

**ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 JUNE 2015
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**ASCOTT RESIDENCE TRUST
2015 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

Summary of Group Results

	2Q 2015 S\$'000	2Q 2014 S\$'000	Better / (Worse) %	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000	Better / (Worse) %
Revenue	98,686	88,138	12	188,698	168,504	12
Gross Profit	49,417	46,533	6	92,531	85,703	8
Unitholders' Distribution	32,256	33,519	(4)	59,273	60,173	(1)
Distribution Per Unit ("DPU") (cents)	2.09	2.19	(5)	3.85	3.94	(2)
<u>For information only</u>						
DPU (cents) (adjusted for one-off items)	2.09	2.00 ⁽¹⁾	5	3.85	3.75 ⁽¹⁾	3

⁽¹⁾ Unitholders' distribution in 2Q 2014 included one-off items of approximately S\$3.0 million.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2015 to 30 June 2015
Distribution Rate	3.847 cents per Unit
Books Closure Date	30 July 2015
Payment Date	28 August 2015

ASCOTT RESIDENCE TRUST

2015 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 up to and including 30 March 2006. On 31 March 2006, Ascott Reit was listed on the Singapore Exchange Securities Trading Limited with an initial portfolio of 12 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 Madison Hamburg 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.

In the year 2013, Ascott Reit acquired Somerset Heping Shenyang, Citadines Biyun Shanghai, Citadines Xinghai Suzhou and a portfolio of 11 rental housing properties in Japan. On 23 December 2013, Ascott Reit entered into the sale and purchase agreement to acquire the New Cairnhill Serviced Residence following the satisfaction of the conditions under the New Cairnhill Serviced Residence put and call option agreement.

On 20 March 2014, Ascott Reit acquired Infini Garden, a 389-unit rental housing property in Fukuoka, Japan. In the year 2014, Ascott Reit also acquired Somerset Grand Central Dalian, Citadines Gaoxin Xi’an, Citadines Zhuankou Wuhan and Somerset Ampang Kuala Lumpur, Best Western Shinjuku Astina Hotel and a portfolio of three serviced residence properties located in Greater Sydney, New South Wales, Australia. The nine properties acquired in the year 2014 are collectively termed as the “2014 Acquisitions”.

On 27 October 2014, Ascott Reit issued S\$150.0 million fixed rate perpetual securities. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movements in Unitholders’ Funds. In December 2014, Ascott Reit issued its first ten-year Euro-denominated fixed rate notes of EUR80.0 million.

On 25 June 2015, Ascott Reit announced the proposed acquisition of serviced residence properties in Australia and Japan and rental housing properties in Japan at an aggregate purchase consideration of S\$246.0 million, subject to unitholders’ approval at the Extraordinary General Meeting to be held on 24 July 2015.

On 30 June 2015, Ascott Reit issued S\$250.0 million fixed rate perpetual securities to finance the proposed acquisitions.

On 2 July 2015, Ascott Reit announced the acquisition of an extended-stay hotel property in New York, United States of America at a purchase consideration of S\$220.7 million.

As at 30 June 2015, Ascott Reit’s portfolio comprises 90 properties with 10,499 apartment units in 37 cities across 13 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. Since its listing, Ascott Reit has paid 100% of its distributable income.

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		2Q 2015	2Q 2014		YTD Jun 2015	YTD Jun 2014	
		S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	A.1	98,686	88,138	12	188,698	168,504	12
Direct expenses	A.2	(49,269)	(41,605)	(18)	(96,167)	(82,801)	(16)
Gross Profit	A.1	49,417	46,533	6	92,531	85,703	8
Finance income		394	430	(8)	803	1,126	(29)
Other operating income		87	172	(49)	120	1,205	(90)
Finance costs	A.3	(11,907)	(11,072)	(8)	(23,755)	(20,098)	(18)
Manager's management fees	A.3	(4,793)	(4,301)	(11)	(9,074)	(8,063)	(13)
Trustee's fee	A.3	(100)	(93)	(8)	(200)	(183)	(9)
Professional fees		(667)	(615)	(8)	(1,214)	(1,129)	(8)
Audit fees	A.3	(586)	(562)	(4)	(1,185)	(1,104)	(7)
Foreign exchange loss	A.4	(4,755)	(3,517)	(35)	(7,560)	(582)	n.m.
Other operating expenses		(135)	(119)	(13)	(335)	(335)	-
Share of results of associate (net of tax)		-	6	n.m.	2	-	n.m.
Net income before changes in fair value of financial derivatives, serviced residence properties and asset held for sale		26,955	26,862	-	50,133	56,540	(11)
Net change in fair value of financial derivatives	A.5	(705)	294	(340)	738	538	37
Net change in fair value of serviced residence properties and assets held for sale	A.6	21,328	41,490	(49)	21,328	41,490	(49)
Assets written off	A.7	(83)	(724)	89	(112)	(1,228)	91
Total return for the period before tax		47,495	67,922	(30)	72,087	97,340	(26)
Income tax expense	A.8	(4,211)	(13,204)	68	(9,904)	(18,578)	47
Total return for the period after tax		43,284	54,718	(21)	62,183	78,762	(21)
Attributable to:							
Unitholders / perpetual securities holders		34,188	52,404		51,352	74,779	
Non-controlling interests		9,096	2,314		10,831	3,983	
Total return for the period		43,284	54,718	(21)	62,183	78,762	(21)

