



ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 JUNE 2013
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ASCOTT RESIDENCE TRUST
2013 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

Summary of Group Results

| | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | Better/ (Worse) % | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 | Better/ (Worse) % |
|-------------------------------|--------------------------------|--------------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| Revenue | 77,424 | 78,948 | (2) | 146,591 | 150,531 | (3) |
| Gross Profit | 40,966 | 42,723 | (4) | 74,724 | 79,905 | (6) |
| Unitholders' Distribution | 30,944 ¹ | 27,094 | 14 | 58,549 | 51,274 | 14 |
| Distribution Per Unit (cents) | 2.45 ² | 2.38 | 3 | 4.70 | 4.52 | 4 |

⁽¹⁾ Unitholders' distribution in 2Q 2013 included a reversal of over-provision of prior years' tax expense of S\$2.7 million.

⁽²⁾ Excluding the placement units issued in 1Q 2013, DPU for 2Q 2013 would be 2.70 cents.

DISTRIBUTION AND BOOK CLOSURE DATE

On 28 January 2013, the Manager announced an equity placement exercise. 114,943,000 new units were issued on 6 February 2013. In order to ensure fairness to holders of Ascott Reit units prior to the issuance of the placement units, the Manager declared, in lieu of the scheduled distribution, an advanced distribution of the distributable income for the period from 1 January 2013 to 5 February 2013, the day immediately prior to the date on which the placement units were issued. The advanced distribution of 0.617 cents per Unit was paid on 5 April 2013. The next distribution therefore will comprise the distributable income from 6 February 2013 to 30 June 2013. Semi-annual distributions will resume thereafter.

| | |
|-------------------|-------------------------------------|
| Distribution | For 6 February 2013 to 30 June 2013 |
| Distribution Rate | 4.081 cents per Unit |
| Book Closure Date | 31 July 2013 |
| Payment Date | 28 August 2013 |

ASCOTT RESIDENCE TRUST

2013 SECOND 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, rental housing properties and other hospitality assets. 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).

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

In the year 2012, Ascott Reit acquired Citadines Kyoto, Ascott Raffles Place Singapore, Ascott Guangzhou and Madson Hamburg (the “2012 Acquisitions”) and divested Somerset Gordon Heights Melbourne. Ascott Reit also completed the divestment of Somerset Grand Cairnhill Singapore and simultaneously signed the put and call option agreement to acquire the New Cairnhill Serviced Residence when completed, which is expected to be in 4Q 2017.

On 28 June 2013, Ascott Reit completed the acquisitions of Somerset Heping Shenyang, Citadines Biyun Shanghai, Citadines Xinghai Suzhou and a portfolio of 11 rental housing properties in Japan.

As at 30 June 2013, Ascott Reit’s portfolio comprises 81 properties with 8,636 apartment units* in 32 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) % |
|---|------|-----------------------|-----------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 | |
| Revenue | A.1 | 77,424 | 78,948 | (2) | 146,591 | 150,531 | (3) |
| Direct expenses | A.2 | (36,458) | (36,225) | (1) | (71,867) | (70,626) | (2) |
| Gross Profit | A.1 | 40,966 | 42,723 | (4) | 74,724 | 79,905 | (6) |
| Finance income | | 439 | 576 | (24) | 1,046 | 1,033 | 1 |
| Other operating income | A.3 | 40 | 456 | (91) | 192 | 1,383 | (86) |
| Finance costs | A.4 | (8,594) | (10,841) | 21 | (18,030) | (21,520) | 16 |
| Manager's management fees | | (3,580) | (3,677) | 3 | (6,654) | (6,929) | 4 |
| Trustee's fee | | (76) | (76) | - | (152) | (152) | - |
| Professional fees | | (578) | (416) | (39) | (1,080) | (606) | (78) |
| Audit fees | | (537) | (535) | - | (968) | (944) | (3) |
| Foreign exchange gain / (loss) | A.5 | 5,793 | 44 | n.m. | 8,103 | (1,738) | 566 |
| Other operating expenses | | (187) | (262) | 29 | (596) | (377) | (58) |
| Share of (loss) / profit of associate (net of tax) | | (4) | (5) | 20 | (8) | 20 | (140) |
| Net income before changes in fair value of financial derivatives and serviced residence properties | | 33,682 | 27,987 | 20 | 56,577 | 50,075 | 13 |
| Net change in fair value of financial derivatives | A.6 | 1,302 | - | n.m. | 1,285 | (6) | n.m. |
| Net change in fair value of serviced residence properties | A.7 | 25,923 | 127,913 | (80) | 25,923 | 127,913 | (80) |
| Profit from divestment | A.8 | - | 571 | n.m. | - | 571 | n.m. |
| Assets written off | A.9 | - | (145) | n.m. | - | (145) | n.m. |
| Total return for the period before tax | | 60,907 | 156,326 | (61) | 83,785 | 178,408 | (53) |
| Income tax expense | A.10 | (15,472) | (10,161) | (52) | (20,800) | (14,233) | (46) |
| Total return for the period after tax | | 45,435 | 146,165 | (69) | 62,985 | 164,175 | (62) |
| Attributable to: | | | | | | | |
| Unitholders | | 43,553 | 136,873 | | 59,662 | 153,599 | |
| Non-controlling interests | | 1,882 | 9,292 | | 3,323 | 10,576 | |
| Total return for the period | | 45,435 | 146,165 | (69) | 62,985 | 164,175 | (62) |

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

| | Note | GROUP | | Better / (Worse) % | GROUP | | Better / (Worse) % |
|---|------|-----------------------|-----------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 | |
| Total return for the period attributable to unitholders | | 43,553 | 136,873 | | 59,662 | 153,599 | |
| Net effect of non-tax deductible / chargeable items and other adjustments | A.11 | (12,609) | (109,779) | | (1,113) | (102,325) | |
| Total amount distributable to Unitholders for the period | | 30,944 | 27,094 | 14 | 58,549 | 51,274 | 14 |
| Comprises : | | | | | | | |
| - from operations | | 31,965 | 18,032 | | 38,284 | 19,692 | |
| - from unitholders' contributions | | (1,021) | 9,062 | | 20,265 | 31,582 | |
| | | 30,944 | 27,094 | 14 | 58,549 | 51,274 | 14 |

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

A.1 Revenue and Gross profit

Revenue for 2Q 2013 of S\$77.4 million comprised S\$14.0 million (18% of total revenue) from serviced residences on Master Leases, S\$19.3 million (25%) from serviced residences on management contracts with minimum guaranteed income and S\$44.1 million (57%) from serviced residences on management contracts.

Revenue for 2Q 2013 decreased by S\$1.5 million or 2% as compared to 2Q 2012. This was mainly due to the decrease in revenue of S\$5.4 million from the divestment of Somerset Gordon Heights Melbourne and Somerset Grand Cairnhill in April 2012 and September 2012 respectively and lower contribution of S\$2.1 million from the existing properties, mainly properties in China, Vietnam, Singapore and Japan (arising from depreciation of JPY against SGD). The decrease was partially offset by the additional revenue of S\$6.0 million from the properties acquired in second half last year.

