



ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 SEPTEMBER 2012
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ASCOTT RESIDENCE TRUST
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

Summary of Group Results

| | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | Better/ (Worse) % | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 | Better/ (Worse) % |
|-------------------------------|--------------------------------|--------------------------------|----------------------------------|---|---|----------------------------------|
| Revenue | 77,376 | 72,950 | 6 | 227,907 | 213,386 | 7 |
| Gross Profit | 40,734 | 39,978 | 2 | 120,638 | 117,494 | 3 |
| Unitholders' Distribution | 25,638 | 25,279 | 1 | 76,912 | 75,534 | 2 |
| Distribution Per Unit (cents) | 2.24 | 2.23 | - | 6.76 | 6.70 | 1 |

ASCOTT RESIDENCE TRUST

2012 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. With effect from 8 August 2012, the principal investment strategy of Ascott Reit has been expanded to encompass real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences, rental housing properties and other hospitality assets.

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).

In the year 2010, Ascott Reit enhanced the geographical diversification of its portfolio by acquiring 26 properties in Europe.

On 29 March 2012, Ascott Reit completed the acquisition of 60% interest in Citadines Kyoto. On 26 April 2012, Ascott Reit completed the divestment of Somerset Gordon Heights Melbourne.

On 28 September 2012, Ascott Reit completed the divestment of Somerset Grand Cairnhill Singapore and the acquisition of Ascott Raffles Place Singapore, Ascott Guangzhou and signed the put and call option agreement for the New Cairnhill Serviced Residence to be developed.

As at 30 September 2012, Ascott Reit's portfolio comprises 66 properties with 6,890 apartment units* in 24 cities across 12 countries in 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.

* Exclude New Cairnhill Serviced Residence

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

| | Note | GROUP | | Better / (Worse) % | GROUP | | Better / (Worse) % |
|---|------|-----------------------|-----------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 | |
| Revenue | A.1 | 77,376 | 72,950 | 6 | 227,907 | 213,386 | 7 |
| Direct expenses | A.2 | (36,642) | (32,972) | (11) | (107,269) | (95,892) | (12) |
| Gross Profit | A.1 | 40,734 | 39,978 | 2 | 120,638 | 117,494 | 3 |
| Finance income | | 499 | 353 | 41 | 1,532 | 929 | 65 |
| Other operating income | | 91 | 94 | (3) | 1,474 | 307 | 380 |
| Finance costs | A.3 | (10,461) | (9,506) | (10) | (31,981) | (28,689) | (11) |
| Manager's management fees | | (3,657) | (3,522) | (4) | (10,586) | (10,203) | (4) |
| Trustee's fee | | (79) | (75) | (5) | (231) | (220) | (5) |
| Professional fees | | (339) | (249) | (36) | (945) | (929) | (2) |
| Audit fees | | (413) | (640) | 35 | (1,357) | (1,375) | 1 |
| Foreign exchange loss | A.4 | (1,610) | (860) | (87) | (3,348) | (5,086) | 34 |
| Other operating expenses | | (127) | (116) | (9) | (504) | (400) | (26) |
| Share of profit / (loss) of associate (net of tax) | | 3 | (13) | 123 | 24 | (28) | 186 |
| Net income before changes in fair value of financial derivatives and serviced residence properties | | 24,641 | 25,444 | (3) | 74,716 | 71,800 | 4 |
| Net change in fair value of financial derivatives | | - | 2 | (100) | (6) | (4) | (50) |
| Net change in fair value of serviced residence properties | | - | - | - | 127,913 | 82,756 | 55 |
| Net divestment expenses | A.5 | (10,057) | - | n.m. | (9,486) | - | n.m. |
| Assets written off | A.6 | - | (1,133) | 100 | (145) | (1,133) | 87 |
| Total return for the period before tax | | 14,584 | 24,313 | (40) | 192,992 | 153,419 | 26 |
| Income tax expense | | (5,723) | (5,899) | 3 | (19,956) | (20,766) | 4 |
| Total return for the period after tax | | 8,861 | 18,414 | (52) | 173,036 | 132,653 | 30 |
| Attributable to: | | | | | | | |
| Unitholders | | 7,393 | 17,405 | | 160,992 | 129,120 | |
| Non-controlling interests | | 1,468 | 1,009 | | 12,044 | 3,533 | |
| Total return for the period | | 8,861 | 18,414 | (52) | 173,036 | 132,653 | 30 |

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

| | Note | GROUP | | Better / (Worse) % | GROUP | | Better / (Worse) % |
|---|------|--------------------|--------------------|--------------------|-------------------------|-------------------------|--------------------|
| | | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 | |
| Total return for the period attributable to unitholders | | 7,393 | 17,405 | | 160,992 | 129,120 | |
| Net effect of non-tax deductible / chargeable items and other adjustments | A.7 | 18,245 | 7,874 | | (84,080) | (53,586) | |
| Total amount distributable to Unitholders for the period | | 25,638 | 25,279 | 1 | 76,912 | 75,534 | 2 |
| Comprises : | | | | | | | |
| - from operations | | 7,858 | 5,225 | | 27,550 | 16,800 | |
| - from unitholders' contributions | | 17,780 | 20,054 | | 49,362 | 58,734 | |
| | | 25,638 | 25,279 | 1 | 76,912 | 75,534 | 2 |

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

A.1 Revenue and Gross profit

Revenue for 3Q 2012 of S\$77.4 million comprised S\$9.7 million (13% of total revenue) from serviced residences on Master Leases, S\$19.0 million (25%) from serviced residences on management contracts with minimum guaranteed income and S\$48.7 million (62%) from serviced residences on management contracts.

