



**ASCOTT RESIDENCE TRUST**  
**2010 FULL YEAR UNAUDITED FINANCIAL STATEMENTS**  
**AND DISTRIBUTION STATEMENT**  
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**ASCOTT RESIDENCE TRUST**  
**2010 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

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**Summary of Group Results**

	<b>4Q 2010 S\$'000</b>	<b>4Q 2009 S\$'000</b>	<b>Better/ (Worse) %</b>	<b>YTD Dec 2010 S\$'000</b>	<b>YTD Dec 2009 S\$'000</b>	<b>Better/ (Worse) %</b>
Revenue	72,830	46,057	58	207,223	175,522	18
Gross Profit	39,335	21,856	80	101,355	84,553	20
Unitholders' Distribution	23,939	11,533	108	57,714	45,207	28
Distribution Per Unit (cents)	2.16	1.87	16	7.54	7.32	3

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**DISTRIBUTION AND BOOK CLOSURE DATE**

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 declared, 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 were issued. The advanced distribution of 1.74 cent per Unit was paid on 19 November 2010. The next distribution therefore will comprise the distributable income from 22 September 2010 to 31 December 2010. Semi-annual distributions will resume thereafter.

Distribution	For 22 September 2010 to 31 December 2010
Distribution Rate	2.27 cent per Unit
Book Closure Date	31 January 2011
Payment Date	28 February 2011

# **ASCOTT RESIDENCE TRUST**

## **2010 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

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### **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).

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. On 29 October 2010, Ascott Reit completed the divestment of Country Woods.

At 31 December 2010, Ascott Reit’s portfolio comprises 64 properties with 6,431 apartment units in 12 countries and 23 cities across Asia Pacific and Europe.

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) %
		4Q 2010 S\$'000	4Q 2009 S\$'000		YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000	
<b>Revenue</b>	A.1	72,830	46,057	58	207,223	175,522	18
Direct expenses	A.2	(33,495)	(24,201)	(38)	(105,868)	(90,969)	(16)
<b>Gross Profit</b>	A.1	39,335	21,856	80	101,355	84,553	20
Finance income		307	233	31	1,133	723	57
Other operating income	A.3	402	237	n.m.	1,583	534	196
Finance costs	A.4	(9,843)	(6,158)	(60)	(27,586)	(23,741)	(16)
Manager's management fees	A.4	(3,427)	(1,926)	(78)	(8,923)	(7,451)	(20)
Trustee's fee		(79)	(49)	(61)	(225)	(198)	(14)
Professional fees	A.4	(539)	(244)	(121)	(1,109)	(977)	(14)
Audit fees	A.4	(426)	(172)	(148)	(1,018)	(850)	(20)
Foreign exchange loss	A.5	(1,105)	(3,294)	66	(3,524)	(219)	n.m.
Other operating expenses	A.6	105	(821)	113	(536)	(812)	34
Share of profit/(loss) of associate (net of tax)		7	(4)	275	(18)	(8)	(125)
<b>Net income before changes in fair value of financial derivatives and serviced residence properties</b>		<b>24,737</b>	<b>9,658</b>	<b>156</b>	<b>61,132</b>	<b>51,554</b>	<b>19</b>
Net change in fair value of financial derivatives	A.7	29	(1,036)	103	(5,566)	(3,072)	(81)
Net change in fair value of serviced residence properties	A.8	(9,185)	11,664	(179)	26,301	(49,361)	153
Profit from divestments	A.9	115,595	-	n.m.	115,595	-	n.m.
Renovation costs written off	A.10	(1,405)	-	n.m.	(1,405)	-	n.m.
<b>Total return for the period before tax</b>		<b>129,771</b>	<b>20,286</b>	<b>540</b>	<b>196,057</b>	<b>(879)</b>	<b>n.m.</b>
Income tax expense	A.11	(22,972)	(5,090)	(351)	(33,094)	(14,630)	(126)
<b>Total return for the period after tax</b>		<b>106,799</b>	<b>15,196</b>	<b>603</b>	<b>162,963</b>	<b>(15,509)</b>	<b>n.m.</b>
Attributable to:							
Unitholders		105,428	13,423		156,119	(21,133)	
Non-controlling interests		1,371	1,773		6,844	5,624	
<b>Total return for the period</b>		<b>106,799</b>	<b>15,196</b>	<b>603</b>	<b>162,963</b>	<b>(15,509)</b>	<b>n.m.</b>

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		4Q 2010 S\$'000	4Q 2009 S\$'000		YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000	
Total return for the period attributable to unitholders		105,428	13,423		156,119	(21,133)	
Net effect of non-tax deductible/chargeable items and other adjustments	A.12	(81,489)	(1,890)		(98,405)	66,340	
<b>Total amount distributable to Unitholders for the period</b>		<b>23,939</b>	<b>11,533</b>	<b>108</b>	<b>57,714</b>	<b>45,207</b>	<b>28</b>
<b>Comprises :</b>							
- from operations		14,127	10,214		27,838	15,080	
- from unitholders' contributions		9,812	1,319		29,876	30,127	
		<b>23,939</b>	<b>11,533</b>	<b>108</b>	<b>57,714</b>	<b>45,207</b>	<b>28</b>

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

**A.1 Revenue and Gross profit**

Revenue for 4Q 2010 of S\$72.8 million comprise S\$10.5 million (14% of total revenue) from properties on Master Leases, S\$16.1 million (22%) from properties on management contracts with guarantee and S\$46.2 million (64%) from properties on management contracts. Revenue for 4Q 2010 increased by S\$26.7 million (58%) as compared to 4Q 2009. The increase in revenue was mainly due to the additional revenue of S\$30.3 million from the 28 properties injected into the portfolio on 1 October 2010, partially off-set by the decrease in revenue of S\$4.6 million from the divestment of Ascott Beijing and Country Woods.

On a same store basis, revenue for 4Q 2010 has increased by S\$1.0 million from S\$41.5 million to S\$42.5 million. Revenue for 4Q 2010 and 4Q 2009 included S\$1.2 million and S\$1.6 million of business interruption ("BI") claim for Somerset Grand Citra respectively. Excluding the BI claim, revenue for 4Q 2010 and 4Q 2009 would have been S\$41.3 million and S\$39.9 million respectively, representing an increase of S\$1.4 million or 3.6% between the two periods. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore, partially offset by a decrease in revenue from the serviced residences in China.

The Group achieved a REVPAU of S\$137 in 4Q 2010, an increase of 11% as compared to 4Q 2009. The increase in REVPAU was mainly due to the United Kingdom properties injected into the portfolio as well as the increase in REVPAU for the two existing Singapore properties.

Gross profit for 4Q 2010 of S\$39.3 million comprise S\$9.9 million (25% of total gross profit) from properties on Master Leases, S\$7.6 million (19%) from properties on management contracts with guarantee and S\$21.8 million (56%) from properties on management contracts. Gross profit in 4Q 2010 increased by S\$17.4 million or 80% to S\$39.3 million as compared to 4Q 2009. The increase in gross profit was mainly due to the additional contribution of S\$19.2 million from the 28 properties injected into the portfolio on 1 October 2010, partially off-set by the decrease in gross profit of S\$1.6 million from the divestment of Ascott Beijing and Country Woods.

