	Revenue				Ref	Gross Profit				REVPAU Analysis			
		3Q 2010	3Q 2009	Better/ (Worse)			3Q 2010	3Q 2009	Better/ (Worse)		3Q 2010	3Q 2009 [#]	Better/ (Worse) +/-	
		S\$'M	S\$M	%	%		S\$'M	S\$'M	%	%	S\$/day	S\$/day	%	
Australia		2.0	1.8	0.2	11		0.5	0.4	0.1	25		153	133	15
China		8.9	9.0	(0.1)	(1)		3.1	4.3	(1.2)	(28)		125	122	2
Indonesia		5.2	5.2	-	-		1.4	1.9	(0.5)	(26)		76	70	9
Japan		4.3	4.6	(0.3)	(7)		2.3	2.8	(0.5)	(18)		148*	165*	(10)
Philippines		7.3	7.0	0.3	4		3.0	2.9	0.1	3		137	132	4
Singapore		9.3	7.1	2.2	31		5.0	3.7	1.3	35		243	177	37
Vietnam		9.5	9.7	(0.2)	(2)		5.8	6.0	(0.2)	(3)		113	124	(9)
Group	A.1	46.5	44.4	2.1	5		21.1	22.0	(0.9)	(4)		130	122	7

* refers to serviced residences in Japan, excludes rental housing

[#] REVPAU for 3Q 2009 has been adjusted to be consistent with the current period's presentation.

Revenue for 3Q 2010 increased by S\$2.1 million (5%) to S\$46.5 million as compared to 3Q 2009. Revenue for 3Q 2009 included S\$0.4 million of business interruption (“BI”) claim for the loss of revenue due to the closure of apartment units of Somerset Grand Citra for rectification works. Excluding the BI claim, revenue for 3Q 2010 increased by S\$2.5 million or 6% as compared to 3Q 2009. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore and Philippines, partially offset by a decrease in revenue from the serviced residences in Japan.

The Group achieved a REVPAU of S\$130 in 3Q 2010, an increase of 7% as compared to 3Q 2009. The increase in REVPAU was driven by an increase in occupancy of the Group's serviced residences from 79% in 3Q 2009 to 83% in 3Q 2010 as well as an increase in average daily rates of the Group's serviced residences from S\$154 to S\$157.

Gross profit in 3Q 2010 decreased by S\$0.9 million (4%) to S\$21.1 million as compared to 3Q 2009. Gross profit for 3Q 2010 included an one time charge of prior years' property tax of S\$0.3 million for one of the serviced residences in Indonesia previously not assessed by the Indonesia tax authority. Gross profit in 3Q 2009 included (1) an one-off reversal of S\$1.2 million for prior years' accrual of centralised costs no longer required, and (2) recognition of BI claim of S\$0.4 million.

Excluding these one-off adjustments, gross profit in 3Q 2010 and 3Q 2009 would have been S\$21.4 million and S\$20.4 million respectively, representing an increase of S\$1.0 million or 5% between the two periods.

For the Group's serviced residences in Australia, revenue increased by S\$0.2 million or 11% in 3Q 2010 as compared to 3Q 2009. REVPAU increased from S\$133 in 3Q 2009 to S\$153 in 3Q 2010. The increase was mainly due to higher demand for serviced residences as a result of increased business from the mining industry. In line with the increase in revenue, gross profit in 3Q 2010 increased by S\$0.1 million or 25%.

For the Group's serviced residences in China, revenue decreased by S\$0.1 million or 1% in 3Q 2010 as compared to 3Q 2009 due to a one-off adjustment of S\$0.2 million for the reversal of prior years' accrued revenue. Excluding this adjustment, revenue for 3Q 2010 increased by 1% as compared to 3Q 2009. REVPAU increased by 2% from S\$122 in 3Q 2009 to S\$125 in 3Q 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. 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 3Q 2009 included an one-off reversal of S\$1.2 million for prior years' accrual of centralised costs no longer required. Excluding these one-off adjustments, gross profit in 3Q 2010 increased by S\$0.2 million or 6% as compared to 3Q 2009.