Revenue for 3Q 2012 increased by S\$4.4 million or 6% as compared to 3Q 2011. The increase in revenue was mainly due to the contribution of S\$3.8 million from Citadines Shinjuku and Citadines Kyoto (which were acquired on 21 December 2011 and 29 March 2012 respectively), and stronger performance from the Group's serviced residences in United Kingdom and China. These increases were partially offset by the decrease in revenue of S\$0.6 million from the divestment of Somerset Gordon Heights (which was divested on 26 April 2012) and closure of Somerset Grand Cairnhill on 27 September 2012.

The Group achieved a REVPAU of S\$148 in 3Q 2012, an increase of 1% as compared to 3Q 2011. The increase in REVPAU was mainly driven by the strong performance of United Kingdom and China serviced residences.

Gross profit for 3Q 2012 of S\$40.7 million comprised S\$9.1 million (22% of total gross profit) from serviced residences on Master Leases, S\$8.9 million (22%) from serviced residences on management contracts with minimum guaranteed income and S\$22.7 million (56%) from serviced residences on management contracts.

In line with the increase in revenue, gross profit for 3Q 2012 increased by S\$0.7 million or 2% as compared to 3Q 2011.

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 2012 S\$'000 | 3Q 2011 S\$'000 | | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 | |
| Depreciation and amortisation | (2,961) | (2,086) | (42) | (8,775) | (6,700) | (31) |
| Staff costs | (7,678) | (6,786) | (13) | (22,681) | (19,407) | (17) |

A.3 Finance costs

The increase in finance costs was mainly due to the acquisitions of Citadines Shinjuku and Citadines Kyoto and the issuance of the medium term notes in 4Q 2011 to repay loans under the revolving credit facilities. This has enabled the Group to extend the average loan tenure of the Group's debt and increase the percentage of the Group's unencumbered assets for more financial flexibility.

A.4 Foreign exchange loss

The foreign exchange loss recognised in 3Q 2012 was largely due to unrealised exchange loss on USD-denominated shareholders' loans extended to the Group's subsidiaries, as a result of the depreciation of USD against SGD as at balance sheet date.

A.5 Net divestment expenses

In 2Q 2012, a gain of S\$87.1 million was recognised from revaluation of Somerset Grand Cairnhill based on the sale consideration of S\$359.0 million. The divestment was subsequently completed on 28 September 2012.

The net divestment expenses recognised in 3Q 2012 relates to the expenses incurred in connection with the above divestment. These expenses mainly comprised the divestment fee, professional fees and fee for pre-termination of the existing management agreement.

A.6 Assets written off

The assets written off in 3Q 2011 were in relation to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Grand Hanoi.

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

| | GROUP | | Better / (Worse) % | GROUP | | Better / (Worse) % |
|--|-----------------------|-----------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 | |
| Depreciation and amortisation | 2,961 | 2,086 | (42) | 8,775 | 6,700 | (31) |
| Manager's management fee payable/paid partially in units | 2,731 | 2,620 | (4) | 7,920 | 7,616 | (4) |
| Trustee's fees* | 17 | 17 | - | 49 | 49 | - |
| Foreign exchange loss | 1,780 | 905 | (97) | 4,294 | 4,705 | 9 |
| Net change in fair value of financial derivatives | - | (2) | (100) | 6 | 4 | (50) |
| Net change in fair value of serviced residence properties | - | - | - | (127,913) | (82,756) | 55 |
| Net divestment expenses (Note A.5) | 10,057 | - | n.m. | 9,486 | - | n.m. |
| Assets written off (Note A.6) | - | 1,133 | 100 | 145 | 1,133 | 87 |
| Deferred tax expense | 820 | 1,763 | 53 | 7,528 | 10,475 | 28 |
| Effect of non-controlling interests arising from the above | (337) | (552) | 39 | 6,729 | (865) | n.m. |