On a same store basis, gross profit for 4Q 2010 has decreased by S\$0.2 million from S\$20.3 million to S\$20.1 million. Gross profit for 4Q 2010 included (1) an one time charge of prior years' property tax of S\$0.3 million for one of the serviced residences in China, and (2) recognition of BI claim of S\$1.0 million. Gross profit for 4Q 2009 included a BI claim of S\$1.4 million and an one-off reversal of S\$0.1 million for prior years' accrual of centralised costs. Excluding these one-off items, gross profit in 4Q 2010 and 4Q 2009 would have been S\$19.4 million and S\$18.8 million respectively, representing an increase of S\$0.6 million or 3% 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) %
	4Q 2010 S\$'000	4Q 2009 S\$'000		YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000	
Depreciation and amortisation	(1,766)	(1,395)	(27)	(6,539)	(6,088)	(7)
Staff costs	(6,779)	(5,249)	(29)	(19,118)	(16,735)	(14)

**A.3 Other operating income**

The other operating income recognised in 4Q 2010 mainly relates to reversal of prior years' accrued expenses no longer required.

**A.4 Finance costs/ Manager's management fees/ Professional fees/ Audit fees**

The increase in the above expenses mainly arose due to the 28 properties injected into the portfolio on 1 October 2010.

**A.5 Foreign exchange loss**

The foreign exchange loss recognised in 4Q 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 currencies are denominated in US\$, as a result of the depreciation of the US\$ against S\$. The foreign exchange loss is partially offset by unrealised exchange gain on S\$ bank loan in Australia subsidiary's books, as a result of the appreciation of A\$ against S\$.

**A.6 Other operating expenses**

Other operating expenses in 4Q 2010 mainly relate to the reversal of provision for doubtful debts.

**A.7 Net change in fair value of financial derivatives**

The net change in fair value of financial derivatives was lower as compared to the corresponding period last year due to the unwinding of the cross currency swap, upon the divestment of Ascott Beijing. The cross currency swap was previously entered into to effectively convert Ascott Beijing's US\$ bank loan to S\$ bank loan at the Group level.

**A.8 Net change in fair value of serviced residence properties**

The net decrease in value of serviced residence properties comprised a surplus on revaluation of serviced residence properties of S\$4.9 million mainly from the higher valuation of properties in Singapore and United Kingdom, partially offset by the write-off of the S\$14.1 million acquisition fee previously capitalised as part of the cost of the serviced residence properties. The valuation of the serviced residence properties was conducted on 31 December 2010 by Jones Lang LaSalle Property Consultants Pte Ltd and Savills Advisory Services Limited. Refer to Para 8(c).

**A.9 Profit from divestments**

The profit from divestments recognised in 4Q 2010 relates to the profit from divestment of Ascott Beijing and Country Woods.

**A.10 Renovation costs written off**

This relates to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Olympic Tower and Somerset Grand Hanoi.

**A.11 Income tax expense**

Taxation for 4Q 2010 was higher by S\$17.9 million as compared to the corresponding period last year. This was mainly due to the tax expense of S\$11.7 million provided for the divestments and deferred tax liability provided on the serviced residence properties that have increased in fair value.

**A.12 Net effect of non-tax deductible/(chargeable) items and other adjustments include the following:**

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	4Q 2010 S\$'000	4Q 2009 S\$'000		YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000	
Depreciation and amortisation	1,766	1,395	(27)	6,539	6,088	(7)
Manager's management fee payable/paid partially in units	2,531	964	(163)	5,279	3,726	(42)
Trustee's fees*	(15)	13	215	46	50	8
Foreign exchange loss/(gain) (Note A.5)	740	3,345	78	2,401	(27)	n.m.
Net change in fair value of financial derivatives (Note A.7)	(29)	1,036	103	5,566	3,072	(81)
Net change in fair value of serviced residence properties (Note A.8)	9,185	(11,664)	(179)	(26,301)	49,361	153
Profit from divestments (Note A.9)	(115,595)	-	n.m.	(115,595)	-	n.m.
Tax expense relating to the divestments	11,695	-	n.m.	11,695	-	n.m.
Renovation costs written off (Note A.10)	1,405	-	n.m.	1,405	-	n.m.
Deferred tax expense	6,591	2,465	167	9,638	5,627	71
Effect of non-controlling interests arising from the above	(530)	(111)	377	553	(1,362)	(141)

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

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

	Note	GROUP		REIT	
		31/12/10 S\$'000	31/12/09 S\$'000	31/12/10 S\$'000	31/12/09 S\$'000
<b>Non-Current Assets</b>					
Plant and equipment	1(b)(ii)	44,952	28,555	12,319	4,928
Serviced residence properties	1(b)(iii)	2,577,620	1,528,311	542,681	395,372
Interest in subsidiaries		-	-	119,785	114,540
Interest in associate		3,215	3,416	3,702	3,884
Financial derivatives	1(b)(vii)	409	195	41	-
Deferred tax assets	1(b)(iv)	6,759	213	-	-
		<b>2,632,955</b>	<b>1,560,690</b>	<b>678,528</b>	<b>518,724</b>
<b>Current Assets</b>					
Inventories		316	345	-	-
Trade receivables		8,438	5,857	1,985	624
Other receivables and deposits		29,394	21,861	1,228,743	613,657
Cash and bank balances	1(b)(v)	132,711	63,228	15,099	8,930
		<b>170,859</b>	<b>91,291</b>	<b>1,245,827</b>	<b>623,211</b>
<b>Total Assets</b>		<b>2,803,814</b>	<b>1,651,981</b>	<b>1,924,355</b>	<b>1,141,935</b>
<b>Non-Current Liabilities</b>					
Interest bearing liabilities	1(b)(vi)	(631,131)	(555,389)	(84,488)	(144,777)
Financial derivatives	1(b)(vii)	(10,479)	(19,051)	(76)	(14,623)
Deferred tax liabilities	1(b)(iv)	(34,282)	(7,113)	-	-
		<b>(675,892)</b>	<b>(581,553)</b>	<b>(84,564)</b>	<b>(159,400)</b>
<b>Current Liabilities</b>					
Trade payables		(8,132)	(1,947)	(270)	(175)
Other payables		(151,480)	(70,360)	(156,953)	(91,075)
Interest bearing liabilities	1(b)(vi)	(468,351)	(95,712)	(289,207)	(89,856)
Financial derivatives	1(b)(vii)	(590)	-	-	-
Provision for taxation		(9,275)	(5,612)	(125)	(728)
		<b>(637,828)</b>	<b>(173,631)</b>	<b>(446,555)</b>	<b>(181,834)</b>
<b>Total Liabilities</b>		<b>(1,313,720)</b>	<b>(755,184)</b>	<b>(531,119)</b>	<b>(341,234)</b>
<b>Net Assets</b>		<b>1,490,094</b>	<b>896,797</b>	<b>1,393,236</b>	<b>800,701</b>
Represented by:					
Unitholders' funds	1(d)(i)	1,417,467	825,061	1,393,236	800,701
Non-controlling interests	1(d)(i)	72,627	71,736	-	-
<b>Total Equity</b>	1(d)(i)	<b>1,490,094</b>	<b>896,797</b>	<b>1,393,236</b>	<b>800,701</b>

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

The increase in the Group's plant and equipment as at 31 December 2010 was mainly due to the capital expenditure incurred on the renovation of the serviced residence properties in Singapore and the serviced residence properties acquired on 1 October 2010.