The Group achieved a REVPAU of S\$142 in 2Q 2013, a decrease of 9% as compared to 2Q 2012. The decrease in REVPAU was mainly due to divestment of Somerset Grand Cairnhill, weaker performance from China and Japan (arising from depreciation of JPY against SGD).

Gross profit for 2Q 2013 of S\$41.0 million comprised S\$12.4 million (30% of total gross profit) from serviced residences on Master Leases, S\$8.5 million (21%) from serviced residences on management contracts with minimum guaranteed income and S\$20.1 million (49%) from serviced residences on management contracts.

As compared to 2Q 2012, gross profit decreased by S\$1.7 million or 4% and S\$2.1 million on a same store basis. This was mainly due to lower revenue as explained above.

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) % |
|-------------------------------|-----------------------|-----------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 | |
| Depreciation and amortisation | (3,091) | (2,826) | (9) | (6,362) | (5,814) | (9) |
| Staff costs | (7,675) | (7,751) | 1 | (15,347) | (15,003) | (2) |

A.3 Other operating income

Other operating income for 2Q 2012 was higher as it included income in connection with the liquidation of investment in Philippines.

A.4 Finance costs

The decrease in finance costs was mainly due to lower interest rates arising from the debts which were refinanced in 4Q 2012.

A.5 Foreign exchange gain

The foreign exchange gain recognised in 2Q 2013 was largely due to unrealised exchange gain on USD and GBP denominated shareholders' loans extended to the Group's subsidiaries, as a result of the appreciation of the USD and GBP against SGD as at balance sheet date.

A.6 Net change in fair value of financial derivatives

This relates to the fair value gain of interest rate swaps and interest rate caps.

A.7 Net change in fair value of serviced residence properties

This relates to the surplus on revaluation of serviced residence properties, mainly from the properties in France, Japan and United Kingdom, partially offset by lower valuation from the properties in Vietnam, Philippines and Germany.

The surplus on revaluation of S\$127.9 million recognised in 2Q 2012 included S\$87.1 million from the revaluation of Somerset Grand Cairnhill Singapore, which was determined based on its sale consideration of S\$359.0 million. The divestment of the property was completed on 28 September 2012.

The valuation of the serviced residence properties was carried out on 30 June 2013 by Jones Lang LaSalle. Please refer to Para 8(c) for more details.

A.8 Profit from divestment

The profit from divestment recognised in 2Q 2012 relates to the profit from divestment of Somerset Gordon Heights Melbourne on 26 April 2012.

A.9 Assets written off

The assets written off in 2Q 2012 mainly relates to disposal of assets arising from the reconfiguration of Somerset Roppongi to rental housing apartments.

A.10 Income tax expense

Taxation for 2Q 2013 was higher as compared to the corresponding period last year, despite a lower total return before tax. Total return for 2Q 2012 was higher as it included a surplus on revaluation from the revaluation of Somerset Grand Cairnhill Singapore, where deferred tax liability for Singapore properties is not required.

Taxation for 2Q 2013 was higher by S\$5.3 million, mainly due to higher deferred tax liability provided on the serviced residence properties that have increased in fair value, partially offset by reversal of over-provision of prior years' tax expense.

A.11 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

| | GROUP | | Better / (Worse) % | GROUP | | Better / (Worse) % |
|--|-----------------------|-----------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 | |
| Depreciation and amortisation | 3,091 | 2,826 | (9) | 6,362 | 5,814 | (9) |
| Manager's management fee payable / paid partially in units | 2,889 | 2,769 | (4) | 5,345 | 5,189 | (3) |
| Trustee's fees* | 11 | 16 | 31 | 26 | 32 | 19 |
| Foreign exchange (gain) / loss | (5,257) | 811 | 748 | 851 | 2,514 | 66 |
| Net change in fair value of financial derivatives | - | - | - | 17 | 6 | (183) |
| Net change in fair value of serviced residence properties (Note A.7) | (25,923) | (127,913) | (80) | (25,923) | (127,913) | (80) |
| Profit from divestment (Note A.8) | - | (571) | n.m. | - | (571) | n.m. |
| Assets written off (Note A.9) | - | 145 | n.m. | - | 145 | n.m. |
| Deferred tax expense | 13,256 | 5,617 | (136) | 13,293 | 6,708 | (98) |
| Effect of non-controlling interests arising from the above | (420) | 7,404 | 106 | (647) | 7,066 | 109 |

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

1(b)(i) **STATEMENT OF FINANCIAL POSITION**

| | Note | GROUP | | REIT | |
|--------------------------------|---------|---------------------|---------------------|---------------------|---------------------|
| | | 30/06/13 S\$'000 | 31/12/12 S\$'000 | 30/06/13 S\$'000 | 31/12/12 S\$'000 |
| Non-Current Assets | | | | | |
| Plant and equipment | B.1 | 54,811 | 50,327 | 8,954 | 10,078 |
| Serviced residence properties | B.2 | 3,088,677 | 2,785,147 | 555,546 | 551,222 |
| Interest in subsidiaries | | - | - | 241,917 | 166,583 |
| Interest in associate | | 3,029 | 2,932 | 3,521 | 3,417 |
| Financial derivatives | B.3 | 20 | 4 | 20 | - |
| Deferred tax assets | | 2,672 | 2,583 | - | - |
| | | 3,149,209 | 2,840,993 | 809,958 | 731,300 |
| Current Assets | | | | | |
| Inventories | | 373 | 476 | - | - |
| Trade receivables | B.1 | 12,596 | 11,940 | 1,417 | 1,523 |
| Other receivables and deposits | | 20,399 | 23,918 | 1,597,144 | 1,490,553 |
| Cash and bank balances | B.4 | 141,235 | 125,181 | 7,193 | 9,927 |
| | | 174,603 | 161,515 | 1,605,754 | 1,502,003 |
| | | | | | |
| Total Assets | | 3,323,812 | 3,002,508 | 2,415,712 | 2,233,303 |
| Non-Current Liabilities | | | | | |
| Interest bearing liabilities | B.7 | (1,077,418) | (1,003,056) | (330,737) | (349,650) |
| Financial derivatives | B.3 | (15,979) | (18,757) | (11,125) | (13,691) |
| Deferred tax liabilities | B.5 | (61,635) | (47,329) | - | - |
| | | (1,155,032) | (1,069,142) | (341,862) | (363,341) |
| Current Liabilities | | | | | |
| Trade payables | | (5,108) | (4,110) | - | (68) |
| Other payables | B.6 | (118,232) | (106,617) | (344,020) | (340,219) |
| Interest bearing liabilities | B.7 | (239,652) | (167,765) | (208,270) | (131,659) |
| Financial derivatives | B.3 | - | (645) | - | (48) |
| Provision for taxation | | (3,630) | (13,259) | (84) | (180) |
| | | (366,622) | (292,396) | (552,374) | (472,174) |
| | | | | | |
| Total Liabilities | | (1,521,654) | (1,361,538) | (894,236) | (835,515) |
| Net Assets | | 1,802,158 | 1,640,970 | 1,521,476 | 1,397,788 |
| | | | | | |
| Represented by: | | | | | |
| Unitholders' funds | 1(d)(i) | 1,710,120 | 1,547,373 | 1,521,476 | 1,397,788 |
| Non-controlling interests | 1(d)(i) | 92,038 | 93,597 | - | - |
| Total Equity | 1(d)(i) | 1,802,158 | 1,640,970 | 1,521,476 | 1,397,788 |

1(b)(ii) **Explanatory Notes to Statement of Financial Position**

B.1 Plant and equipment / Trade receivables

The increase in the plant and equipment as well as trade receivables as at 30 June 2013 was mainly due to the acquisition of the 14 properties on 28 June 2013.