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

1(b)(i) **BALANCE SHEETS**

| | Note | GROUP | | REIT | |
|--------------------------------|---------|---------------------|---------------------|---------------------|---------------------|
| | | 30/09/12 S\$'000 | 31/12/11 S\$'000 | 30/09/12 S\$'000 | 31/12/11 S\$'000 |
| Non-Current Assets | | | | | |
| Plant and equipment | B.1 | 67,356 | 62,110 | 10,751 | 10,468 |
| Serviced residence properties | B.2 | 2,769,924 | 2,786,143 | 552,505 | 602,732 |
| Interest in subsidiaries | | - | - | 168,236 | 121,086 |
| Interest in associate | | 3,022 | 3,114 | 3,507 | 3,623 |
| Financial derivatives | B.3 | 6 | 108 | - | - |
| Deferred tax assets | B.4 | 1,524 | 2,088 | - | - |
| | | 2,841,832 | 2,853,563 | 734,999 | 737,909 |
| Current Assets | | | | | |
| Inventories | | 458 | 432 | - | - |
| Trade receivables | | 11,537 | 12,664 | 988 | 2,178 |
| Other receivables and deposits | B.5 | 24,535 | 10,896 | 1,434,575 | 1,408,111 |
| Financial derivatives | B.3 | - | 6 | - | - |
| Cash and bank balances | B.6 | 217,043 | 145,466 | 94,215 | 26,420 |
| | | 253,573 | 169,464 | 1,529,778 | 1,436,709 |
| | | | | | |
| Total Assets | | 3,095,405 | 3,023,027 | 2,264,777 | 2,174,618 |
| Non-Current Liabilities | | | | | |
| Interest bearing liabilities | B.9 | (1,082,747) | (943,268) | (379,853) | (353,985) |
| Financial derivatives | B.3 | (20,692) | (17,066) | (13,908) | (9,867) |
| Deferred tax liabilities | B.7 | (49,149) | (44,789) | - | - |
| | | (1,152,588) | (1,005,123) | (393,761) | (363,852) |
| Current Liabilities | | | | | |
| Trade payables | | (4,110) | (6,012) | (98) | (200) |
| Other payables | B.8 | (134,308) | (111,225) | (403,445) | (396,681) |
| Interest bearing liabilities | B.9 | (138,891) | (261,346) | (80,098) | - |
| Financial derivatives | B.3 | (84) | (1,412) | (91) | - |
| Provision for taxation | | (7,854) | (9,879) | (110) | (157) |
| | | (285,247) | (389,874) | (483,842) | (397,038) |
| | | | | | |
| Total Liabilities | | (1,437,835) | (1,394,997) | (877,603) | (760,890) |
| Net Assets | | 1,657,570 | 1,628,030 | 1,387,174 | 1,413,728 |
| | | | | | |
| Represented by: | | | | | |
| Unitholders' funds | 1(d)(i) | 1,558,750 | 1,537,012 | 1,387,174 | 1,413,728 |
| Non-controlling interests | 1(d)(i) | 98,820 | 91,018 | - | - |
| Total Equity | 1(d)(i) | 1,657,570 | 1,628,030 | 1,387,174 | 1,413,728 |

1(b)(ii) **Explanatory Notes to Balance Sheet**

B.1 Plant and equipment

The increase in the Group's plant and equipment as at 30 September 2012 was mainly due to the acquisitions of Citadines Kyoto, Ascott Guangzhou and Ascott Raffles Place, partially offset by the divestment of Somerset Grand Cairnhill.

B.2 Serviced residence properties

The decrease in the Group's serviced residences as at 30 September 2012 was mainly due to the divestment of Somerset Grand Cairnhill and Somerset Gordon Heights Melbourne, and foreign currency differences arising from translating the Group's overseas serviced residences.

The decrease was partially offset by the increase in the valuation of the serviced residences on 30 June 2012 and the acquisitions of Citadines Kyoto, Ascott Guangzhou and Ascott Raffles Place.

B.3 Financial derivatives

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

B.4 Deferred tax assets

The decrease in the Group's deferred tax assets as at 30 September 2012 was mainly due to the utilisation of tax losses during the period.

B.5 Other receivables and deposits

The increase in the Group's other receivables and deposits as at 30 September 2012 was mainly due to higher accrued revenue and prepaid expenses.

B.6 Cash and bank balances

The increase in the Group's cash and bank balances as at 30 September 2012 was mainly due to the cash generated from operations and net proceeds from divestments and acquisitions, partially offset by distribution paid to unitholders and interest payments.

B.7 Deferred tax liabilities

The increase in the Group's deferred tax liabilities as at 30 September 2012 was mainly due to the relevant deferred tax liability provided on certain serviced residence properties that have increased in value.

B.8 Other payables

The increase in the Group's other payables as at 30 September 2012 was mainly due to accrual of expenses arising from divestment of Somerset Grand Cairnhill and output GST recognised on the divestment of Somerset Grand Cairnhill.

B.9 Interest bearing liabilities

| | GROUP | | REIT | |
|--|------------------|------------------|-----------------|-----------------|
| | 30/09/12 | 31/12/11 | 30/09/12 | 31/12/11 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Amount repayable in one year or less or on demand | | | | |
| - Secured | 71,201 | 211,463 | 62,408 | - |
| - Unsecured | 67,867 | 50,000 | 17,867 | - |
| Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans | (177) | (117) | (177) | - |
| | 138,891 | 261,346 | 80,098 | - |
| Amount repayable after one year | | | | |
| - Secured | 837,502 | 698,331 | 381,495 | 356,438 |
| - Unsecured | 250,000 | 250,000 | - | - |
| Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans | (4,755) | (5,063) | (1,642) | (2,453) |
| | 1,082,747 | 943,268 | 379,853 | 353,985 |
| Total | 1,221,638 | 1,204,614 | 459,951 | 353,985 |

Details of collateral

The borrowings of the Group are generally secured by:

- Mortgage on subsidiaries' serviced residences and the assignment of the rights, titles and interests with respect to the serviced residences
- Assignment of rental proceeds of the serviced residences and insurance policies relating to the serviced residences
- Pledge of shares of some subsidiaries
- Corporate guarantee from the Reit

Capital management

As at 30 September 2012, the Group's gearing was 40.6 percent, well within the 60 percent gearing limit allowable under MAS property fund guidelines. The average cost of debt was 3.4 percent per annum, with an interest cover of 3.9 times. S\$715.8 million or 58 percent of the Group's borrowing are on fixed interest rates with S\$98.3 million due for refinancing in the next 12 months. 3 percent of the Group's borrowings are on floating rates with interest rate caps.