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

The increase in the value of the Group's serviced residence properties as at 31 December 2010 was mainly due to the 28 serviced residence properties acquired on 1 October 2010 and increase in the valuation of properties, partially off-set by the divestment of Ascott Beijing and Country Woods.

**1(b)(iv) Deferred tax assets and Deferred tax liabilities**

The increase in the deferred tax assets and deferred tax liabilities as at 31 December 2010 was mainly due to the deferred tax assets and deferred tax liabilities of the subsidiaries acquired on 1 October 2010.



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

The increase in the Group's cash and bank balances as at 31 December 2010 was mainly due to the cash generated from operations and proceeds from divestment of Country Woods, 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	
	31/12/10 S\$'000	31/12/09 S\$'000	31/12/10 S\$'000	31/12/09 S\$'000
<b>Amount repayable in one year or less or on demand</b>				
- Secured	414,830	5,856	235,147	-
- Unsecured	54,082	89,888	54,082	89,888
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(561)	(32)	(22)	(32)
	468,351	95,712	289,207	89,856
<b>Amount repayable after one year</b>				
- Secured	584,304	507,717	85,568	144,931
- Unsecured	50,000	50,000	-	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(3,173)	(2,328)	(1,080)	(154)
	631,131	555,389	84,488	144,777
<b>Total</b>	<b>1,099,482</b>	<b>651,101</b>	<b>373,695</b>	<b>234,633</b>

**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 31 December 2010, the Group's gearing was 40.3 percent, well within the 60 percent gearing limit allowable under MAS property fund guidelines. The average cost of debts was 3.3 percent per annum, with an interest cover of 3.7 times. S\$559.3 million or 51 percent of the Group's borrowings are on fixed interest rates with S\$258.5 million due for refinancing in 2011, in line with the maturity dates of the underlying loans.

Out of the Group's total borrowings, 43 percent falls due in 2011, 37 percent falls due in 2012 and the balance falls due after 2012.

**1(b)(vii) Financial derivatives**

The current and non-current financial derivatives relate to the fair value of interest rate swaps and interest rate caps, entered into by subsidiaries to hedge interest rate risk.

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

	<b>GROUP</b>			
	<b>4Q 2010 S\$'000</b>	<b>4Q 2009 S\$'000</b>	<b>YTD Dec 2010 S\$'000</b>	<b>YTD Dec 2009 S\$'000</b>
<b>Operating Activities</b>				
Total return for the period before tax	129,771	20,286	196,057	(879)
<b>Adjustments for:</b>				
Depreciation and amortisation	1,766	1,395	6,539	6,088
Profit from divestments	(115,595)	-	(115,595)	-
Loss on disposal of plant and equipment	18	52	230	56
Renovation costs written off	1,405	-	1,405	-
Finance costs	9,843	6,158	27,586	23,741
Finance income	(307)	(233)	(1,133)	(723)
Provision for doubtful debts (written back) / addition	(319)	62	(236)	(127)
Manager's management fees payable / paid partially in units	2,531	962	5,279	3,726
Foreign exchange (gain) / loss - unrealised	(242)	3,345	1,473	(27)
Net change in fair value of financial derivatives	(29)	1,036	5,566	3,072
Change in value of serviced residence properties	9,185	(11,664)	(26,301)	49,361
Share of (profit)/loss of associate	(7)	4	18	8
<b>Operating profit before working capital changes</b>	<b>38,020</b>	<b>21,403</b>	<b>100,888</b>	<b>84,296</b>
Changes in working capital	12,408	4,210	18,385	1,449
<b>Cash generated from operations</b>	<b>50,428</b>	<b>25,613</b>	<b>119,273</b>	<b>85,745</b>
Income tax paid	(9,208)	(2,154)	(15,751)	(6,893)
<b>Cash flows from operating activities</b>	<b>41,220</b>	<b>23,459</b>	<b>103,522</b>	<b>78,852</b>
<b>Investing Activities</b>				
Acquisition of plant and equipment	(1,834)	(2,678)	(13,317)	(6,569)
Acquisition of subsidiaries, net of cash acquired	(557,819)	(911)	(557,819)	(21,832)
Capital expenditure on serviced residence properties	(7,080)	(1,404)	(10,730)	(2,992)
Expenses incurred for divestment	(328)	-	(328)	-
Interest received	306	234	1,133	723
Payment on termination of cross currency swap	(38,934)	-	(38,934)	-
Proceeds from divestment of serviced residence property	28,860	-	28,860	-
Proceeds from sale of plant and equipment	44	199	154	68
<b>Cash flows from investing activities</b>	<b>(576,785)</b>	<b>(4,560)</b>	<b>(590,981)</b>	<b>(30,602)</b>
<b>Financing Activities</b>				
Distribution to unitholders	(10,781)	-	(55,893)	(48,025)
Dividend paid to non-controlling shareholders	(1,257)	(888)	(5,391)	(2,453)
Interest paid	(9,427)	(5,341)	(28,964)	(24,588)
Payment of finance lease	(728)	-	(728)	-
Payment of issue expenses	(9,340)	-	(15,602)	-
Proceeds from bank borrowings	154,912	54,211	377,624	139,877
Proceeds from issue of new units	72,608	-	525,841	-
Repayment of bank borrowings	(25,983)	(52,927)	(238,550)	(105,746)
<b>Cash flows from financing activities</b>	<b>170,004</b>	<b>(4,945)</b>	<b>558,337</b>	<b>(40,935)</b>
<b>(Decrease) / increase in cash &amp; cash equivalents</b>	<b>(365,561)</b>	<b>13,954</b>	<b>70,878</b>	<b>7,315</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>498,959</b>	<b>49,926</b>	<b>63,228</b>	<b>56,110</b>
Effect of exchange rate changes on balances held in foreign currencies	(687)	(652)	(1,395)	(197)
<b>Cash and cash equivalents at end of the period</b>	<b>132,711</b>	<b>63,228</b>	<b>132,711</b>	<b>63,228</b>