B.2 Serviced residence properties

The increase in the Group's serviced residences as at 30 June 2013 was mainly due to the acquisition of the 14 properties on 28 June 2013 and increase in valuation of the serviced residences on 30 June 2013.

The increase was partially offset by the foreign currency differences arising from translating the Group's overseas serviced residences as a result of the weakening of foreign currencies, particularly JPY, against Singapore dollar.

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 Cash and bank balances

The increase in the Group's cash and bank balances as at 30 June 2013 was mainly due to the cash generated from operations, partially offset by distribution paid to unitholders.

B.5 Deferred tax liabilities

The increase in the Group's deferred tax liabilities as at 30 June 2013 was mainly due to the deferred tax liability provided on those serviced residence properties that have increased in fair value.

B.6 Other payables

The increase in the Group's other payables as at 30 June 2013 was mainly due to accrual of the final consideration for the 14 properties acquired on 28 June 2013, manager's acquisition fee and expenses arising from the acquisition. The final consideration will be settled upon finalisation of the completion accounts in 3Q 2013.

B.7 Interest bearing liabilities

| | GROUP | | REIT | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30/06/13 S\$'000 | 31/12/12 S\$'000 | 30/06/13 S\$'000 | 31/12/12 S\$'000 |
| Amount repayable in one year or less or on demand | | | | |
| - Secured | 207,062 | 123,341 | 175,680 | 87,235 |
| - Unsecured | 32,875 | 44,612 | 32,875 | 44,612 |
| Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans | (285) | (188) | (285) | (188) |
| | 239,652 | 167,765 | 208,270 | 131,659 |
| Amount repayable after one year | | | | |
| - Secured | 820,500 | 757,184 | 321,084 | 351,041 |
| - Unsecured | 261,673 | 250,000 | 11,673 | - |
| Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans | (4,755) | (4,128) | (2,020) | (1,391) |
| | 1,077,418 | 1,003,056 | 330,737 | 349,650 |
| Total | 1,317,070 | 1,170,821 | 539,007 | 481,309 |

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 June 2013, the Group's gearing was 40.2 percent, well within the 60 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 3.1 percent per annum, with an interest cover of 4.2 times. S\$860.5 million or 65 percent of the Group's borrowings are on fixed interest rates with S\$63.7 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 borrowings, 6 percent falls due in 2013, 23 percent falls due in 2014, 30 percent falls due in 2015, 17 percent falls due in 2016, and the balance falls due after 2016.

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**

| | GROUP | | | |
|--|------------------|-----------------|------------------|-----------------|
| | 2Q | 2Q | YTD Jun | YTD Jun |
| | 2013 | 2012 | 2013 | 2012 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Operating Activities | | | | |
| Total return for the period before tax | 60,907 | 156,326 | 83,785 | 178,408 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 3,091 | 2,826 | 6,362 | 5,814 |
| Profit from divestment | - | (571) | - | (571) |
| (Gain) / loss on disposal of plant and equipment | (3) | 98 | (8) | 85 |
| Assets written off | - | 145 | - | 145 |
| Finance costs | 8,594 | 10,841 | 18,030 | 21,520 |
| Finance income | (439) | (576) | (1,046) | (1,033) |
| (Reversal of) / Provision for doubtful debts | (100) | 23 | 104 | 13 |
| Manager's management fees payable / paid partially in units | 2,889 | 2,769 | 5,345 | 5,189 |
| Foreign exchange (gain) / loss - unrealised | (5,257) | 811 | 851 | 2,514 |
| Net change in fair value of financial derivatives | (1,302) | - | (1,285) | 6 |
| Net change in fair value of serviced residence properties | (25,923) | (127,913) | (25,923) | (127,913) |
| Share of loss / (profit) of associate | 4 | 5 | 8 | (20) |
| Operating profit before working capital changes | 42,461 | 44,784 | 86,223 | 84,157 |
| Changes in working capital | (1,357) | (8,458) | (8,293) | (12,048) |
| Cash generated from operations | 41,104 | 36,326 | 77,930 | 72,109 |
| Income tax paid | (13,165) | (8,475) | (17,532) | (12,940) |
| Cash flows from operating activities | 27,939 | 27,851 | 60,398 | 59,169 |
| Investing Activities | | | | |
| Acquisition of plant and equipment | (3,272) | (3,802) | (4,528) | (7,307) |
| Acquisition of serviced residence properties, net of cash acquired | (153,968) | (267) | (153,968) | (1,436) |
| Capital expenditure on serviced residence properties | (1,154) | (1,975) | (15,488) | (2,958) |
| Expenses incurred for divestment | (50) | (418) | (886) | (418) |
| Interest received | 439 | 576 | 1,046 | 1,033 |
| Proceeds from divestment of serviced residence property | - | 15,335 | - | 15,335 |
| Proceeds from sale of plant and equipment | 26 | 26 | 48 | 41 |
| Cash flows from investing activities | (157,979) | 9,475 | (173,776) | 4,290 |
| Financing Activities | | | | |
| Distribution to unitholders | (7,051) | - | (55,484) | (45,907) |
| Dividend paid to non-controlling shareholders | (3,344) | (1,647) | (3,344) | (1,647) |
| Interest paid | (10,692) | (10,721) | (17,881) | (20,818) |
| Payment of finance lease | (868) | (806) | (1,717) | (1,646) |
| Proceeds from issue of new units | - | - | 150,001 | - |
| Payment of issue expenses | (60) | - | (1,903) | - |
| Proceeds from bank borrowings | 170,891 | 103,818 | 184,107 | 156,248 |
| Repayment of bank borrowings | (14,210) | (109,595) | (123,650) | (145,498) |
| Cash flows from financing activities | 134,666 | (18,951) | 130,129 | (59,268) |
| Increase in cash & cash equivalents | 4,626 | 18,375 | 16,751 | 4,191 |
| Cash and cash equivalents at beginning of the period | 136,231 | 127,986 | 125,181 | 145,466 |
| Effect of exchange rate changes on balances held in foreign currencies | 378 | 791 | (697) | (2,505) |
| Cash and cash equivalents at end of the period | 141,235 | 147,152 | 141,235 | 147,152 |