Out of the Group's total borrowing, 4 percent falls due in 2012, 11 percent falls due in 2013, 28 percent falls due in 2014, and the balance falls due after 2014.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

| | GROUP | | | |
|--|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 |
| Operating Activities | | | | |
| Total return for the period before tax | 14,584 | 24,313 | 192,992 | 153,419 |
| <u>Adjustments for:</u> | | | | |
| Depreciation and amortisation | 2,961 | 2,086 | 8,775 | 6,700 |
| Net divestment expenses | 10,057 | - | 9,486 | - |
| Loss / (gain) on disposal of plant and equipment | 10 | (78) | 94 | (103) |
| Assets written off | - | 1,133 | 145 | 1,133 |
| Finance costs | 10,461 | 9,506 | 31,981 | 28,689 |
| Finance income | (499) | (353) | (1,532) | (929) |
| Provision for doubtful debts addition | 8 | 3 | 21 | 1 |
| Manager's management fees payable / paid partially in units | 2,731 | 2,620 | 7,920 | 7,616 |
| Foreign exchange loss - unrealised | 1,780 | 905 | 4,294 | 4,705 |
| Net change in fair value of financial derivatives | - | (2) | 6 | 4 |
| Net change in value of serviced residence properties | - | - | (127,913) | (82,756) |
| Share of (profit) / loss of associate | (3) | 13 | (24) | 28 |
| Operating profit before working capital changes | 42,090 | 40,146 | 126,245 | 118,507 |
| Changes in working capital | 3,299 | 5,578 | (8,749) | (39,328) |
| Cash generated from operations | 45,389 | 45,724 | 117,496 | 79,179 |
| Income tax paid | (3,328) | (4,811) | (16,268) | (11,588) |
| Cash flows from operating activities | 42,061 | 40,913 | 101,228 | 67,591 |
| Investing Activities | | | | |
| Acquisition of plant and equipment | (860) | (5,621) | (8,168) | (8,749) |
| Acquisition of serviced residence properties, net of cash acquired | (278,057) | - | (279,491) | - |
| Capital expenditure on serviced residence properties | (3,375) | (3,008) | (6,333) | (5,507) |
| Expenses incurred for divestment | (330) | - | (748) | - |
| Interest received | 499 | 353 | 1,532 | 929 |
| Proceeds from divestment of serviced residence properties | 359,000 | - | 374,335 | - |
| Proceeds from sale of plant and equipment | 3 | 92 | 44 | 124 |
| Cash flows from investing activities | 76,880 | (8,184) | 81,171 | (13,203) |
| Financing Activities | | | | |
| Distribution to unitholders | (51,258) | (50,252) | (97,165) | (75,400) |
| Dividend paid to non-controlling shareholders | (504) | (880) | (2,150) | (895) |
| Interest paid | (8,845) | (9,693) | (29,663) | (28,602) |
| Payment of finance lease | (802) | (847) | (2,448) | (2,529) |
| Payment of issue expenses | - | - | - | (1,223) |
| Proceeds from bank borrowings | 82,385 | 155,447 | 238,633 | 579,364 |
| Repayment of bank borrowings | (68,018) | (135,432) | (213,516) | (550,088) |
| Cash flows from financing activities | (47,042) | (41,657) | (106,309) | (79,373) |
| Increase / (decrease) in cash & cash equivalents | 71,899 | (8,928) | 76,090 | (24,985) |
| Cash and cash equivalents at beginning of the period | 147,152 | 112,686 | 145,466 | 132,711 |
| Effect of exchange rate changes on balances held in foreign currencies | (2,008) | (943) | (4,513) | (4,911) |
| Cash and cash equivalents at end of the period | 217,043 | 102,815 | 217,043 | 102,815 |