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

	Note	GROUP		GROUP	
		4Q 2010 S\$'000	4Q 2009 S\$'000	YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000
<b><u>Unitholders' Contribution</u></b>					
<b>Balance as at beginning of period</b>		1,195,453	770,135	771,294	793,025
Issue of new units		73,560	1,159	529,557	4,089
Issue expenses		(7,039)	-	(16,772)	-
Distribution to Unitholders		(9,280)	-	(31,385)	(25,820)
<b>Balance as at end of period</b>		<b>1,252,694</b>	<b>771,294</b>	<b>1,252,694</b>	<b>771,294</b>
<b><u>Operations</u></b>					
<b>Balance as at beginning of period</b>		83,028	42,019	55,345	98,780
Total return for the period attributable to Unitholders		105,428	13,423	156,119	(21,133)
Transfer to capital reserve		(117)	(97)	(117)	(97)
Distribution to Unitholders		(1,500)	-	(24,508)	(22,205)
<b>Balance as at end of period</b>		<b>186,839</b>	<b>55,345</b>	<b>186,839</b>	<b>55,345</b>
<b><u>Foreign Currency Translation Reserve</u></b>					
<b>Balance as at beginning of period</b>		(9,547)	4,383	1,368	9,659
Translation differences relating to financial statements of foreign subsidiaries		(15,408)	(3,015)	(26,323)	(8,291)
<b>Balance as at end of period</b>		<b>(24,955)</b>	<b>1,368</b>	<b>(24,955)</b>	<b>1,368</b>
<b><u>Capital Reserve</u></b>					
<b>Balance as at beginning of period</b>		1,448	1,445	1,483	1,449
Transfer from operations		117	97	117	97
Translation adjustment		(6)	(59)	(41)	(63)
<b>Balance as at end of period</b>		<b>1,559</b>	<b>1,483</b>	<b>1,559</b>	<b>1,483</b>
<b><u>Hedging Reserve</u></b>					
<b>Balance as at beginning of period</b>		(3,495)	(4,189)	(4,429)	(3,883)
Change in fair value of financial derivatives		4,825	(240)	5,759	(546)
<b>Balance as at end of period</b>		<b>1,330</b>	<b>(4,429)</b>	<b>1,330</b>	<b>(4,429)</b>
<b>Unitholders' Funds</b>	<b>1(b)(i)</b>	<b>1,417,467</b>	<b>825,061</b>	<b>1,417,467</b>	<b>825,061</b>
<b><u>Non-controlling Interests</u></b>					
<b>Balance as at beginning of period</b>		71,250	73,531	71,736	65,934
Translation differences relating to financial statements of foreign subsidiaries		6	(3,568)	(5,953)	178
Total return for the period		1,371	1,773	6,844	5,624
<b>Balance as at end of period</b>	<b>1(b)(i)</b>	<b>72,627</b>	<b>71,736</b>	<b>72,627</b>	<b>71,736</b>
<b>Equity</b>	<b>1(b)(i)</b>	<b>1,490,094</b>	<b>896,797</b>	<b>1,490,094</b>	<b>896,797</b>

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

	Note	REIT		REIT	
		4Q 2010 S\$'000	4Q 2009 S\$'000	YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000
<b><u>Unitholders' Contribution</u></b>					
<b>Balance as at beginning of period</b>		1,195,453	770,135	771,294	793,025
Issue of new units		73,560	1,159	529,557	4,089
Issue expenses		(7,039)	-	(16,772)	-
Distribution to Unitholders		(9,280)	-	(31,385)	(25,820)
<b>Balance as at end of period</b>		<b>1,252,694</b>	<b>771,294</b>	<b>1,252,694</b>	<b>771,294</b>
<b><u>Operations</u></b>					
<b>Balance as at beginning of period</b>		28,641	72,998	29,407	100,216
Total return for the period attributable to Unitholders		113,451	(43,591)	135,693	(48,604)
Distribution to Unitholders		(1,500)	-	(24,508)	(22,205)
<b>Balance as at end of period</b>		<b>140,592</b>	<b>29,407</b>	<b>140,592</b>	<b>29,407</b>
<b><u>Hedging Reserve</u></b>					
<b>Balance as at beginning of period</b>		(109)	-	-	-
Change in fair value of financial derivatives		59	-	(50)	-
<b>Balance as at end of period</b>		<b>(50)</b>	<b>-</b>	<b>(50)</b>	<b>-</b>
<b>Unitholders' Funds</b>	<b>1(b)(i)</b>	<b>1,393,236</b>	<b>800,701</b>	<b>1,393,236</b>	<b>800,701</b>

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

	REIT			
	4Q 2010 '000	4Q 2009 '000	YTD Dec 2010 '000	YTD Dec 2009 '000
<b>Balance as at beginning of period</b>	1,039,240	616,107	617,210	610,815
<b>Issue of new units :</b>				
- equity fund raising	67,858	-	487,518	-
- partial payment of manager's management fees	755	909	3,125	6,201
- payment of manager's acquisition fee	-	194	-	194
<b>Balance as at end of period</b>	<b>1,107,853</b>	<b>617,210</b>	<b>1,107,853</b>	<b>617,210</b>

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.

	4Q 2010	4Q 2009	YTD Dec 2010	YTD Dec 2009
<b>Earnings per unit (EPU)</b>				
Number of units on issue at end of period ('000)	1,107,853	617,210	1,107,853	617,210
Weighted average number of units for the period ('000)	1,103,148	616,684	750,984	614,571
<b>EPU (cents) – Basic and Diluted</b> (based on the weighted average number of units for the period)	9.56	2.18	20.79	(3.44)

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

	4Q 2010	4Q 2009	YTD Dec 2010	YTD Dec 2009
<b>Distribution per unit (DPU)</b>				
Number of units on issue at end of period ('000)	1,107,853	617,210	1,107,853	617,210
<b>DPU (cents) – Basic and diluted</b>	2.16	1.87	7.54	7.32

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	
	31/12/10	31/12/09	31/12/10	31/12/09
NAV per unit (\$)	1.28	1.34	1.26	1.30

## 8. GROUP PERFORMANCE REVIEW

### 8(a) Revenue and Gross Profit Analysis – 4Q 2010 vs. 4Q 2009

	<u>Revenue</u>				<u>Gross Profit</u>				<u>REVPAU Analysis</u>		
	4Q 2010	4Q 2009	Better/ (Worse)		4Q 2010	4Q 2009	Better/ (Worse)		4Q 2010	4Q 2009 <sup>#</sup>	Better/ (Worse)
	S\$'M	S\$M	%		S\$'M	S\$'M	%	S\$/day	S\$/day	%	
France	9.3	-	9.3	n.m.	8.8	-	8.8	n.m.	-	-	-
Germany	1.0	-	1.0	n.m.	0.9	-	0.9	n.m.	-	-	-
Philippines	0.2	0.2	-	n.m.	0.2	0.2	-	-	-	-	-
<b>Master Leases</b>	<b>10.5</b>	<b>0.2</b>	<b>10.3</b>	n.m.	<b>9.9</b>	<b>0.2</b>	<b>9.7</b>	n.m.	-	-	-
Belgium	3.2	-	3.2	n.m.	0.9	-	0.9	n.m.	94	-	n.m.
Spain	1.5	-	1.5	n.m.	0.7	-	0.7	n.m.	104	-	n.m.
United Kingdom	10.5	-	10.5	n.m.	5.5	-	5.5	n.m.	174	-	n.m.
Vietnam	0.9	0.9	-	-	0.5	0.5	-	-	90	93	(3)
<b>Management contracts with guarantee</b>	<b>16.1</b>	<b>0.9</b>	<b>15.2</b>	n.m.	<b>7.6</b>	<b>0.5</b>	<b>7.1</b>	n.m.	<b>137</b>	<b>93</b>	47
Australia	2.1	1.9	0.2	11	0.7	0.6	0.1	17	175	147	19
China	4.7	9.2	(4.5)	(49)	1.8	3.5	(1.7)	(49)	106	123	(14)
Indonesia	5.4	6.2	(0.8)	(13)	1.8	2.5	(0.7)	(28)	87	66	32
Japan	4.5	4.6	(0.1)	(2)	2.5	2.7	(0.2)	(7)	158*	157*	1
Philippines	7.1	7.4	(0.3)	(4)	2.9	3.2	(0.3)	(9)	154	157	(2)
Singapore	11.8	6.9	4.9	71	5.7	3.6	2.1	58	219	168	30
Vietnam	10.6	8.8	1.8	20	6.4	5.1	1.3	25	111	122	(9)
<b>Management contracts</b>	<b>46.2</b>	<b>45.0</b>	<b>1.2</b>	<b>3</b>	<b>21.8</b>	<b>21.2</b>	<b>0.6</b>	<b>3</b>	<b>137</b>	<b>124</b>	<b>10</b>
<b>Group</b>	<b>72.8</b>	<b>46.1</b>	<b>26.7</b>	<b>58</b>	<b>39.3</b>	<b>21.9</b>	<b>17.4</b>	<b>80</b>	<b>137</b>	<b>123</b>	<b>11</b>