For the Group's serviced residences in Indonesia, revenue remained at the same level as that in 3Q 2009 as in 3Q 2009, there was a one-off recognition of S\$0.4 million pertaining to BI claim for the loss of revenue due to the closure of apartment units of Somerset Grand Citra for rectification works. Excluding this one-off recognition of BI claim, revenue increased by S\$0.4m or 8% in 3Q 2010 as compared to 3Q 2009. REVPAU increased from S\$70 in 3Q 2009 to S\$76 in 3Q 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 3Q 2010 decreased by S\$0.5 million or 26% due to (1) one-off recognition of the BI claim in 3Q 2009, (2) one time charge of prior years' property tax of S\$0.3 million previously not assessed by the Indonesia tax authority. Excluding these one-off adjustments, gross profit in 3Q 2010 increased by S\$0.2 million or 13% as compared to 3Q 2009 due to increase in revenue and improved operating efficiency.

For the Group's serviced residences in Japan, revenue decreased by S\$0.3 million or 7% in 3Q 2010 as compared to 3Q 2009. This was mainly due to weaker performance from both the serviced residences and rental housing properties in view of the weak market demand. REVPAU achieved for the serviced residences decreased from S\$165 in 3Q 2009 to S\$148 in 3Q 2010. Gross profit in 3Q 2010 decreased by S\$0.5 million or 18% due to higher repair and maintenance and advertising expenses.

For the Group's serviced residences in The Philippines, revenue increased by S\$0.3 million or 4% in 3Q 2010 as compared to 3Q 2009. REVPAU increased by 4% from S\$132 in 3Q 2009 to S\$137 in 3Q 2010. The increase was mainly due to higher demand for serviced residences as a result of increased business from the oil and telecommunication industries. In line with the increase in revenue, gross profit in 3Q 2010 increased by S\$0.1 million or 3%.

For the Group's serviced residences in Singapore, revenue increased by S\$2.2 million or 31% in 3Q 2010 as compared to 3Q 2009. REVPAU increased by 37% from S\$177 in 3Q 2009 to S\$243 in 3Q 2010. This was due to the successful launch of the refurbished apartment units of the two serviced residences in Singapore. In line with the increase in revenue, gross profit in 3Q 2010 increased by S\$1.3 million or 35%, despite higher property tax expense of S\$0.4 million due to an increase in property value assessed by the Inland Revenue Authority of Singapore.

For the Group's serviced residences in Vietnam, due to the weakening of USD against SGD, both revenue and gross profit decreased by S\$0.2 million as compared to 3Q 2009 and REVPAU decreased by 9% from S\$124 in 3Q 2009 to S\$113 in 3Q 2010. In USD terms, revenue increased by 3% and gross profit remained at the same level as that in 3Q 2009. This was mainly due to higher office and shop rental income, partially offset by a decline in the serviced residence revenue. The lower serviced residence revenue was due to lower renewal rates contracted in 2009 when corporates reduced their staff accommodation budget. REVPAU in USD terms decreased by 5% as compared to 3Q 2009.

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

	Ref	Revenue				Ref	Gross Profit				REVPAU Analysis		
		YTD Sep 2010	YTD Sep 2009	Better/ (Worse)			YTD Sep 2010	YTD Sep 2009	Better/ (Worse)		YTD Sep 2010	YTD Sep 2009 [#]	Better / (worse) +/-
		S\$'M	S\$'M	%		S\$'M	S\$'M	%		S\$/day	S\$/day	%	
Australia		6.0	5.5	0.5	9	1.4	1.1	0.3	27	152	128	19	
China		26.6	25.8	0.8	3	9.5	9.7	(0.2)	(2)	122	117	4	
Indonesia		14.9	14.8	0.1	1	4.5	5.5	(1.0)	(18)	72	71	1	
Japan		12.6	13.4	(0.8)	(6)	7.2	8.3	(1.1)	(13)	145*	147*	(1)	
Philippines		22.3	21.4	0.9	4	9.4	8.9	0.5	6	142	136	4	
Singapore		24.0	19.9	4.1	21	12.4	10.6	1.8	17	202	167	21	
Vietnam		28.0	28.7	(0.7)	(2)	17.6	18.6	(1.0)	(5)	114	129	(12)	
A.1		134.4	129.5	4.9	4	62.0	62.7	(0.7)	(1)	125	121	3	

* refers to serviced residences in Japan, excludes rental housing

REVPAU for YTD Sep 2009 has been adjusted to be consistent with the current period's presentation.