1(d)(i) **STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS**

| | Note | GROUP | | GROUP | |
|--|----------------|-----------------------|-----------------------|----------------------------|----------------------------|
| | | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 |
| <u>Unitholders' Contribution</u> | | | | | |
| Balance as at beginning of period | | 1,306,811 | 1,205,817 | 1,187,024 | 1,228,759 |
| Issue of new units | | | | | |
| - equity placement on 6 February 2013 | | - | - | 150,001 | - |
| - payment of manager's management fees in units | | 2,574 | 2,539 | 5,341 | 5,144 |
| Issue expenses | | - | - | (2,093) | - |
| Distribution to Unitholders | | (7,051) | - | (37,939) | (25,547) |
| Balance as at end of period | | 1,302,334 | 1,208,356 | 1,302,334 | 1,208,356 |
| <u>Operations</u> | | | | | |
| Balance as at beginning of period | | 461,923 | 337,539 | 463,359 | 341,173 |
| Total return for the period attributable to Unitholders | | 43,553 | 136,873 | 59,662 | 153,599 |
| Distribution to Unitholders | | - | - | (17,545) | (20,360) |
| Balance as at end of period | | 505,476 | 474,412 | 505,476 | 474,412 |
| <u>Foreign Currency Translation Reserve</u> | | | | | |
| Balance as at beginning of period | | (101,639) | (53,933) | (90,420) | (28,269) |
| Translation differences relating to financial statements of foreign subsidiaries | | 12,929 | (5,407) | 1,710 | (31,071) |
| Balance as at end of period | | (88,710) | (59,340) | (88,710) | (59,340) |
| <u>Capital Reserve</u> | | | | | |
| Balance as at beginning and end of period | | 1,753 | 1,637 | 1,753 | 1,637 |
| <u>Hedging Reserve</u> | | | | | |
| Balance as at beginning of period | | (11,879) | (7,710) | (14,343) | (6,288) |
| Change in fair value of financial derivatives | | 2,448 | (2,040) | 4,912 | (3,462) |
| Net change in fair value of cash flow hedges reclassified to total return | | (1,302) | - | (1,302) | - |
| Balance as at end of period | | (10,733) | (9,750) | (10,733) | (9,750) |
| Unitholders' Funds | 1(b)(i) | 1,710,120 | 1,615,315 | 1,710,120 | 1,615,315 |
| <u>Non-controlling Interests</u> | | | | | |
| Balance as at beginning of period | | 92,954 | 96,405 | 93,597 | 91,018 |
| Total return for the period | | 1,882 | 9,292 | 3,323 | 10,576 |
| Acquisition of subsidiaries | | - | 2,249 | - | 2,249 |
| Dividend paid to non-controlling shareholders | | (3,344) | (1,647) | (3,344) | (1,647) |
| Translation differences relating to financial statements of foreign subsidiaries | | 546 | (5,578) | (1,538) | (1,475) |
| Balance as at end of period | 1(b)(i) | 92,038 | 100,721 | 92,038 | 100,721 |
| Equity | 1(b)(i) | 1,802,158 | 1,716,036 | 1,802,158 | 1,716,036 |

1(d)(i) **STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS**

| | Note | REIT | | REIT | |
|---|----------------|-----------------------|-----------------------|----------------------------|----------------------------|
| | | 2Q 2013 S\$'000 | 2Q 2012 S\$'000 | YTD Jun 2013 S\$'000 | YTD Jun 2012 S\$'000 |
| <u>Unitholders' Contribution</u> | | | | | |
| Balance as at beginning of period | | 1,306,811 | 1,205,817 | 1,187,024 | 1,228,759 |
| Issue of new units | | | | | |
| - equity placement on 6 February 2013 | | - | - | 150,001 | - |
| - payment of manager's management fees in units | | 2,574 | 2,539 | 5,341 | 5,144 |
| Issue expenses | | - | - | (2,093) | - |
| Distribution to Unitholders | | (7,051) | - | (37,939) | (25,547) |
| Balance as at end of period | | 1,302,334 | 1,208,356 | 1,302,334 | 1,208,356 |
| <u>Operations</u> | | | | | |
| Balance as at beginning of period | | 189,267 | 156,032 | 225,835 | 194,981 |
| Total return for the period attributable to Unitholders | | 41,845 | 97,494 | 22,822 | 78,905 |
| Distribution to Unitholders | | - | - | (17,545) | (20,360) |
| Balance as at end of period | | 231,112 | 253,526 | 231,112 | 253,526 |
| <u>Hedging Reserve</u> | | | | | |
| Balance as at beginning of period | | (13,521) | (11,268) | (15,071) | (10,012) |
| Change in fair value of financial derivatives | | 1,551 | (2,403) | 3,101 | (3,659) |
| Balance as at end of period | | (11,970) | (13,671) | (11,970) | (13,671) |
| Unitholders' Funds | 1(b)(i) | 1,521,476 | 1,448,211 | 1,521,476 | 1,448,211 |

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

| | REIT | | | |
|--|--------------------|--------------------|-------------------------|-------------------------|
| | 2Q 2013 '000 | 2Q 2012 '000 | YTD Jun 2013 '000 | YTD Jun 2012 '000 |
| Balance as at beginning of period | 1,259,798 | 1,132,503 | 1,142,819 | 1,129,871 |
| Issue of new units : | | | | |
| - equity placement on 6 February 2013 | - | - | 114,943 | - |
| - partial payment of manager's management fees | 1,798 | 2,278 | 3,834 | 4,910 |
| Balance as at end of period | 1,261,596 | 1,134,781 | 1,261,596 | 1,134,781 |

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**

On 1 January 2013, the Group adopted the revised version of the Statement of Recommended Accounting Practice 7 (2012) issued by the Institute of Certified Public Accountants of Singapore which has no significant impact to the financial statements of the Group.

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 2012.

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.

| | 2Q 2013 | 2Q 2012 | YTD Jun 2013 | YTD Jun 2012 |
|--|---------------------|----------------------|---------------------|----------------------|
| Earnings per unit (EPU) | | | | |
| Number of units on issue at end of period ('000) | 1,261,596 | 1,134,781 | 1,261,596 | 1,134,781 |
| Weighted average number of units for the period ('000) | 1,260,904 | 1,133,955 | 1,237,088 | 1,132,752 |
| EPU (cents) – Basic and Diluted (based on the weighted average number of units for the period) | 3.45 ⁽¹⁾ | 12.07 ⁽¹⁾ | 4.82 ⁽¹⁾ | 13.56 ⁽¹⁾ |

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

Note 1: The computation of EPU included the net change in fair value of serviced residence properties, net of tax and non-controlling interests. Valuations of the serviced residence properties were conducted by independent valuers in Jun 2013 and Jun 2012. Excluding these effects, the EPU for 2Q 2013 and 2Q 2012 would be 2.49 cents and 2.00 cents respectively, and the EPU for YTD Jun 2013 and YTD Jun 2012 would be 3.84 cents and 3.48 cents respectively.

| | 2Q 2013 | 2Q 2012 | YTD Jun 2013 | YTD Jun 2012 |
|--|---------------------|------------|-----------------|-----------------|
| Distribution per unit (DPU) | | | | |
| Number of units on issue at end of period ('000) | 1,261,596 | 1,134,781 | 1,261,596 | 1,134,781 |
| DPU (cents) – Basic and diluted | 2.45 ⁽²⁾ | 2.38 | 4.70 | 4.52 |

| | 1 Jan 2013 to 5 Feb 2013 | 6 Feb 2013 to 30 Jun 2013 | YTD Jun 2013 | YTD Jun 2012 |
|--|-----------------------------|------------------------------|-----------------|-----------------|
| Distribution per unit (DPU) | | | | |
| Number of units on issue at end of period ('000) | 1,142,819 | 1,261,596 | 1,261,596 | 1,134,781 |
| DPU (cents) – Basic and diluted | 0.617 ⁽³⁾ | 4.081 | 4.698 | 4.52 |

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

Note 2: Excluding the placement units issued in 1Q 2013, DPU for 2Q 2013 would be 2.70 cents.