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		2Q 2015 S\$'000	2Q 2014 S\$'000		YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000	
Total return for the period attributable to Unitholders / perpetual securities holders		34,188	52,404		51,352	74,779	
Net effect of non-tax deductible / chargeable items and other adjustments	A.9	(30)	(18,885)		11,672	(14,606)	
Total amount distributable for the period		34,158	33,519	2	63,024	60,173	5
Amount distributable:							
- Unitholders		32,256	33,519		59,273	60,173	
- Perpetual securities holders		1,902	-		3,751	-	
		34,158	33,519	2	63,024	60,173	5
Comprises:							
- from operations		19,986	21,603		15,367	18,997	
- from unitholders' contributions		12,270	11,916		43,906	41,176	
		32,256	33,519	(4)	59,273	60,173	(1)

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

A.1 Revenue and Gross profit

Revenue for 2Q 2015 of S\$98.7 million comprised S\$17.1 million (17% of total revenue) from serviced residences on Master Leases, S\$20.3 million (21%) from serviced residences on management contracts with minimum guaranteed income and S\$61.3 million (62%) from serviced residences on management contracts.

Revenue for 2Q 2015 increased by S\$10.6 million or 12% as compared to 2Q 2014. This was mainly contributed by the additional revenue of S\$12.3 million from the 2014 Acquisitions.

These increases were partially offset by the decrease in revenue of S\$1.7 million from the existing properties.

The Group achieved a revenue per available unit ("REVPAU") of S\$129 for 2Q 2015, a decrease of 6% as compared to 2Q 2014. The decrease in REVPAU was mainly due to weaker performance from Singapore and Philippines properties and lower average daily rate ("ADR") from the properties acquired in 2014. On a same store basis, excluding the acquisitions, REVPAU remained at the same level as 2Q 2014.

Gross profit for 2Q 2015 of S\$49.4 million comprised S\$15.2 million (31% of total gross profit) from serviced residences on Master Leases, S\$9.4 million (19%) from serviced residences on management contracts with minimum guaranteed income and S\$24.8 million (50%) from serviced residences on management contracts.

As compared to 2Q 2014, gross profit increased by S\$2.9 million or 6%. On a same store basis, gross profit decreased by S\$2.3 million or 5%.

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 2015	2Q 2014		YTD Jun 2015	YTD Jun 2014	
	S\$'000	S\$'000		S\$'000	S\$'000	
Depreciation and amortisation*	(4,118)	(3,649)	(13)	(8,695)	(7,317)	(19)
Staff costs*	(10,859)	(9,241)	(18)	(21,142)	(18,246)	(16)

* The increase in the above expenses mainly arose due to the new properties injected into the portfolio in 2014.

A.3 Finance costs / Manager's management fees / Trustee's fee / Audit fees

The increase in the above expenses mainly arose due to the new properties injected into the portfolio in 2014.

A.4 Foreign exchange loss

The foreign exchange loss recognised in 2Q 2015 was mainly due to unrealised exchange loss on EUR denominated shareholders' loans extended to the Group's subsidiaries, as a result of the depreciation of EUR against SGD as at balance sheet date. Realised foreign exchange gain was lower in 2Q 2015 as 2Q 2014 included a realised foreign exchange gain from repayment of foreign currency bank loans using the rights issue proceeds.

A.5 Net change in fair value of financial derivatives

This mainly relates to the fair value change of foreign currency forward contracts.