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

| | Note | GROUP | | GROUP | |
|--|---------|-----------------------|-----------------------|----------------------------|----------------------------|
| | | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 |
| <u>Unitholders' Contribution</u> | | | | | |
| Balance as at beginning of period | | 1,208,356 | 1,262,200 | 1,228,759 | 1,252,694 |
| Issue of new units | | 2,714 | 2,618 | 7,858 | 23,035 |
| Issue expenses | | - | - | - | (53) |
| Distribution to Unitholders | | (31,566) | (38,677) | (57,113) | (49,535) |
| Balance as at end of period | | 1,179,504 | 1,226,141 | 1,179,504 | 1,226,141 |
| <u>Operations</u> | | | | | |
| Balance as at beginning of period | | 474,412 | 284,264 | 341,173 | 186,839 |
| Total return for the period attributable to Unitholders | | 7,393 | 17,405 | 160,992 | 129,120 |
| Distribution to Unitholders | | (19,692) | (11,575) | (40,052) | (25,865) |
| Balance as at end of period | | 462,113 | 290,094 | 462,113 | 290,094 |
| <u>Foreign Currency Translation Reserve</u> | | | | | |
| Balance as at beginning of period | | (59,340) | (47,365) | (28,269) | (24,955) |
| Translation differences relating to financial statements of foreign subsidiaries | | (13,886) | (15,868) | (44,957) | (38,278) |
| Balance as at end of period | | (73,226) | (63,233) | (73,226) | (63,233) |
| <u>Capital Reserve</u> | | | | | |
| Balance as at beginning and end of period | | 1,637 | 1,559 | 1,637 | 1,559 |
| <u>Hedging Reserve</u> | | | | | |
| Balance as at beginning of period | | (9,750) | 843 | (6,288) | 1,330 |
| Change in fair value of financial derivatives | | (1,528) | (7,871) | (4,990) | (8,358) |
| Balance as at end of period | | (11,278) | (7,028) | (11,278) | (7,028) |
| Unitholders' Funds | 1(b)(i) | 1,558,750 | 1,447,533 | 1,558,750 | 1,447,533 |
| <u>Non-controlling Interests</u> | | | | | |
| Balance as at beginning of period | | 100,721 | 70,371 | 91,018 | 72,627 |
| Total return for the period | | 1,468 | 1,009 | 12,044 | 3,533 |
| Acquisition of subsidiaries | | - | - | 2,249 | - |
| Dividend paid to non-controlling shareholders | | (503) | (880) | (2,150) | (895) |
| Translation differences relating to financial statements of foreign subsidiaries | | (2,866) | (1,474) | (4,341) | (6,239) |
| Balance as at end of period | 1(b)(i) | 98,820 | 69,026 | 98,820 | 69,026 |
| Equity | 1(b)(i) | 1,657,570 | 1,516,559 | 1,657,570 | 1,516,559 |

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

| | Note | REIT | | REIT | |
|---|----------------|-----------------------|-----------------------|----------------------------|----------------------------|
| | | 3Q 2012 S\$'000 | 3Q 2011 S\$'000 | YTD Sep 2012 S\$'000 | YTD Sep 2011 S\$'000 |
| <u>Unitholders' Contribution</u> | | | | | |
| Balance as at beginning of period | | 1,208,356 | 1,262,200 | 1,228,759 | 1,252,694 |
| Issue of new units | | 2,714 | 2,618 | 7,858 | 23,035 |
| Issue expenses | | - | - | - | (53) |
| Distribution to Unitholders | | (31,566) | (38,677) | (57,113) | (49,535) |
| Balance as at end of period | | 1,179,504 | 1,226,141 | 1,179,504 | 1,226,141 |
| <u>Operations</u> | | | | | |
| Balance as at beginning of period | | 253,526 | 181,438 | 194,981 | 140,592 |
| Total return for the period attributable to Unitholders | | (10,723) | (7,442) | 68,182 | 47,694 |
| Distribution to Unitholders | | (19,692) | (11,575) | (40,052) | (25,865) |
| Balance as at end of period | | 223,111 | 162,421 | 223,111 | 162,421 |
| <u>Hedging Reserve</u> | | | | | |
| Balance as at beginning of period | | (13,671) | (831) | (10,012) | (50) |
| Change in fair value of financial derivatives | | (1,770) | (7,066) | (5,429) | (7,847) |
| Balance as at end of period | | (15,441) | (7,897) | (15,441) | (7,897) |
| Unitholders' Funds | 1(b)(i) | 1,387,174 | 1,380,665 | 1,387,174 | 1,380,665 |

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

| | REIT | | | |
|--|--------------------|--------------------|-------------------------|-------------------------|
| | 3Q 2012 '000 | 3Q 2011 '000 | YTD Sep 2012 '000 | YTD Sep 2011 '000 |
| Balance as at beginning of period | 1,134,781 | 1,125,220 | 1,129,871 | 1,107,853 |
| Issue of new units : | | | | |
| - partial payment of manager's management fees | 2,238 | 2,160 | 7,148 | 6,321 |
| - payment of manager's acquisition fee | - | - | - | 12,018 |
| - payment of manager's divestment fee | - | - | - | 1,188 |
| Balance as at end of period | 1,137,019 | 1,127,380 | 1,137,019 | 1,127,380 |

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 2011.

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 2012 | 3Q 2011 | YTD Sep 2012 | YTD Sep 2011 |
|--|--------------------|--------------------|-------------------------|-------------------------|
| Number of units on issue at end of period ('000) | 1,137,019 | 1,127,380 | 1,137,019 | 1,127,380 |
| Weighted average number of units for the period ('000) | 1,136,119 | 1,126,629 | 1,133,883 | 1,120,188 |
| EPU (cents) – Basic and Diluted (based on the weighted average number of units for the period) | 0.65 | 1.54 | 14.20 | 11.53 |

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

| Distribution per unit (DPU) | 3Q 2012 | 3Q 2011 | YTD Sep 2012 | YTD Sep 2011 |
|--|--------------------|--------------------|-------------------------|-------------------------|
| Number of units on issue at end of period ('000) | 1,137,019 | 1,127,380 | 1,137,019 | 1,127,380 |
| DPU (cents) – Basic and diluted | 2.24 | 2.23 | 6.76 | 6.70 |

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

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

| | Group | | REIT | |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30/09/12 | 31/12/11 | 30/09/12 | 31/12/11 |
| NAV per unit (S\$) | 1.37 | 1.36 | 1.22 | 1.25 |