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

# REVPAU for 4Q 2009 has been adjusted to be consistent with the current period's presentation.

#### Group

Revenue for 4Q 2010 of S\$72.8 million comprise S\$10.5 million (14% of total revenue) from properties on Master Leases, S\$16.1 million (22%) from properties on management contracts with guarantee and S\$46.2 million (64%) from properties on management contracts. Revenue for 4Q 2010 increased by S\$26.7 million (58%) as compared to 4Q 2009. The increase in revenue was mainly due to the additional revenue of S\$30.3 million from the 28 properties injected into the portfolio on 1 October 2010, partially off-set by the decrease in revenue of S\$4.6 million from the divestment of Ascott Beijing and Country Woods.

On a same store basis, revenue for 4Q 2010 increased by S\$1.0 million from S\$41.5 million to S\$42.5 million. Revenue for 4Q 2010 and 4Q 2009 included S\$1.2 million and S\$1.6 million of business interruption ("BI") claim for Somerset Grand Citra respectively. Excluding the BI claim, revenue for 4Q 2010 and 4Q 2009 would have been S\$41.3 million and S\$39.9 million respectively, representing an increase of S\$1.4 million or 3.6% between the two periods. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore, partially offset by a decrease in revenue from the serviced residences in China.

The Group achieved a REVPAU of S\$137 in 4Q 2010, an increase of 11% as compared to 4Q 2009. The increase in REVPAU was mainly due to the United Kingdom properties injected into the portfolio as well as the increase in REVPAU for the two existing Singapore properties.

Gross profit for 4Q 2010 of S\$39.3 million comprise S\$9.9 million (25% of total gross profit) from properties on Master Leases, S\$7.6 million (19%) from properties on management contracts with guarantee and S\$21.8 million (56%) from properties on management contracts. Gross profit in 4Q 2010 increased by S\$17.4 million or 79% to S\$39.3 million as compared to 4Q 2009. The increase in gross profit was mainly due to the additional contribution of S\$19.2 million from the 28 properties injected into the portfolio on 1 October 2010, partially off-set by the decrease in gross profit of S\$1.6 million from the divestment of Ascott Beijing and Country Woods.

On a same store basis, gross profit for 4Q 2010 has decreased by S\$0.2 million from S\$20.3 million to S\$20.1 million. Gross profit for 4Q 2010 included (1) an one time charge of prior years' property tax of S\$0.3 million for one of the serviced residences in China, and (2) recognition of BI claim of S\$1.0 million. Gross profit for 4Q 2009 included a BI claim of S\$1.4 million and an one-off reversal of S\$0.1 million for prior years' accrual of centralised costs. Excluding these one-off items, gross profit in 4Q 2010 and 4Q 2009 would have been S\$19.4 million and S\$18.8 million respectively, representing an increase of S\$0.6 million or 3% between the two periods.

### **Australia**

Revenue increased by S\$0.2 million or 11% in 4Q 2010 as compared to 4Q 2009. REVPAU increased from S\$147 in 4Q 2009 to S\$175 in 4Q 2010. The increase was mainly due to higher demand for serviced residences as a result of stronger economic growth in 2010. In line with the increase in revenue, gross profit in 4Q 2010 increased by S\$0.1 million or 17%.

### **China**

Revenue decreased by S\$4.5 million or 49% in 4Q 2010 as compared to 4Q 2009 mainly due to the divestment of Ascott Beijing on 1 October 2010. Excluding the revenue contribution from Ascott Beijing for 4Q 2009, revenue for 4Q 2010 decreased by S\$0.5 million or 10% as compared to 4Q 2009. The decrease was mainly due to lower performance in Tianjin, partially offset by better performance in Beijing. For Tianjin, both the occupancy and rate declined due to increased competition and the on-going renovation. In Beijing, the better performance was due to higher occupancy as business picked up. Gross profit in 4Q 2010 included an one time charge of prior years' property tax of S\$0.3 million while gross profit in 4Q 2009 included an one-off reversal of S\$0.1 million for prior years' over-accrual of centralised costs. Excluding these one-off items and the results of Ascott Beijing for 4Q 2009, gross profit for 4Q 2010 increased by S\$0.1 million or 5% as compared to 4Q 2009 due to better cost management.

### **Indonesia**

Revenue decreased by S\$0.8 million or 13% as compared to 4Q 2009 mainly due to the divestment of Country Woods on 29 October 2010. Excluding the revenue contribution from Country Woods for November 2009 and December 2009, revenue for 4Q 2010 decreased by S\$0.2 million or 4% as compared to 4Q 2009. Both 4Q 2010 and 4Q 2009 included an one-off recognition of S\$1.2 million and S\$1.6 million respectively pertaining to BI claim for Somerset Grand Citra. Excluding the BI claim, revenue for 4Q 2010 as compared to 4Q 2009 was higher by S\$0.2 million or 5%. REVPAU increased from S\$66 in 4Q 2009 to S\$87 in 4Q 2010, mainly due to the better performance of the serviced residences as well as the divestment of Country Woods which has a lower REVPAU. 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 4Q 2010 decreased by S\$0.7 million or 28% as compared to 4Q 2009. On a same store basis (excluding the results of Country Woods for November 2009 and December 2009 and the one-off BI adjustment), gross profit in 4Q 2010 decreased by S\$0.1 million or 11% as compared to 4Q 2009 due to strengthening of Rupiah against USD.

### **Japan**

Revenue decreased by S\$0.1 million or 2% in 4Q 2010 as compared to 4Q 2009 due to the weaker performance from the rental housing properties, which continued to achieve occupancy of 90% but at lower rental rates in view of the weak market demand. In line with the decrease in revenue, gross profit in 4Q 2010 decreased by S\$0.2 million or 7%.

### **The Philippines**

Revenue decreased by S\$0.3 million or 4% in 4Q 2010 as compared to 4Q 2009. REVPAU decreased by 2% from S\$157 in 4Q 2009 to S\$154 in 4Q 2010. The decrease was mainly due to weaker market demand. In line with the decrease in revenue, gross profit in 4Q 2010 decreased by S\$0.3 million or 9%.