A.6 Net change in fair value of serviced residence properties and assets held for sale

This relates to the surplus on revaluation of serviced residence properties and assets held for sale. This mainly resulted from higher valuation from properties in Japan and United Kingdom, partially offset by lower valuation from properties in China. The valuations for the serviced residence properties and assets held for sale were carried out on 30 June 2015 by CBRE. Please refer to paragraph 8(c) for more details.

A.7 Assets written off

The assets written off in 2Q 2014 were in relation to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Xu Hui.

A.8 Income tax expense

Taxation for 2Q 2015 was lower by S\$9.0 million as compared to the corresponding period last year.

This was mainly due to reversal of deferred tax liability provided on the serviced residence properties that have decreased in fair value.

A.9 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	2Q 2015 S\$'000	2Q 2014 S\$'000		YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000	
Depreciation and amortisation	4,118	3,649	(13)	8,695	7,317	(19)
Manager's management fee payable / paid partially in units	3,619	3,291	(10)	6,836	6,184	(11)
Trustee's fees*	25	14	(79)	39	30	(30)
Unrealised foreign exchange loss	6,359	7,155	11	11,366	4,743	(140)
Net change in fair value of financial derivatives	705	(294)	(340)	(738)	(538)	37
Net change in fair value of serviced residence properties and assets held for sale (Note A.6)	(21,328)	(41,490)	(49)	(21,328)	(41,490)	(49)
Assets written off (Note A.7)	83	724	89	112	1,228	91
Deferred tax expense	(83)	7,383	101	601	7,750	92
Effect of non-controlling interests arising from the above	6,972	347	n.m.	6,838	143	n.m.

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

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

	Note	GROUP		REIT	
		30/06/15 S\$'000	31/12/14 S\$'000	30/06/15 S\$'000	31/12/14 S\$'000
Non-Current Assets					
Plant and equipment		50,815	54,100	5,080	6,307
Serviced residence properties	B.1	3,703,079	3,724,036	562,920	558,693
Interest in subsidiaries		-	-	298,871	297,603
Interest in associate		3,292	3,152	3,776	3,638
Deposits		20,250	20,250	20,250	20,250
Deferred tax assets		2,810	3,382	-	-
		3,780,246	3,804,920	890,897	886,491
Current Assets					
Assets held for sale		90,394	87,403	-	-
Inventories		314	286	-	-
Trade and other receivables		45,588	36,374	1,943,636	1,973,582
Financial derivatives	B.2	1,091	353	1,091	353
Cash and bank balances	B.3	417,487	192,556	259,873	50,618
		554,874	316,972	2,204,600	2,024,553
Total Assets		4,335,120	4,121,892	3,095,497	2,911,044
Non-Current Liabilities					
Interest bearing liabilities	B.4	(1,133,071)	(1,301,564)	(270,990)	(460,996)
Financial derivatives	B.2	(6,077)	(14,120)	(3,478)	(10,429)
Deferred tax liabilities		(74,632)	(77,244)	-	-
		(1,213,780)	(1,392,928)	(274,468)	(471,425)
Current Liabilities					
Trade and other payables		(121,181)	(118,534)	(587,334)	(598,074)
Interest bearing liabilities	B.4	(384,193)	(249,348)	(193,709)	(12,959)
Financial derivatives	B.2	(3,074)	(15)	(5,861)	(12)
Provision for taxation		(1,845)	(7,831)	-	(70)
		(510,293)	(375,728)	(786,904)	(611,115)
Total Liabilities		(1,724,073)	(1,768,656)	(1,061,372)	(1,082,540)
Net Assets		2,611,047	2,353,236	2,034,125	1,828,504
Represented by:					
Unitholders' funds	1(d)(i)	2,106,441	2,106,078	1,637,408	1,679,153
Perpetual securities holders	1(d)(i)	396,717	149,351	396,717	149,351
Non-controlling interests	1(d)(i)	107,889	97,807	-	-
Total Equity		2,611,047	2,353,236	2,034,125	1,828,504

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

B.1 Serviced residence properties

The decrease in the Group's serviced residences as at 30 June 2015 was mainly due to foreign currency differences arising from translating the Group's overseas serviced residences as a result of the weakening of foreign currencies, particularly EUR, JPY and AUD, against Singapore dollar, partially offset by increase in valuation on 30 June 2015.

B.2 Financial derivatives

The financial derivatives relate to the fair value of interest rate swaps, entered into to hedge interest rate risk, and fair value of foreign currency forward contracts, entered into to hedge distribution income.