8. GROUP PERFORMANCE REVIEW

8(a) Revenue and Gross Profit Analysis – 3Q 2012 vs. 3Q 2011

| | Revenue | | | | Gross Profit | | | | REVPAU Analysis | | |
|--|-------------|-------------|----------------|------------|--------------|-------------|----------------|------------|-----------------|------------|----------------|
| | 3Q 2012 | 3Q 2011 | Better/(Worse) | | 3Q 2012 | 3Q 2011 | Better/(Worse) | | 3Q 2012 | 3Q 2011 | Better/(Worse) |
| | S\$'M | S\$M | | % | S\$'M | S\$'M | | % | S\$/day | S\$/day | % |
| France | 8.7 | 9.3 | (0.6) | (6) | 8.1 | 8.7 | (0.6) | (7) | - | - | - |
| Germany | 0.9 | 0.9 | - | - | 0.9 | 0.9 | - | - | - | - | - |
| Philippines | - | 0.2 | (0.2) | (100) | - | 0.2 | (0.2) | (100) | - | - | - |
| Singapore | 0.1 | - | 0.1 | n.m. | 0.1 | - | 0.1 | n.m. | - | - | - |
| Master Leases | 9.7 | 10.4 | (0.7) | (7) | 9.1 | 9.8 | (0.7) | (7) | - | - | - |
| Belgium | 2.4 | 2.6 | (0.2) | (8) | 0.5 | 0.5 | - | - | 73 | 79 | (8) |
| Spain | 2.0 | 2.1 | (0.1) | (5) | 1.1 | 1.2 | (0.1) | (8) | 145 | 148 | (2) |
| United Kingdom | 13.6 | 12.1 | 1.5 | 12 | 6.7 | 6.2 | 0.5 | 8 | 228 | 210 | 9 |
| Vietnam | 1.0 | 0.9 | 0.1 | 11 | 0.6 | 0.6 | - | - | 82 | 70 | 17 |
| Management contracts with minimum guaranteed income | 19.0 | 17.7 | 1.3 | 7 | 8.9 | 8.5 | 0.4 | 5 | 163 | 155 | 5 |
| Australia | 1.7 | 2.4 | (0.7) | (29) | 0.8 | 1.1 | (0.3) | (27) | 214 | 191 | 12 |
| China | 5.3 | 4.7 | 0.6 | 13 | 2.1 | 1.7 | 0.4 | 24 | 125 | 109 | 15 |
| Indonesia | 3.8 | 3.9 | (0.1) | (3) | 1.3 | 1.2 | 0.1 | 8 | 99 | 99 | - |
| Japan | 7.9 | 4.0 | 3.9 | 98 | 3.6 | 2.2 | 1.4 | 64 | 132* | 116* | 14 |
| Philippines | 8.1 | 7.7 | 0.4 | 5 | 3.0 | 3.1 | (0.1) | (3) | 151 | 161 | (6) |
| Singapore | 12.5 | 13.1 | (0.6) | (5) | 6.7 | 7.2 | (0.5) | (7) | 239 | 249 | (4) |
| Vietnam | 9.4 | 9.1 | 0.3 | 3 | 5.2 | 5.2 | - | - | 99 | 95 | 4 |
| Management contracts | 48.7 | 44.9 | 3.8 | 8 | 22.7 | 21.7 | 1.0 | 5 | 142 | 142 | - |
| Group | 77.4 | 73.0 | 4.4 | 6 | 40.7 | 40.0 | 0.7 | 2 | 148 | 146 | 1 |

* refers to serviced residences in Japan, excludes rental housing

Group

Please refer to para 1(a)(ii)(A.1) for analysis of the Group's revenue and gross profit.

Analysis By Country

A. Master Leases

France

Revenue decreased by S\$0.6 million or 6% in 3Q 2012 as compared to 3Q 2011 mainly due to depreciation of EUR against SGD. In line with the decrease in revenue, gross profit decreased by S\$0.6 million or 7%. In EUR terms, revenue and gross profit have increased by 6% and 4% respectively.

Germany

Revenue and gross profit remained at the same level as 3Q 2011.

Philippines

Revenue and gross profit decreased by S\$0.2 million as compared to 3Q 2011 due to the conversion of Somerset Salcedo from a master lease arrangement to a management contract.

Singapore

Revenue and gross profit increased by S\$0.1 million as compared to 3Q 2011 due to the contribution from the newly acquired Ascott Raffles Place in end September 2012.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by S\$0.2 million or 8% in 3Q 2012 as compared to 3Q 2011. REVPAU decreased from S\$79 in 3Q 2011 to S\$73 in 3Q 2012. The decrease was mainly due to depreciation of EUR against SGD. In EUR terms, revenue and gross profit remained at the same level as 3Q 2011.

Spain

Revenue decreased by S\$0.1 million or 5% in 3Q 2012 as compared to 3Q 2011. REVPAU decreased from S\$148 in 3Q 2011 to S\$145 in 3Q 2012. In line with the decrease in revenue, gross profit decreased by S\$0.1 million or 8%. The decrease was mainly due to depreciation of EUR against SGD. In EUR terms, revenue, gross profit and REVPAU increased by 8%, 17% and 8% respectively. The increase was mainly due to stronger leisure market. Revenue and gross profit for 3Q 2012 included a top-up by the property manager of S\$0.1 million.