### **Singapore**

Revenue increased by S\$4.9 million or 71% in 4Q 2010 as compared to 4Q 2009. REVPAU increased by 30% from S\$168 in 4Q 2009 to S\$219 in 4Q 2010. On a same store basis (excluding the contribution from the newly acquired Citadines Mount Sophia), revenue for 4Q 2010 was higher by S\$2.3 million or 33% as compared to 4Q 2009. 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 4Q 2010 increased by S\$2.1 million or 58% as compared to 4Q 2009. On a same store basis, gross profit for 4Q 2010 was higher by 22%, despite higher property tax expense of S\$0.2 million due to an increase in property value assessed by the Inland Revenue Authority of Singapore.

## Vietnam

Revenue increased by S\$1.8 million or 20% in 4Q 2010 as compared to 4Q 2009. On a same store basis (excluding the contribution from the newly acquired Somerset Hoa Binh), revenue decreased by S\$0.4 million as compared to 4Q 2009 due to a decline in the serviced residence revenue, partially offset by higher office rental income. The lower serviced residence revenue was due to lower renewal rates contracted in 2009 when corporates reduced their staff accommodation budget. In line with the increase in revenue, gross profit in 4Q 2010 increased by S\$1.3 million or 25% as compared to 4Q 2009.

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

	Revenue				Gross Profit				REVPAU Analysis		
	YTD Dec 2010	YTD Dec 2009	Better/ (Worse)		YTD Dec 2010	YTD Dec 2009	Better/ (Worse)		YTD Dec 2010	YTD Dec 2009 <sup>#</sup>	Better/ (Worse)
	S\$'M	S\$'M	S\$M	%	S\$'M	S\$'M	S\$'M	%	S\$/day	S\$/day	%
France	9.3	-	9.3	n.m.	8.8	-	8.8	n.m.	-	-	-
Germany	1.0	-	1.0	n.m.	0.9	-	0.9	n.m.	-	-	-
Philippines	1.0	1.0	-	n.m.	0.8	0.8	-	-	-	-	-
<b>Master Leases</b>	<b>11.3</b>	<b>1.0</b>	<b>10.3</b>	<b>n.m.</b>	<b>10.5</b>	<b>0.8</b>	<b>9.7</b>	<b>n.m.</b>	-	-	-
Belgium	3.2	-	3.2	n.m.	0.9	-	0.9	n.m.	94	-	n.m.
Spain	1.5	-	1.5	n.m.	0.7	-	0.7	n.m.	104	-	n.m.
United Kingdom	10.5	-	10.5	n.m.	5.5	-	5.5	n.m.	174	-	n.m.
Vietnam	3.9	3.0	0.9	30	2.3	1.7	0.6	35	89	94	(5)
<b>Management contracts with guarantee</b>	<b>19.1</b>	<b>3.0</b>	<b>16.1</b>	<b>n.m.</b>	<b>9.4</b>	<b>1.7</b>	<b>7.7</b>	<b>453</b>	<b>128</b>	<b>94</b>	<b>36</b>
Australia	8.1	7.4	0.7	9	2.2	1.8	0.4	22	158	133	19
China	31.2	34.9	(3.7)	(11)	11.4	13.2	(1.8)	(14)	120	119	1
Indonesia	20.3	21.0	(0.7)	(3)	6.3	8.0	(1.7)	(21)	75	70	7
Japan	17.1	18.0	(0.9)	(5)	9.6	11.0	(1.4)	(13)	148*	149*	(1)
Philippines	28.7	27.9	0.8	3	11.6	11.5	0.1	1	157	153	3
Singapore	35.8	26.9	8.9	33	18.2	14.1	4.1	29	208	167	25
Vietnam	35.6	35.4	0.2	1	22.1	22.5	(0.4)	(2)	116	130	(11)
<b>Management contracts</b>	<b>176.8</b>	<b>171.5</b>	<b>5.3</b>	<b>3</b>	<b>81.4</b>	<b>82.1</b>	<b>(0.7)</b>	<b>(1)</b>	<b>130</b>	<b>124</b>	<b>5</b>
<b>Group</b>	<b>207.2</b>	<b>175.5</b>	<b>31.7</b>	<b>18</b>	<b>101.3</b>	<b>84.6</b>	<b>16.7</b>	<b>20</b>	<b>130</b>	<b>123</b>	<b>6</b>

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

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

For the year ended 31 December 2010 ("YTD Dec 2010"), revenue increased by S\$31.7 million or 18% as compared to the corresponding period last year ("YTD Dec 2009"). Of the S\$31.7 million increase, S\$30.3 million arose due to the 28 properties injected into the portfolio on 1 October 2010. On a same store basis (excluding the contribution from Ascott Beijing and Country Woods of S\$4.6 million in 4Q 2009) and BI claim, YTD Dec 2010 revenue has increased by S\$6.5 million from S\$169.0 million to S\$175.5 million. REVPAU increased by S\$7 from S\$123 in YTD Dec 2009 to S\$130 in YTD Dec 2010, driven by an increase in the average rental rates of the Group's serviced residences.

Gross profit for YTD Dec 2010 has increased by S\$16.7 million or 20% as compared to YTD Dec 2009, of which S\$19.2 million pertain to the new portfolio. On a same store basis (excluding the contribution from Ascott Beijing and Country Woods of S\$1.6 million in 4Q 2009) and one-off items, the gross profit on a recurring basis for YTD Dec 2010 and YTD Dec 2009 would be S\$81.8 million and S\$80.0 million respectively, representing an increase of S\$1.8 million or 2%.



**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 31 December 2010, independent full valuations were conducted by Jones Lang LaSalle Property Consultants Pte Ltd and Savills Advisory Services Limited for the Group's serviced residence properties, adopting the Capitalization of Income Approach and Discounted Cash Flow analysis as the main methods of valuation.

The Group's portfolio was revalued at S\$2,577.6 million. The net decrease in value of serviced residence properties of S\$9.2 million comprised a surplus on revaluation of serviced residence properties of S\$4.9 million, partially offset by the write-off of the S\$14.1 million acquisition fee previously capitalised as part of the cost of the serviced residence properties. The surplus resulted mainly from higher valuation of the Group's serviced residences in Singapore, United Kingdom and Indonesia, partially offset by lower valuation of the Group's serviced residences in Japan and China. The net impact on the Consolidated Statement of Total Return was S\$14.7 million (net of tax and non-controlling interests).

9. **REVIEW OF ACTUAL RESULTS AGAINST FORECAST AS DISCLOSED IN THE OFFER INFORMATION STATEMENT**

9(a)(i) **Consolidated Statement of Total Return for period 1 October 2010 to 31 December 2010**

	Note	GROUP		Better / (Worse) %
		Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	
<b>Revenue</b>	<b>A.1</b>	72,830	68,755	6
Direct expenses		(33,495)	(32,488)	(3)
<b>Gross Profit</b>	<b>A.1</b>	39,335	36,267	8
Finance income		307	108	184
Other operating income	<b>A.2</b>	402	7	n.m.
Finance costs	<b>A.3</b>	(9,843)	(11,768)	16
Manager's management fees		(3,427)	(3,301)	(4)
Trustee's fee		(79)	(79)	-
Professional fees	<b>A.4</b>	(539)	(189)	(185)
Audit fees		(426)	(490)	13
Foreign exchange loss		(1,105)	-	n.m.
Other operating expenses		105	(343)	131
Share of profit of associate (net of tax)		7	-	n.m.
<b>Net income before change in fair value of financial derivatives and serviced residence properties</b>		<b>24,737</b>	<b>20,212</b>	<b>22</b>
Net change in fair value of financial derivatives		29	-	n.m.
Net change in fair value of serviced residence properties	<b>A.5</b>	(9,185)	(13,917)	34
Profit from divestments		115,595	115,571	-
Renovation costs written off	<b>A.6</b>	(1,405)	-	n.m.
<b>Total return for the period before tax</b>		<b>129,771</b>	<b>121,866</b>	<b>6</b>
Income tax expense	<b>A.7</b>	(22,972)	(14,132)	(63)
<b>Total return for the period after tax</b>		<b>106,799</b>	<b>107,734</b>	<b>(1)</b>
Attributable to:				
Unitholders		105,428	106,466	
Non-controlling interests		1,371	1,268	
<b>Total return for the period</b>		<b>106,799</b>	<b>107,734</b>	<b>(1)</b>

<sup>(1)</sup> The forecast is extracted from the Offer Information Statement dated 13 September 2010 and is based on the assumptions set out in the Offer Information Statement.