B.3 Cash and bank balances

The increase in the Group's cash and bank balances as at 30 June 2015 was mainly due to net proceeds from the issuance of perpetual securities, partially offset by distribution paid to unitholders and interest payments.

B.4 Interest bearing liabilities

	GROUP		REIT	
	30/06/15	31/12/14	30/06/15	31/12/14
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less or on demand				
- Secured	213,306	99,445	172,738	12,959
- Unsecured	171,148	150,000	21,148	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(261)	(97)	(177)	-
	384,193	249,348	193,709	12,959
Amount repayable after one year				
- Secured	736,008	948,517	217,653	464,790
- Unsecured	405,030	362,075	56,358	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(7,967)	(9,028)	(3,021)	(3,794)
	1,133,071	1,301,564	270,990	460,996
Total	1,517,264	1,550,912	464,699	473,955

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 from 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 2015, the Group's gearing was 35.8 percent, well below the 60 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.9 percent per annum, with an interest cover of 3.9 times. S\$1,191.4 million of the Group's borrowings are on fixed interest rates with S\$335.8 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, 10 percent falls due in 2015, 18 percent falls due in 2016, 8 percent falls due in 2017, 15 percent falls due in 2018, and the balance falls due after 2018.

The Manager adopts a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2016, ahead of their maturity dates.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
Operating Activities				
Total return for the period before tax	47,495	67,922	72,087	97,340
<u>Adjustments for:</u>				
Depreciation and amortisation	4,118	3,649	8,695	7,317
Loss / (gain) on disposal of plant and equipment	30	(58)	22	(54)
Assets written off	83	724	112	1,228
Finance costs	11,907	11,072	23,755	20,098
Finance income	(394)	(430)	(803)	(1,126)
Provision for doubtful debts addition / (reversal)	2	9	6	(74)
Manager's management fees payable / paid partially in units	3,619	3,291	6,836	6,184
Unrealised foreign exchange loss	6,359	7,155	11,366	4,743
Net change in fair value of financial derivatives	705	(294)	(738)	(538)
Net change in fair value of serviced residence properties and assets held for sale	(21,328)	(41,490)	(21,328)	(41,490)
Share of results of associate	-	(6)	(2)	-
Operating profit before working capital changes	52,596	51,544	100,008	93,628
Changes in working capital	(5,065)	(6,240)	(12,743)	(13,604)
Cash generated from operations	47,531	45,304	87,265	80,024
Income tax paid	(7,890)	(6,599)	(13,279)	(12,318)
Cash flows from operating activities	39,641	38,705	73,986	67,706
Investing Activities				
Acquisition of plant and equipment	(1,246)	(1,965)	(4,997)	(5,188)
Acquisition of serviced residence properties, net of cash acquired	-	(75,464)	-	(109,350)
Capital expenditure on serviced residence properties	(3,670)	(4,556)	(6,914)	(9,078)
Proceeds on disposal of assets held for sale	1,007	4,213	1,007	4,213
Interest received	394	430	803	1,126
Proceeds from sale of plant and equipment	40	82	65	117
Cash flows from investing activities	(3,475)	(77,260)	(10,036)	(118,160)
Financing Activities				
Distribution to Unitholders	-	-	(65,453)	(56,302)
Distribution to perpetual securities holders	(3,740)	-	(3,740)	-
Dividend paid to non-controlling shareholders	(2,858)	(2,539)	(2,858)	(2,539)
Interest paid	(12,666)	(13,337)	(21,887)	(19,712)
Payments on finance lease	(677)	(946)	(1,366)	(1,895)
Proceeds from bank borrowings	41,565	139,918	109,182	244,751
Proceeds from issue of perpetual securities, net of transaction costs	248,182	-	247,870	-
Repayment of bank borrowings	(42,258)	(98,778)	(101,105)	(174,638)
Cash flows from financing activities	227,548	24,318	160,643	(10,335)
Increase / (decrease) in cash and cash equivalents	263,714	(14,237)	224,593	(60,789)
Cash and cash equivalents at beginning of the period	157,202	158,428	192,556	204,518
Effect of exchange rate changes on balances held in foreign currencies	(3,429)	(807)	338	(345)
Cash and cash equivalents at end of the period	417,487	143,384	417,487	143,384