Note 3: This pertains to the advanced distribution for the period from 1 January 2013 to 5 February 2013 (prior to the date on which the placement units were issued) which was paid on 5 April 2013.

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

| | Group | | REIT | |
|--------------------|----------|----------|----------|----------|
| | 30/06/13 | 31/12/12 | 30/06/13 | 31/12/12 |
| NAV per unit (S\$) | 1.36 | 1.35 | 1.21 | 1.22 |

8. **GROUP PERFORMANCE REVIEW**

8(a) **Revenue and Gross Profit Analysis – 2Q 2013 vs. 2Q 2012 (Local Currency (“LC”))**

| | | Revenue ¹ | | | | Gross Profit ¹ | | | | REVPAU Analysis ² | | |
|--|------------------|----------------------|---------|--------------------|------|---------------------------|---------|--------------------|------|------------------------------|---------|--------------------|
| | | 2Q 2013 | 2Q 2012 | Better/ (Worse) | | 2Q 2013 | 2Q 2012 | Better/ (Worse) | | 2Q 2013 | 2Q 2012 | Better/ (Worse) |
| | | LC'm | LC'm | LC'm | % | LC'm | LC'm | LC'm | % | LC/day | LC/day | % |
| Master Leases | | | | | | | | | | | | |
| France | EUR | 5.8 | 5.5 | 0.3 | 5 | 5.2 | 5.1 | 0.1 | 2 | - | - | - |
| Germany | EUR | 1.5 | 0.5 | 1.0 | 200 | 1.3 | 0.5 | 0.8 | 160 | - | - | - |
| Philippines | PHP | - | 8.1 | (8.1) | n.m. | - | 6.6 | (6.6) | n.m. | - | - | - |
| Singapore | S\$ | 2.3 | - | 2.3 | n.m. | 1.9 | - | 1.9 | n.m. | - | - | - |
| Management contracts with minimum guaranteed income | | | | | | | | | | | | |
| Belgium | EUR | 1.8 | 2.0 | (0.2) | (10) | 0.4 | 0.7 | (0.3) | (43) | 55 | 61 | (10) |
| Spain | EUR | 1.1 | 1.3 | (0.2) | (15) | 0.5 | 0.7 | (0.2) | (29) | 74 | 92 | (20) |
| United Kingdom | GBP | 7.1 | 6.4 | 0.7 | 11 | 3.3 | 3.2 | 0.1 | 3 | 124 | 114 | 9 |
| Vietnam | VND ¹ | 17.6 | 15.9 | 1.7 | 11 | 11.4 | 9.6 | 1.8 | 19 | 1,233 | 1,365 | (10) |
| Management contracts | | | | | | | | | | | | |
| Australia | AUD | 1.2 | 1.4 | (0.2) | (14) | 0.5 | 0.7 | (0.2) | (29) | 156 | 154 | 1 |
| China | RMB | 35.9 | 26.6 | 9.3 | 35 | 12.0 | 11.4 | 0.6 | 5 | 578 | 627 | (8) |
| Indonesia | USD | 3.1 | 3.2 | (0.1) | (3) | 1.0 | 1.1 | (0.1) | (9) | 82 | 84 | (2) |
| Japan | JPY | 535.6 | 489.6 | 46.0 | 9 | 284.9 | 230.9 | 54.0 | 23 | 9,792 | 8,656 | 13 |
| Philippines | PHP | 268.7 | 271.1 | (2.4) | (1) | 101.5 | 109.8 | (8.3) | (8) | 5,062 | 5,967 | (15) |
| Singapore | S\$ | 7.3 | 12.9 | (5.6) | (43) | 3.7 | 7.1 | (3.4) | (48) | 228 | 248 | (8) |
| Vietnam | VND ¹ | 151.5 | 158.9 | (7.4) | (5) | 87.6 | 90.6 | (3.0) | (3) | 1,581 | 1,654 | (4) |

¹ Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.

² REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for VND are stated in thousands.

8(a) **Revenue and Gross Profit Analysis – 2Q 2013 vs. 2Q 2012 (S\$)**

| | Revenue | | | | Gross Profit | | | | REVPAU Analysis ¹ | | |
|--|-------------|-------------|--------------------|-------------|--------------|-------------|--------------------|-------------|------------------------------|------------|--------------------|
| | 2Q 2013 | 2Q 2012 | Better/ (Worse) | | 2Q 2013 | 2Q 2012 | Better/ (Worse) | | 2Q 2013 | 2Q 2012 | Better/ (Worse) |
| | S\$'M | S\$M | | % | S\$'M | S\$'M | | % | S\$/day | S\$/day | % |
| Master Leases | | | | | | | | | | | |
| France | 9.4 | 9.0 | 0.4 | 4 | 8.5 | 8.3 | 0.2 | 2 | - | - | - |
| Germany | 2.3 | 0.9 | 1.4 | 156 | 2.0 | 0.9 | 1.1 | 122 | - | - | - |
| Philippines | - | 0.2 | (0.2) | n.m. | - | 0.2 | (0.2) | n.m. | - | - | - |
| Singapore | 2.3 | - | 2.3 | n.m. | 1.9 | - | 1.9 | n.m. | - | - | - |
| Sub-total | 14.0 | 10.1 | 3.9 | 39 | 12.4 | 9.4 | 3.0 | 32 | - | - | - |
| Management contracts with minimum guaranteed income | | | | | | | | | | | |
| Belgium | 2.9 | 3.2 | (0.3) | (9) | 0.7 | 1.1 | (0.4) | (36) | 88 | 100 | (12) |
| Spain | 1.8 | 2.1 | (0.3) | (14) | 0.8 | 1.1 | (0.3) | (27) | 119 | 152 | (22) |
| United Kingdom | 13.5 | 13.0 | 0.5 | 4 | 6.3 | 6.4 | (0.1) | (2) | 236 | 228 | 4 |
| Vietnam | 1.1 | 1.0 | 0.1 | 10 | 0.7 | 0.6 | 0.1 | 17 | 75 | 83 | (10) |
| Sub-total | 19.3 | 19.3 | - | - | 8.5 | 9.2 | (0.7) | (8) | 168 | 172 | (2) |
| Management contracts | | | | | | | | | | | |
| Australia | 1.5 | 1.8 | (0.3) | (17) | 0.6 | 0.9 | (0.3) | (33) | 197 | 196 | 1 |
| China | 7.2 | 5.3 | 1.9 | 36 | 2.4 | 2.3 | 0.1 | 4 | 116 | 126 | (8) |
| Indonesia | 3.9 | 4.1 | (0.2) | (5) | 1.3 | 1.5 | (0.2) | (13) | 102 | 106 | (4) |
| Japan | 6.9 | 7.7 | (0.8) | (10) | 3.7 | 3.6 | 0.1 | 3 | 126 | 137 | (8) |
| Philippines | 8.1 | 8.0 | 0.1 | 1 | 3.1 | 3.2 | (0.1) | (3) | 152 | 175 | (13) |
| Singapore | 7.3 | 12.9 | (5.6) | (43) | 3.7 | 7.1 | (3.4) | (48) | 228 | 248 | (8) |
| Vietnam | 9.2 | 9.7 | (0.5) | (5) | 5.3 | 5.5 | (0.2) | (4) | 96 | 101 | (5) |
| Sub-total | 44.1 | 49.5 | (5.4) | (11) | 20.1 | 24.1 | (4.0) | (17) | 132 | 149 | (11) |
| Group | 77.4 | 78.9 | (1.5) | (2) | 41.0 | 42.7 | (1.7) | (4) | 142 | 156 | (9) |