United Kingdom

Revenue increased by S\$1.5 million or 12% in 3Q 2012. REVPAU increased from S\$210 in 3Q 2011 to S\$228 in 3Q 2012. The increase was mainly due to positive market response to the rebranded Citadines Prestige Trafalgar Square, enabling the refurbished apartments to achieve higher rental rates.

In line with the increase in revenue, gross profit increased by S\$0.5 million or 8%.

Vietnam

Revenue increased by S\$0.1 million or 11% in 3Q 2012 as compared to 3Q 2011 due to higher demand from Japanese corporates. Despite higher revenue, gross profit remained at the same level as 3Q 2011 mainly due to higher operation and maintenance expense. Revenue and gross profit for 3Q 2012 included a yield protection amount of S\$0.3 million.

C. Management contracts

Australia

Revenue decreased by S\$0.7 million or 29% in 3Q 2012 as compared to 3Q 2011 mainly due to the divestment of Somerset Gordon Heights Melbourne which was completed on 26 April 2012. REVPAU increased from S\$191 in 3Q 2011 to S\$214 in 3Q 2012. Excluding the contribution from Somerset Gordon Heights Melbourne, revenue decreased by S\$0.1 million and gross profit decreased by S\$0.2 million as compared to 3Q 2011. In 3Q 2011, demand in Perth was higher due to preparation for the Commonwealth Heads of Government Meeting held in October 2011. Gross profit in 3Q 2011 was higher as it included a one-off reversal of costs no longer required.

China

Revenue increased by S\$0.6 million or 13% in 3Q 2012 as compared to 3Q 2011. REVPAU increased from S\$109 in 3Q 2011 to S\$125 in 3Q 2012. The increase was mainly due to stronger demand for the refurbished apartments of Somerset Olympic Tower and higher demand from project and relocation business.

In line with the increase in revenue, gross profit in 3Q 2012 increased by S\$0.4 million or 24% as compared to 3Q 2011.

Indonesia

Revenue for 3Q 2012 decreased by S\$0.1 million or 3% as compared to 3Q 2011. REVPAU remained at the same level as 3Q 2011. The decrease was mainly due to the refurbishment of Ascott Jakarta commencing from July 2012.

Despite a decrease in revenue, gross profit in 3Q 2012 increased by S\$0.1 million or 8% as compared to 3Q 2011 due to lower operation and maintenance expense.

Japan

As compared to 3Q 2011, revenue increased by S\$3.9 million or 98% in 3Q 2012 and gross profit increased by S\$1.4 million or 64%. This was mainly due to the contribution from the Citadines Shinjuku and Citadines Kyoto acquired in end December 2011 and March 2012 respectively.

Excluding the contribution from Citadines Shinjuku and Citadines Kyoto, revenue increased by S\$0.1 million and gross profit increased by S\$0.5 million as compared to 3Q 2011. REVPAU increased from S\$116 in 3Q 2011 to S\$132 in 3Q 2012 due to improved market conditions in 3Q 2012. Gross profit increased due to lower operation and maintenance expense, upon conversion of Somerset Roppongi from serviced residence to rental housing.

The Philippines

Revenue in 3Q 2012 increased by S\$0.4 million or 5% as compared to 3Q 2011. This was mainly due to higher demand from business process outsourcing industries as well as inclusion of Salcedo Residences (formerly known as Somerset Salcedo). REVPAU decreased from S\$161 in 3Q 2011 to S\$151 in 3Q 2012 due to lower REVPAU from Salcedo Residences. On a same store basis, REVPAU increased by 4% to S\$168.

Gross profit in 3Q 2012 decreased by S\$0.1 million or 3% mainly due to higher utility and staff costs.

Singapore

Revenue decreased by S\$0.6 million or 5% in 3Q 2012 as compared to 3Q 2011. REVPAU decreased by 4% from S\$249 in 3Q 2011 to S\$239 in 3Q 2012. This decrease was due to lower occupancy at Somerset Grand Cairnhill arising from the impending closure of the property on 27 September 2012. In line with the decrease in revenue, gross profit decreased by S\$0.5 million or 7%.

Vietnam

Revenue increased by S\$0.3 million or 3% and gross profit remained at the same level as compared to 3Q 2011. The increase in revenue was mainly due to appreciation of VND against SGD. In VND terms, revenue decreased by 1% due to lower office rental income, partially offset by stronger demand for the refurbished apartment units of Somerset Grand Hanoi. REVPAU increased from S\$95 in 3Q 2011 to S\$99 in 3Q 2012.

In VND terms, gross profit decreased by 5% due to higher utility and staff costs.