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

	Note	GROUP		GROUP	
		2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
<u>Unitholders' Contribution</u>					
Balance as at beginning of period		1,458,659	1,505,026	1,476,104	1,547,895
Issue of new units					
- payment of manager's management fees in units		3,348	2,992	6,832	6,044
- payment of manager's acquisition fees in units		-	843	-	843
Distribution to Unitholders		-	-	(20,929)	(45,921)
Balance as at end of period		1,462,007	1,508,861	1,462,007	1,508,861
<u>Operations</u>					
Balance as at beginning of period		677,958	627,771	707,167	615,777
Total return for the period attributable to Unitholders / perpetual securities holders		34,188	52,404	51,352	74,779
Total return attributable to perpetual securities holders		(1,902)	-	(3,751)	-
Distribution to Unitholders		-	-	(44,524)	(10,381)
Balance as at end of period		710,244	680,175	710,244	680,175
<u>Foreign Currency Translation Reserve</u>					
Balance as at beginning of period		(35,259)	(47,438)	(64,084)	(61,641)
Translation differences relating to financial statements of foreign subsidiaries		(21,646)	(13,300)	7,179	903
Balance as at end of period		(56,905)	(60,738)	(56,905)	(60,738)
<u>Capital Reserve</u>					
Balance as at beginning and end of period		2,008	1,818	2,008	1,818
<u>Hedging Reserve</u>					
Balance as at beginning of period		(13,396)	(12,396)	(15,117)	(10,769)
Effective portion of change in fair values of cash flow hedges		2,483	(1,158)	4,204	(2,785)
Balance as at end of period		(10,913)	(13,554)	(10,913)	(13,554)
Unitholders' Funds	1(b)(i)	2,106,441	2,116,562	2,106,441	2,116,562
<u>Perpetual Securities</u>					
Balance as at beginning of period		151,200	-	149,351	-
Issue of perpetual securities		250,000	-	250,000	-
Issue expenses		(2,645)	-	(2,645)	-
Total return for the period attributable to perpetual securities holders		1,902	-	3,751	-
Distribution to perpetual securities holders		(3,740)	-	(3,740)	-
Balance as at end of period	1(b)(i)	396,717	-	396,717	-
<u>Non-controlling Interests</u>					
Balance as at beginning of period		104,936	95,986	97,807	94,050
Total return for the period		9,096	2,314	10,831	3,983
Dividend paid to non-controlling shareholders		(2,858)	(2,539)	(2,858)	(2,539)
Translation differences relating to financial statements of foreign subsidiaries		(3,283)	(1,214)	2,070	(947)
Effective portion of change in fair values of cash flow hedges		(2)	-	39	-
Balance as at end of period	1(b)(i)	107,889	94,547	107,889	94,547
Equity	1(b)(i)	2,611,047	2,211,109	2,611,047	2,211,109

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

	Note	REIT		REIT	
		2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,458,659	1,505,026	1,476,104	1,547,895
Issue of new units					
- payment of manager's management fees in units		3,348	2,992	6,832	6,044
- payment of manager's acquisition fees in units		-	843	-	843
Distribution to Unitholders		-	-	(20,929)	(45,921)
Balance as at end of period		1,462,007	1,508,861	1,462,007	1,508,861
Operations					
Balance as at beginning of period		174,244	209,305	214,631	212,960
Total return for the period attributable to Unitholders / perpetual securities holders		11,479	9,164	17,465	15,890
Total return for the period attributable to perpetual securities holders		(1,902)	-	(3,751)	-
Distribution to Unitholders		-	-	(44,524)	(10,381)
Balance as at end of period		183,821	218,469	183,821	218,469
Hedging Reserve					
Balance as at beginning of period		(10,693)	(10,829)	(11,582)	(9,608)
Effective portion of change in fair values of cash flow hedges		2,273	(466)	3,162	(1,687)
Balance as at end of period		(8,420)	(11,295)	(8,420)	(11,295)
Unitholders' Funds	1(b)(i)	1,637,408	1,716,035	1,637,408	1,716,035
Perpetual Securities					
Balance as at beginning of period		151,200	-	149,351	-
Issue of perpetual securities		250,000	-	250,000	-
Issue expenses		(2,645)	-	(2,645)	-
Total return for the period attributable to perpetual securities holders		1,902	-	3,751	-
Distribution to perpetual securities holders		(3,740)	-	(3,740)	-
Balance as at end of period	1(b)(i)	396,717	-	396,717	-
Equity	1(b)(i)	2,034,125	1,716,035	2,034,125	1,716,035

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

	REIT			
	2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
Balance as at beginning of period	1,537,732	1,525,071	1,535,023	1,522,495
Issue of new units:				
- partial payment of manager's management fees in units	2,626	2,461	5,335	5,037
- payment of manager's acquisition fee	-	690	-	690
Balance as at beginning of period	1,540,358	1,528,222	1,540,358	1,528,222

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**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2014.