¹ REVPAU for Japan refers to serviced residences and 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 increased by EUR 0.3 million or 5% in 2Q 2013 as compared to 2Q 2012 mainly due to higher indexation and pre-determined increase in lease income. In line with the increase in revenue, gross profit increased by EUR 0.1 million or 2%.

In SGD terms, revenue increased by S\$0.4 million or 4% in 2Q 2013 mainly due to stronger performance, partially offset by depreciation of EUR against SGD. In line with the increase in revenue, gross profit for 2Q 2013 increased by S\$0.2 million or 2%.

Germany

Revenue and gross profit increased by EUR 1.0 million and EUR 0.8 million respectively as compared to 2Q 2012, due to contribution from the newly acquired Madison Hamburg in November 2012. On a same store basis, revenue and gross profit for 2Q 2013 remained at the same level as 2Q 2012.

In SGD terms, revenue increased by S\$1.4 million and gross profit increased by S\$1.1 million. On a same store basis, revenue and gross profit remained at the same level as 2Q 2012 in SGD terms.

Philippines

There was no revenue and gross profit in 2Q 2013 due to Salcedo Residences being classified to "Management contracts" category from July 2012 after its conversion from a master lease arrangement to a management contract.

Singapore

Revenue and gross profit were S\$2.3 million and S\$1.9 million respectively in 2Q 2013. This was contributed by Ascott Raffles Place, which was acquired in end September 2012 and operating under a fixed and variable lease arrangement.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by EUR 0.2 million or 10% in 2Q 2013 as compared to 2Q 2012. REVPAU decreased by 10% from EUR 61 in 2Q 2012 to EUR 55 in 2Q 2013. The decrease was mainly due to the ongoing refurbishment of Citadines Toison d'Or Brussels, expected to be completed in 3Q 2013. Gross profit decreased by EUR 0.3 million mainly due to lower revenue, coupled with higher staff costs and depreciation.

In SGD terms, revenue decreased by S\$0.3 million or 9%. Gross profit decreased by S\$0.4 million due to lower underlying performance and higher expenses.

Spain

Both revenue and gross profit decreased by EUR 0.2 million in 2Q 2013 as compared to 2Q 2012. REVPAU decreased by 20% from EUR 92 in 2Q 2012 to EUR 74 in 2Q 2013. The decrease was mainly due to the ongoing refurbishment of Citadines Ramblas Barcelona, expected to be completed in 1Q 2014.

In SGD terms, both revenue and gross profit decreased by S\$0.3 million mainly due to weaker underlying performance.

United Kingdom

Revenue increased by GBP 0.7 million or 11% in 2Q 2013 as compared to 2Q 2012. REVPAU increased from GBP 114 in 2Q 2012 to GBP 124 in 2Q 2013. The increase was mainly due to stronger demand from corporate and leisure sectors.

Gross profit increased by GBP 0.1 million or 3% mainly due to stronger underlying performance, partially offset by higher provision of incentive fee in view of the stronger performance in FY 2013.

In SGD terms, revenue increased by S\$0.5 million or 4% due to stronger performance, partially offset by depreciation of GBP against SGD. Gross profit, in SGD terms, decreased by S\$0.1 million or 2% due to higher expenses coupled with depreciation of GBP against SGD.

Vietnam

Revenue increased by VND 1.7 billion or 11% in 2Q 2013 as compared to 2Q 2012 due to higher yield protection amount. In line with the increase in revenue, gross profit increased by VND 1.8 billion.

In SGD terms, both revenue and gross profit increased by S\$0.1 million. Revenue and gross profit for 2Q 2013 included a yield protection amount of S\$0.4 million.

C. Management contracts

Australia

Both revenue and gross profit decreased by AUD 0.2 million in 2Q 2013 as compared to 2Q 2012. This was mainly due to the divestment of Somerset Gordon Heights Melbourne on 26 April 2012.

On a same store basis, both revenue and gross profit decreased by AUD 0.1 million. REVPAU decreased by 5% from AUD 164 in 2Q 2012 to AUD 156 in 2Q 2013. This was mainly due to weaker demand from the oil and gas industries.

In SGD terms, both revenue and gross profit decreased by 17% and 33% respectively as compared to 2Q 2012. This was mainly due to the divestment of Somerset Gordon Heights Melbourne and the depreciation of AUD against SGD.

China

Revenue and gross profit increased by RMB 9.3 million or 35% and RMB 0.6 million or 5% respectively as compared to 2Q 2012. The increase was mainly due to contribution from the newly acquired Ascott Guangzhou. Gross profit increased by a lower extent as a result of higher staff costs, depreciation expense and property tax.

Excluding the contribution from Ascott Guangzhou, both revenue and gross profit decreased as compared to 2Q 2012 due to the ongoing refurbishment of Somerset Xu Hui, expected to be completed in 3Q 2013. On a same store basis, REVPAU decreased by 9% as compared to 2Q 2012.

In SGD terms, revenue and gross profit increased by S\$1.9 million and S\$0.1 million respectively. The increase was mainly due to contribution from the newly acquired Ascott Guangzhou, partially offset by refurbishment of Somerset Xu Hui and higher expenses.

Indonesia

Both revenue and gross profit decreased by USD 0.1 million in 2Q 2013 as compared to 2Q 2012. This was mainly due to the ongoing refurbishment of Ascott Jakarta, expected to be completed in 4Q 2013.

In SGD terms, both revenue and gross profit decreased by S\$0.2 million due to weaker underlying performance and depreciation of USD against SGD.

Japan

As compared to 2Q 2012, revenue increased by JPY 46.0 million or 9% in 2Q 2013 due to stronger demand from corporate and leisure sectors. REVPAU increased by 13% from JPY 8,656 in 2Q 2012 to JPY 9,792 in 2Q 2013. Gross profit increased by JPY 54.0 million or 23% mainly due to the higher revenue, lower depreciation, and operation and maintenance expense.