**Reconciliation of Total Return for the period attributable to unitholders to total unitholders' distribution**

	Note	GROUP		Better / (Worse) %
		Actual S\$'000	Forecast S\$'000	
Total return for the period attributable to unitholders		105,428	106,466	
Net effect of non-tax deductible/chargeable items and other adjustments		(81,489)	(85,860)	
<b>Total amount distributable to Unitholders for the period</b>		<b>23,939</b>	<b>20,606</b>	<b>16</b>
<b>Distribution per Unit (cents)</b>		<b>2.16</b>	<b>1.84</b>	<b>17</b>

**A.1 Revenue and Gross Profit Analysis – 4Q 2010 Actual vs Forecast**

	Revenue				Gross Profit				REVPAU Analysis		
	Actual	Forecast	Better/ (Worse)		Actual	Forecast	Better/ (Worse)		Actual	Forecast	Better/ (Worse)
	S\$'M	S\$'M	S\$M	%	S\$'M	S\$'M	S\$'M	%	S\$/day	S\$/day	%
France	9.3	9.3	-	-	8.8	8.7	0.1	1	-	-	-
Germany	1.0	0.9	0.1	11	0.9	0.9	-	-	-	-	-
Philippines	0.2	0.2	-	-	0.2	0.2	-	-	-	-	-
<b>Master Leases</b>	<b>10.5</b>	<b>10.4</b>	<b>0.1</b>	<b>1</b>	<b>9.9</b>	<b>9.8</b>	<b>0.1</b>	<b>1</b>	-	-	-
Belgium	3.2	2.7	0.5	19	0.9	0.6	0.3	50	94	78	21
Spain	1.5	1.5	-	-	0.7	0.7	-	-	104	100	4
United Kingdom	10.5	9.1	1.4	15	5.5	4.2	1.3	31	174	159	9
Vietnam	0.9	0.9	-	-	0.5	0.5	-	-	90	98	(8)
<b>Management contracts with guarantee</b>	<b>16.1</b>	<b>14.2</b>	<b>1.9</b>	<b>13</b>	<b>7.6</b>	<b>6.0</b>	<b>1.6</b>	<b>27</b>	<b>137</b>	<b>124</b>	<b>10</b>
Australia	2.1	1.9	0.2	11	0.7	0.4	0.3	75	175	156	12
China	4.7	5.0	(0.3)	(6)	1.8	1.8	-	-	106	118	(10)
Indonesia	5.4	4.8	0.6	13	1.8	1.3	0.5	38	87	71	23
Japan	4.5	4.4	0.1	2	2.5	2.7	(0.2)	(7)	158	152	4
Philippines	7.1	7.3	(0.2)	(3)	2.9	2.9	-	-	154	160	(4)
Singapore	11.8	10.4	1.4	13	5.7	5.3	0.4	8	219	191	15
Vietnam	10.6	10.4	0.2	2	6.4	6.1	0.3	5	111	109	2
<b>Management contracts</b>	<b>46.2</b>	<b>44.2</b>	<b>2.0</b>	<b>5</b>	<b>21.8</b>	<b>20.5</b>	<b>1.3</b>	<b>6</b>	<b>137</b>	<b>128</b>	<b>7</b>
<b>Group</b>	<b>72.8</b>	<b>68.8</b>	<b>4.0</b>	<b>6</b>	<b>39.3</b>	<b>36.3</b>	<b>3.0</b>	<b>8</b>	<b>137</b>	<b>127</b>	<b>8</b>

Revenue was higher by S\$4.0 million or 6% as compared to the forecast. The increase in revenue was due to an 8% growth in the overall REVPAU from S\$127 assumed in the forecast to S\$137 in 4Q 2010. The increase in revenue and REVPAU was mainly due to higher contribution from the serviced residences in Singapore and United Kingdom. Both markets continued to experience strong demand which enabled the serviced residences to achieve higher rental rates. In line with the increase in revenue, gross profit increased by S\$3.0 million or 8%.

**Master Leases**

For the serviced residences on master lease arrangements, the revenue for 4Q 2010 was higher by S\$0.1 million as compared to the forecast due to a higher Euro exchange rate than that assumed in the forecast.

### **Management contracts with guarantee**

Revenue from serviced residences on management contracts with guarantee increased by S\$1.9 million or 13%, mainly due to higher contribution from the Group's serviced residences in United Kingdom and Belgium.

The increase for United Kingdom was mainly due to continued market improvement that enabled the refurbished apartments to achieve higher rental rates than that assumed in the forecast as well as the recognition of a top-up by the property manager of S\$0.3 million for Citadines Prestige Holborn-Covent Garden as the property experienced lower occupancy due to on-going renovations. The REVPAU has increased by 9% as compared to the forecast.

For Belgium, the increase in revenue mainly arose due to the postponement of the renovation for Citadines Sainte-Catherine Brussels to the low season months of 2011 as demand in 4Q 2010 remained firm. The revenue for Belgium for Q4 10 also included a top-up by the property manager of S\$0.1 million for Citadines Toison d'Or Brussels.

Revenue for 4Q 2010 for Spain included a top-up by the property manager of S\$0.1 million in respect of Citadines Ramblas Barcelona, though REVPAU is higher than the forecast.

The revenue for Vietnam for 4Q 2010 included a yield protection amount of S\$0.2 million in respect of Somerset West Lake due to low rental rates achieved.

In line with the increase in revenue, gross profit increased by S\$1.6 million or 27% as compared to the forecast.

### **Management contracts**

For the serviced residences on management contracts, revenue increased by S\$2.0 million or 5% as compared to the forecast. This was driven by an increase in the REVPAU from S\$128 assumed in the forecast to S\$137 in 4Q 2010. The increase was mainly due to the higher contribution from the Group's serviced residences in Singapore and Indonesia, partially off-set by the decrease in revenue from the serviced residences in China.

For the Group's serviced residences in Singapore, revenue increased by S\$1.4 million or 13% in 4Q 2010 as compared to the forecast. REVPAU increased by 15% from S\$191 assumed in the forecast to S\$219 in 4Q 2010 due to the strong Singapore market. Revenue for Indonesia for 4Q 2010 was higher than the forecast mainly due to the recognition of the BI claim for Somerset Grand Citra.