8(b) **Revenue and Gross Profit Analysis – YTD Sep 2012 vs. YTD Sep 2011**

| | Revenue | | | | Gross Profit | | | | REVPAU Analysis | | |
|--|--------------|--------------|-----------------|------------|--------------|--------------|-----------------|------------|-----------------|--------------|-----------------|
| | YTD Sep 2012 | YTD Sep 2011 | Better/ (Worse) | | YTD Sep 2012 | YTD Sep 2011 | Better/ (Worse) | | YTD Sep 2012 | YTD Sep 2011 | Better/ (Worse) |
| | S\$'M | S\$M | | % | S\$'M | S\$'M | | % | S\$/day | S\$/day | % |
| France | 27.0 | 28.4 | (1.4) | (5) | 25.1 | 26.6 | (1.5) | (6) | - | - | - |
| Germany | 2.8 | 2.9 | (0.1) | (3) | 2.7 | 2.8 | (0.1) | (4) | - | - | - |
| Philippines | 0.5 | 0.6 | (0.1) | (17) | 0.4 | 0.6 | (0.2) | (33) | - | - | - |
| Singapore | 0.1 | - | 0.1 | n.m. | 0.1 | - | 0.1 | n.m. | - | - | - |
| Master Leases | 30.4 | 31.9 | (1.5) | (5) | 28.3 | 30.0 | (1.7) | (6) | - | - | - |
| Belgium | 8.2 | 8.4 | (0.2) | (2) | 2.0 | 2.0 | - | - | 83 | 85 | (2) |
| Spain | 5.4 | 5.6 | (0.2) | (4) | 2.6 | 2.8 | (0.2) | (7) | 127 | 128 | (1) |
| United Kingdom | 35.8 | 33.0 | 2.8 | 8 | 16.9 | 16.2 | 0.7 | 4 | 208 | 192 | 8 |
| Vietnam | 3.0 | 2.8 | 0.2 | 7 | 1.8 | 1.8 | - | - | 83 | 77 | 8 |
| Management contracts with minimum guaranteed income | 52.4 | 49.8 | 2.6 | 5 | 23.3 | 22.8 | 0.5 | 2 | 153 | 145 | 6 |
| Australia | 5.9 | 6.6 | (0.7) | (11) | 2.5 | 2.3 | 0.2 | 9 | 199 | 182 | 9 |
| China | 15.8 | 13.7 | 2.1 | 15 | 6.1 | 4.9 | 1.2 | 24 | 124 | 105 | 18 |
| Indonesia | 11.7 | 11.5 | 0.2 | 2 | 4.1 | 3.7 | 0.4 | 11 | 102 | 97 | 5 |
| Japan | 21.6 | 11.7 | 9.9 | 85 | 10.1 | 6.6 | 3.5 | 53 | 129* | 113* | 14 |
| Philippines | 24.0 | 21.7 | 2.3 | 11 | 9.5 | 9.0 | 0.5 | 6 | 166 | 158 | 5 |
| Singapore | 37.7 | 38.6 | (0.9) | (2) | 20.9 | 21.4 | (0.5) | (2) | 241 | 246 | (2) |
| Vietnam | 28.4 | 27.9 | 0.5 | 2 | 15.8 | 16.8 | (1.0) | (6) | 99 | 98 | 1 |
| Management contracts | 145.1 | 131.7 | 13.4 | 10 | 69.0 | 64.7 | 4.3 | 7 | 145 | 140 | 4 |
| Group | 227.9 | 213.4 | 14.5 | 7 | 120.6 | 117.5 | 3.1 | 3 | 147 | 142 | 4 |

* refers to serviced residences in Japan, excludes rental housing

For the nine months ended 30 September 2012 (“YTD Sep 2012”), revenue increased by S\$14.5 million or 7% as compared to the corresponding period last year (“YTD Sep 2011”). The increase in revenue was mainly due to the additional contribution of S\$9.6 million from Citadines Shinjuku and Citadines Kyoto, and stronger performance from the Group’s serviced residences in United Kingdom, The Philippines and China.

REVPAU increased by S\$5 from S\$142 in YTD Sep 2011 to S\$147 in YTD Sep 2012, driven by an increase in the average rental rates of the Group’s serviced residences. The Group’s occupancy remained stable at 80%.

In line with the increase in revenue, gross profit for YTD Sep 2012 increased by S\$3.1 million or 3% as compared to YTD Sep 2011.

9. **OUTLOOK AND PROSPECTS**

Global economic conditions continue to remain uncertain. Nevertheless, the Group’s income remains sustainable because of our extended stay business model and geographically diversified portfolio with exposure across different economic cycles. Our properties, particularly in Europe, are also underpinned by master leases and serviced residence contracts with minimum guaranteed income.

In 3Q 2012, we acquired Ascott Raffles Place and Ascott Guangzhou and divested Somerset Grand Cairnhill. Our portfolio will be further enlarged with the acquisition of Madison Hamburg in 4Q 2012. We will continue to focus on yield accretive acquisitions in countries where we operate and explore opportunities in Asia as well as London, Paris and key cities in Germany.

We embarked on the second phase refurbishment of Citadines Sainte-Catherine Brussels as well as Ascott Jakarta in 3Q 2012 as part of the Group’s on-going asset enhancement program to increase returns to unitholders.

The Group remains confident of the markets it operates in. The operating performance for FY2012 is expected to remain profitable.

10. DISTRIBUTIONS

10(a) Current financial period

Any distributions declared for the current financial period? No

10(b) Corresponding period of the preceding financial period

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

10(d) Book closure date : Not applicable

10(e) Date payable : Not applicable

11. General mandate for Interested Person Transactions ("IPT")

The Group has not obtained a general mandate from unitholders for IPT.

12. 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 2012 and the results of the business, consolidated statement of total return, consolidated statement of cash flows and statement of changes in equity for the nine months ended 30 September 2012, 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

Kang Siew Fong
Company Secretary
Singapore
23 October 2012