In SGD terms, revenue decreased by S\$0.8 million due to the depreciation of JPY against SGD. Despite a decrease in revenue, gross profit increased by S\$0.1 million due to lower depreciation, and operation and maintenance expense.

The Philippines

Revenue in 2Q 2013 decreased by PHP 2.4 million or 1% as compared to 2Q 2012 mainly due to weaker demand from project groups. REVPAU decreased from PHP 5,967 in 2Q 2012 to PHP 5,062 in 2Q 2013 due to lower REVPAU from Salcedo Residences. The contribution from Salcedo Residences was reclassified from "Master Leases" category after its conversion from a master lease arrangement to a management contract. On a same store basis, REVPAU decreased by 2% as compared to 2Q 2012.

Gross profit in 2Q 2013 decreased by PHP 8.3 million or 8% as compared to 2Q 2012, mainly due to higher staff costs and housekeeping expense.

In SGD terms, revenue increased by S\$0.1 million or 1% due to the appreciation of PHP against SGD. Gross profit decreased by S\$0.1 million or 3% due to higher expenses, partially offset by appreciation of PHP against SGD.

Singapore

Revenue decreased by S\$5.6 million or 43% and gross profit decreased by S\$3.4 million or 48% in 2Q 2013 as compared to 2Q 2012. This was mainly due to the divestment of Somerset Grand Cairnhill on 28 September 2012. REVPAU decreased by 8% from S\$248 in 2Q 2012 to S\$228 in 2Q 2013.

Excluding the contribution from Somerset Grand Cairnhill last year, both revenue and gross profit decreased by S\$0.3 million as compared to 2Q 2012. REVPAU decreased by 3% from S\$236 in 2Q 2012 to S\$228 in 2Q 2013. The decrease was mainly due to disruption from the construction of MRT tunnel for the new downtown line near Somerset Liang Court and weaker demand from project groups.

Vietnam

Revenue decreased by VND 7.4 billion or 5% and gross profit decreased by VND 3.0 billion or 3% as compared to 2Q 2012. The decrease in revenue was mainly due to lower office rental income, weaker market demand and reduction in corporate accommodation budgets. REVPAU decreased by 4% from VND 1,654,000 in 2Q 2012 to VND 1,581,000 in 2Q 2013. Gross profit decreased by a lesser extent due to lower staff costs.

In SGD terms, revenue and gross profit decreased by S\$0.5 million and S\$0.2 million respectively. The decrease was mainly due to weaker performance.

8(b) **Revenue and Gross Profit Analysis – YTD Jun 2013 vs. YTD Jun 2012 (LC)**

| | | Revenue ¹ | | | | Gross Profit ¹ | | | | REVPAU Analysis ² | | |
|--|------------------|----------------------|--------------|----------------|------|---------------------------|--------------|----------------|------|------------------------------|--------------|----------------|
| | | YTD Jun 2013 | YTD Jun 2012 | Better/(Worse) | | YTD Jun 2013 | YTD Jun 2012 | Better/(Worse) | | YTD Jun 2013 | YTD Jun 2012 | Better/(Worse) |
| | | LC'm | LC'm | LC'm | % | LC'm | LC'm | LC'm | % | LC/day | LC/day | % |
| Master Leases | | | | | | | | | | | | |
| France | EUR | 11.5 | 11.0 | 0.5 | 5 | 10.5 | 10.3 | 0.2 | 2 | - | - | - |
| Germany | EUR | 2.7 | 1.0 | 1.7 | 170 | 2.5 | 1.0 | 1.5 | 150 | - | - | - |
| Philippines | PHP | - | 16.2 | (16.2) | n.m. | - | 13.2 | (13.2) | n.m. | - | - | - |
| Singapore | S\$ | 4.5 | - | 4.5 | n.m. | 3.6 | - | 3.6 | n.m. | - | - | - |
| Management contracts with minimum guaranteed income | | | | | | | | | | | | |
| Belgium | EUR | 3.2 | 3.5 | (0.3) | (9) | 0.5 | 0.9 | (0.4) | (44) | 49 | 53 | (8) |
| Spain | EUR | 1.8 | 2.1 | (0.3) | (14) | 0.7 | 1.0 | (0.3) | (30) | 61 | 71 | (14) |
| United Kingdom | GBP | 12.0 | 11.1 | 0.9 | 8 | 5.0 | 5.1 | (0.1) | (2) | 105 | 99 | 6 |
| Vietnam | VND ¹ | 34.6 | 33.2 | 1.4 | 4 | 22.7 | 19.8 | 2.9 | 15 | 1,284 | 1,384 | (7) |
| Management contracts | | | | | | | | | | | | |
| Australia | AUD | 2.4 | 3.2 | (0.8) | (25) | 0.9 | 1.4 | (0.5) | (36) | 151 | 148 | 2 |
| China | RMB | 71.2 | 52.0 | 19.2 | 37 | 22.7 | 20.1 | 2.6 | 13 | 575 | 615 | (7) |
| Indonesia | USD | 6.1 | 6.2 | (0.1) | (2) | 1.8 | 2.1 | (0.3) | (14) | 81 | 81 | - |
| Japan | JPY | 1,002.9 | 855.4 | 147.5 | 17 | 498.6 | 405.0 | 93.6 | 23 | 8,961 | 7,953 | 13 |
| Philippines | PHP | 540.6 | 540.2 | 0.4 | - | 203.9 | 219.9 | (16.0) | (7) | 5,109 | 5,942 | (14) |
| Singapore | S\$ | 13.4 | 25.3 | (11.9) | (47) | 6.2 | 14.2 | (8.0) | (56) | 210 | 242 | (13) |
| Vietnam | VND ¹ | 300.5 | 313.0 | (12.5) | (4) | 171.2 | 175.4 | (4.2) | (2) | 1,572 | 1,625 | (3) |

¹ Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.

² REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for VND are stated in thousands.