For the Group's serviced residences in China, revenue decreased by S\$0.3 million or 6% as compared to the forecast. This was mainly due to lower performance in Tianjin, partially offset by better performance in Beijing. For Tianjin, both the occupancy and rental rate declined due to increased competition and the on-going renovation. In Beijing, the better performance was due to higher occupancy than that assumed in the forecast as business picked up.

In line with the increase in revenue, gross profit increased by S\$1.3 million or 6% mainly due to higher gross profit in Singapore and Indonesia.

#### **A.2 Other operating income**

The other operating income was higher as compared to the forecast mainly due to reversal of prior years' accrued expenses.

#### **A.3 Finance costs**

Finance costs were S\$1.9 million or 16% lower than the forecast. This was mainly due to lower borrowing costs as a result of lower interest rates achieved as compared to the forecast.

#### **A.4 Professional fees**

Professional fees were higher as compared to the forecast mainly due to higher consulting fees and valuation fees incurred for the new portfolio.

**A.5 Net change in fair value of serviced residence properties**

In the forecast, the change in fair value of serviced residence properties refers to the change in fair value arising from the write-off of the acquisition fee capitalised as part of the cost of the serviced residence properties. In 4Q 2010, there was a surplus on revaluation of the serviced residence properties which reduced the impact of the acquisition fee written off.

**A.6 Renovation costs written off**

This relates to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Olympic Tower and Somerset Grand Hanoi.

**A.7 Income tax expense**

Taxation for 4Q 2010 was higher by S\$8.8 million as compared to the forecast. This was mainly due to the tax expense provided for the divestment of Country Woods and deferred tax liability provided on the change in fair value of serviced residence properties.

**10. OUTLOOK AND PROSPECTS**

**10(a) Prospects**

In 2011, the Group expects the Singapore properties to continue to benefit from increasing demand for serviced apartments as a result of the robust economy and vibrant hospitality market. The Group also expects the United Kingdom ("UK") properties to do well in 2011 in the lead up to the 2012 London Olympics.

The income from master leases and serviced residence management contracts with minimum guarantee, mainly contributed by the Group's Europe properties, will provide a base of stable income.

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 FY 2011, the Manager is confident of delivering the forecast distribution of 7.74 cents as disclosed in the Offer Information Statement dated 13 September 2010.

**11. DISTRIBUTIONS**

In connection with the equity fund raising exercise, Ascott Reit paid, in lieu of the scheduled semi-annual distribution, an advanced distribution of 1.74 cent per Unit for the period from 1 July 2010 to 21 September 2010 (prior to the date on which the private placement new units were issued under the equity fund raising) on 19 November 2010.

**11(a) Current financial period**

Any distributions declared for the current financial period? Yes  
Period of distribution : Distribution for 22 September 2010 to 31 December 2010

<b>Distribution Type</b>	<b>Distribution Rate (cents)</b>
Taxable Income	0.56
Tax Exempt Income	0.02
Capital	1.69
<b>Total</b>	<b>2.27</b>

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

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes  
Period of distribution : Distribution for 1 July 2009 to 31 December 2009

<b>Distribution Type</b>	<b>Distribution Rate (cents)</b>
Taxable Income	0.95
Tax Exempt Income	-
Capital	2.82
<b>Total</b>	<b>3.77</b>

11(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.

11(d) Book closure date : 31 January 2011

11(e) Date payable : 28 February 2011

**12. SEGMENT REVENUE AND RESULTS**

YTD Dec 2010	Singapore S\$'000	China S\$'000	Vietnam S\$'000	Indonesia S\$'000	Philippines S\$'000	Japan S\$'000	Australia S\$'000
Revenue	35,793	31,186	39,532	20,358	29,680	17,076	8,124
Direct expenses	(17,598)	(19,817)	(15,091)	(14,009)	(17,238)	(7,441)	(5,972)
<b>Gross Profit</b>	<b>18,195</b>	<b>11,369</b>	<b>24,441</b>	<b>6,349</b>	<b>12,442</b>	<b>9,635</b>	<b>2,152</b>

YTD Dec 2010 (continued)	France S\$'000	Germany S\$'000	Belgium S\$'000	Spain S\$'000	United Kingdom S\$'000	Total S\$'000
Revenue	9,251	961	3,199	1,554	10,509	207,223
Direct expenses	(463)	(66)	(2,250)	(898)	(5,025)	(105,868)
<b>Gross Profit</b>	<b>8,788</b>	<b>895</b>	<b>949</b>	<b>656</b>	<b>5,484</b>	<b>101,355</b>

Share of loss of associate (net of tax)	(18)
Finance income	1,133
Finance costs	(27,586)
Foreign exchange loss	(3,524)
Unallocated net expenses	(10,228)
<b>Net income before changes in fair value of financial derivatives and serviced residence properties</b>	<b>61,132</b>
Net change in fair value of financial derivatives	(5,566)
Net change in value of serviced residence properties	26,301
Profit from divestments	115,595
Renovation costs written off	(1,405)
<b>Total return for the year before tax</b>	<b>196,057</b>
Income tax expense	(33,094)
<b>Total return for the year after tax</b>	<b>162,963</b>
Non-controlling interests	(6,844)
<b>Total return for the year attributable to unitholders</b>	<b>156,119</b>

12. **SEGMENT REVENUE AND RESULTS**

YTD Dec 2009	Singapore S\$'000	China S\$'000	Vietnam S\$'000	Indonesia S\$'000	Philippines S\$'000	Japan S\$'000	Australia S\$'000	Total S\$'000
Revenue	26,859	34,946	38,384	21,004	28,921	17,961	7,447	175,522
Direct expenses	(12,713)	(21,720)	(14,230)	(13,024)	(16,584)	(7,007)	(5,691)	(90,969)
<b>Gross Profit</b>	14,146	13,226	24,154	7,980	12,337	10,954	1,756	84,553
Share of loss of associate (net of tax)								(8)
Finance income								723
Finance costs								(23,741)
Foreign exchange loss								(219)
Unallocated net expenses								(9,754)
<b>Net income before changes in fair value of financial derivatives and serviced residence properties</b>								<b>51,554</b>
Net change in fair value of financial derivatives								(3,072)
Net change in value of serviced residence properties								(49,361)
<b>Total return for the year before tax</b>								<b>(879)</b>
Income tax expense								(14,630)
<b>Total return for the year after tax</b>								<b>(15,509)</b>
Non-controlling interests								(5,624)
<b>Total return for the year attributable to unitholders</b>								<b>(21,133)</b>

13. **BREAKDOWN OF SALES**

	YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000	Better/ (Worse) %
(a) Revenue reported for first half year	87,905	85,095	3
(b) Total return after taxation reported for first half year	52,496	(36,587)	243
(c) Revenue reported for second half year	119,318	90,427	32
(d) Total return after taxation reported for second half year	110,467	21,078	424

14. **BREAKDOWN OF TOTAL DISTRIBUTIONS**

1 January 2009 to 31 December 2009 – paid  
1 January 2010 to 21 September 2010 – paid  
22 September 2010 to 31 December 2010 – to be paid

YTD Dec 2010 S\$'000	YTD Dec 2009 S\$'000
-	45,207
32,604	-
25,110	-

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  
21 January 2011