For the 9-month period ended 30 September 2010 ("YTD Sep 2010"), revenue increased by 4% and REVPAU increased by 3% as compared to the 9-month period ended 30 September 2009 ("YTD Sep 2009"). REVPAU increased by S\$4 from S\$121 in YTD Sep 2009 to S\$125 in YTD Sep 2010, driven by an increase in the occupancies of the Group's serviced residences. The Group's occupancy increased from 74% in YTD Sep 2009 to 80% in YTD Sep 2010.

Gross profit for YTD Sep 2010 decreased by S\$0.7 million as compared to YTD Sep 2009. Excluding one-off adjustments, the gross profit on a recurring basis for YTD Sep 2010 and YTD Sep 2009 would be S\$62.7 million and S\$61.1 million respectively, representing an increase of S\$1.6 million or 3%.

9. **OUTLOOK AND PROSPECTS**

9(a) **Developments subsequent to 3Q 2010**

On 1 October 2010, Ascott Reit completed the acquisition of 28 properties in Singapore, Vietnam and Europe from The Ascott Limited (Ascott) and the divestment of Ascott Beijing to Ascott. These transactions were first announced on 20 August 2010 together with a proposed equity fund raising comprising a private placement and a preferential offering to part fund the acquisition. At the Extraordinary General Meeting (EGM) held on 9 September 2010, unitholders approved the proposed acquisition, divestment, and equity fund raising.

Ascott Reit completed the private placement of 419,660,000 units to institutional and other investors at S\$1.08 per unit on 14 September 2010, which raised proceeds of S\$453.2 million to part fund the acquisition that was completed on 1 October 2010 and the related costs of the equity fund raising.

Ascott Reit completed the preferential offering tranche which raised S\$72.6 million through the offer of 67,858,000 units at S\$1.07 per unit on 7 October 2010. The proceeds have been similarly used to part fund the acquisition, with an amount set aside for other general corporate and working capital expenses and the related costs of the equity fund raising.

Ascott Reit's enlarged portfolio now comprises 65 properties with 6,681 apartment units in 12 countries and 23 cities across Asia Pacific and Europe.

9(b) **Prospects**

The two refurbished Singapore properties and the newly acquired Citadines Mount Sophia will benefit from the robust demand amidst the strong and growing Singapore economy and a vibrant hospitality market boosted by the opening of the two integrated resorts.

With the addition of the Europe properties on 1 October 2010, the Group's income stability is enhanced through further diversification across geographies, and property and economic cycles. The income stability also arose from the master lease rentals in France and Germany, and minimum guaranteed income in United Kingdom ("UK"), Belgium and Spain. The Group expects rental growth in Europe to be led by the UK properties.

There are on-going asset enhancement initiatives in China, Vietnam and the UK to increase the returns of our portfolio. We will continue to seek yield-accretive acquisitions in Singapore, China, Vietnam and the UK. We will also explore opportunities in new emerging markets.

For 4Q 2010, the Manager is confident of delivering the forecast distribution of 1.84 cents as disclosed in the Offer Information Statement dated 13 September 2010.

10. **DISTRIBUTIONS**

In connection with the equity fund raising exercise, Ascott Reit will make, in lieu of the scheduled semi-distribution, an advance distribution of Ascott Reit's distributable income for the period from 1 July 2010 to 21 September 2010 (prior to the date on which the private placement new units are issued under the equity fund raising).

10(a) **Current financial period**

Any distributions declared for the current financial period? Yes
Period of distribution : Distribution for 1 July 2010 to 21 September 2010

Distribution Type	Distribution Rate (cents)
Taxable Income	0.62
Tax Exempt Income	0.08
Capital	1.04
Total	1.74

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

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

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 : 21 September 2010 (Closed)

10(e) Date payable : 19 November 2010

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and REIT (comprising the balance sheets as at 30 September 2010 and the results of the business, consolidated statement of total return, consolidated cash flow statement and changes in equity for the nine months ended 30 September 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
22 October 2010