8(b) **Revenue and Gross Profit Analysis – YTD Jun 2013 vs. YTD Jun 2012 (S\$)**

| | Revenue | | | | Gross Profit | | | | REVPAU Analysis ¹ | | |
|--|--------------|--------------|-----------------|-------------|--------------|--------------|-----------------|-------------|------------------------------|--------------|-----------------|
| | YTD Jun 2013 | YTD Jun 2012 | Better/ (Worse) | | YTD Jun 2013 | YTD Jun 2012 | Better/ (Worse) | | YTD Jun 2013 | YTD Jun 2012 | Better/ (Worse) |
| | S\$'M | S\$M | % | | S\$'M | S\$'M | % | | S\$/day | S\$/day | % |
| Master Leases | | | | | | | | | | | |
| France | 18.8 | 18.3 | 0.5 | 3 | 17.2 | 16.9 | 0.3 | 2 | - | - | - |
| Germany | 4.4 | 1.9 | 2.5 | 132 | 4.0 | 1.9 | 2.1 | 111 | - | - | - |
| Philippines | - | 0.5 | (0.5) | n.m. | - | 0.4 | (0.4) | n.m. | - | - | - |
| Singapore | 4.5 | - | 4.5 | n.m. | 3.6 | - | 3.6 | n.m. | - | - | - |
| Sub-total | 27.7 | 20.7 | 7.0 | 34 | 24.8 | 19.2 | 5.6 | 29 | - | - | - |
| Management contracts with minimum guaranteed income | | | | | | | | | | | |
| Belgium | 5.2 | 5.7 | (0.5) | (9) | 0.8 | 1.4 | (0.6) | (43) | 80 | 88 | (9) |
| Spain | 2.9 | 3.4 | (0.5) | (15) | 1.2 | 1.6 | (0.4) | (25) | 98 | 117 | (16) |
| United Kingdom | 22.9 | 22.3 | 0.6 | 3 | 9.5 | 10.2 | (0.7) | (7) | 201 | 198 | 2 |
| Vietnam | 2.1 | 2.0 | 0.1 | 5 | 1.4 | 1.2 | 0.2 | 17 | 77 | 84 | (8) |
| Sub-total | 33.1 | 33.4 | (0.3) | (1) | 12.9 | 14.4 | (1.5) | (10) | 145 | 149 | (3) |
| Management contracts | | | | | | | | | | | |
| Australia | 3.1 | 4.1 | (1.0) | (24) | 1.1 | 1.7 | (0.6) | (35) | 191 | 193 | (1) |
| China | 14.1 | 10.5 | 3.6 | 34 | 4.5 | 4.1 | 0.4 | 10 | 114 | 123 | (7) |
| Indonesia | 7.6 | 7.9 | (0.3) | (4) | 2.2 | 2.7 | (0.5) | (19) | 100 | 103 | (3) |
| Japan | 13.3 | 13.6 | (0.3) | (2) | 6.6 | 6.5 | 0.1 | 2 | 119 | 127 | (6) |
| Philippines | 16.3 | 15.9 | 0.4 | 3 | 6.2 | 6.5 | (0.3) | (5) | 154 | 175 | (12) |
| Singapore | 13.4 | 25.3 | (11.9) | (47) | 6.2 | 14.2 | (8.0) | (56) | 210 | 242 | (13) |
| Vietnam | 18.0 | 19.1 | (1.1) | (6) | 10.2 | 10.6 | (0.4) | (4) | 94 | 99 | (5) |
| Sub-total | 85.8 | 96.4 | (10.6) | (11) | 37.0 | 46.3 | (9.3) | (20) | 128 | 146 | (12) |
| Group | 146.6 | 150.5 | (3.9) | (3) | 74.7 | 79.9 | (5.2) | (7) | 133 | 147 | (10) |

¹ REVPAU for Japan refers to serviced residences and excludes rental housing.

For the six months ended 30 June 2013 ("YTD Jun 2013"), revenue decreased by S\$3.9 million or 3% as compared to the corresponding period last year ("YTD Jun 2012"). The decrease in revenue was mainly due to decrease in revenue of S\$11.4 million from the divestments of Somerset Gordon Heights Melbourne and Somerset Grand Cairnhill in April 2012 and September 2012 respectively and lower revenue of S\$4.9 million from the existing properties. The decrease was partially offset by the additional contribution of S\$12.4 million from the 2012 Acquisitions.

On a same store basis, YTD Jun 2013 revenue decreased by S\$4.9 million due to weaker performance from the Group's serviced residences in Japan (arising from depreciation of JPY against SGD), Singapore, China and Vietnam.

REVPAU decreased from S\$147 in YTD Jun 2012 to S\$133 in YTD Jun 2013, mainly due to divestment of Somerset Grand Cairnhill, weaker performance from China and Japan (arising from depreciation of JPY against SGD).

In line with the decrease in revenue, gross profit decreased by S\$5.2 million or 7% as compared to YTD Jun 2012. Gross profit decreased by a greater extent due to higher staff costs and higher depreciation expense arising from the completed refurbishment of properties.

(c) **Change in value of serviced residence properties**

The change in value of serviced residence properties will affect the net asset value but has no impact on the unitholders' distribution.

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

As at 30 June 2013, independent desktop valuations for the Group's serviced residence properties were carried out by Jones Lang LaSalle. In determining the fair value of the Group's serviced residence properties, the Discounted Cash Flow approach was used. The valuation method used is consistent with that used for the 31 December 2012 valuation.

The Group's portfolio was revalued at S\$3,088.7 million, resulting in a surplus of S\$25.9 million which was recognised in the Consolidated Statement of Total Return in 2Q 2013. The surplus resulted mainly from higher valuation of the Group's serviced residences in France, Japan and United Kingdom, partially offset by lower valuation from the properties in Vietnam, Philippines and Germany. The net impact on the Consolidated Statement of Total Return was S\$12.2 million (net of tax and non-controlling interests).

9. OUTLOOK AND PROSPECTS

Global economic recovery continues to be anaemic because of the ongoing uncertainties. Nevertheless, Ascott Reit's extended stay business model, geographical diversification and resilience through stable income base have and will continue to help to mitigate such impact.

On 28 June 2013, Ascott Reit completed the acquisitions of three serviced residences in China and 11 rental properties in Japan. The acquisitions will strengthen Ascott REIT's presence in the key markets of China and Japan, as well as enhancing returns to Unitholders. We will continue to actively look for accretive acquisitions in key gateway cities in Asia as well as London, Paris and key cities in Germany.

The Group is progressively executing our planned asset enhancement programmes on selected properties to capture RevPAU growth when the market conditions improve. Citadines Toison d'Or Brussels, Somerset Xu Hui Shanghai, Somerset St Georges Terrace Perth, Ascott Jakarta and Citadines Ramblas Barcelona are undergoing refurbishment.

The Group's operating performance for FY 2013 is expected to remain profitable.

10. DISTRIBUTIONS

An equity placement exercise was completed, where 114,943,000 new units were issued on 6 February 2013. Ascott Reit paid, in lieu of the scheduled semi-distribution, an advanced distribution of 0.617 cents per Unit for the period from 1 January 2013 to 5 February 2013 (prior to the date on which the placement new units are issued) on 5 April 2013.

10(a) **Current financial period**

Any distributions declared for the current financial period? Yes
 Period of distribution : Distribution for 6 February 2013 to 30 June 2013

| Distribution Type | Distribution Rate (cents) |
|-------------------|---------------------------|
| Taxable Income | 0.656 |
| Tax Exempt Income | 1.932 |
| Capital | 1.493 |
| Total | 4.081 |

10(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 January 2012 to 30 June 2012

| Distribution Type | Distribution Rate (cents) |
|-------------------|---------------------------|
| Taxable Income | 1.206 |
| Tax Exempt Income | 0.361 |
| Capital | 2.950 |
| Total | 4.517 |

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

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

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

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

Tax-Exempt Income Distribution

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

Capital Distribution

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

10(d) Book closure date : 31 July 2013

10(e) Date payable : 28 August 2013

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 statement of financial position as at 30 June 2013, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders’ funds for the six months ended 30 June 2013), 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

Tay Boon Hwee, Ronald
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 / Doris Lai
Joint Company Secretaries
Singapore
23 July 2013