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**

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2015. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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.

	GROUP			
	2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
Total return for the period attributable to Unitholders / perpetual securities holders	34,188	52,404	51,352	74,779
Less: Total return for the period attributable to perpetual securities holders	(1,902)	-	(3,751)	-
Total return for the period attributable to Unitholders	32,286	52,404	47,601	74,779

	2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
Earnings per Unit (EPU)				
Number of units on issue at end of period	1,540,358	1,528,222	1,540,358	1,528,222
Weighted average number of units for the period ('000)	1,539,377	1,527,018	1,538,080	1,525,552
EPU (cents) – Basic and Diluted (based on the weighted average number of units for the period)	2.10	3.43 ⁽¹⁾	3.09	4.90 ⁽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 and assets held for sale, net of tax and non-controlling interests. Valuation of the serviced residence properties and assets held for sale were conducted by independent valuers in June 2015 and June 2014. Excluding these effects, the EPU for 2Q 2015 and 2Q 2014 would be 1.18 cents and 1.27 cents respectively, and the EPU for YTD Jun 2015 and YTD Jun 2014 would be 2.18 cents and 2.73 cents respectively.

	2Q 2015 S\$'000	2Q 2014 S\$'000	YTD Jun 2015 S\$'000	YTD Jun 2014 S\$'000
Distribution per Unit (DPU)				
Number of units on issue at end of period	1,540,358	1,528,222	1,540,358	1,528,222
DPU (cents) – Basic and Diluted	2.09	2.19	3.85	3.94

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

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

	GROUP		REIT	
	30/06/15	31/12/14	30/06/15	31/12/14
NAV per unit (S\$)	1.37	1.37	1.06	1.09

8. **GROUP PERFORMANCE REVIEW**

8(a) **Revenue and Gross Profit Analysis – 2Q 2015 vs. 2Q 2014 (Local Currency (“LC”))**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		2Q 2015	2Q 2014	Better/ (Worse)		2Q 2015	2Q 2014	Better/ (Worse)		2Q 2015	2Q 2014	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	1.7	-	1.7	n.m.	1.6	-	1.6	n.m.	-	-	-
France	EUR	5.7	5.8	(0.1)	(2)	5.3	5.4	(0.1)	(2)	-	-	-
Germany	EUR	1.5	1.5	-	-	1.4	1.3	0.1	8	-	-	-
Japan	JPY	187.6	187.6	-	-	149.4	149.2	0.2	-	-	-	-
Singapore	S\$	2.4	2.4	-	-	2.0	2.0	-	-	-	-	-
Management contracts with minimum guaranteed income												
Belgium	EUR	2.4	2.1	0.3	14	0.8	0.5	0.3	60	74	64	16
Spain	EUR	1.4	1.3	0.1	8	0.7	0.7	-	-	108	97	11
United Kingdom	GBP	7.2	6.9	0.3	4	3.5	3.0	0.5	17	124	123	1
Management contracts												
Australia	AUD	1.3	1.2	0.1	8	0.5	0.4	0.1	25	160	145	10
China	RMB	83.1	57.5	25.6	45	24.4	19.2	5.2	27	441	485	(9)
Indonesia	USD	3.2	3.3	(0.1)	(3)	1.1	1.5	(0.4)	(27)	86	88	(2)
Japan	JPY	1,069.9	723.2	346.7	48	582.5	414.9	167.6	40	12,070	10,753	12
Malaysia	MYR	4.7	-	4.7	n.m.	1.2	-	1.2	n.m.	249	-	n.m.
Philippines	PHP	247.7	285.0	(37.3)	(13)	85.6	110.0	(24.4)	(22)	4,096	4,874	(16)
Singapore	S\$	6.5	6.6	(0.1)	(2)	2.7	3.1	(0.4)	(13)	203	207	(2)
Vietnam	VND ¹	156.3	156.0	0.3	-	84.0	82.3	1.7	2	1,501	1,507	-

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 2015 vs. 2Q 2014 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	2Q 2015	2Q 2014	Better/ (Worse)		2Q 2015	2Q 2014	Better/ (Worse)		2Q 2015	2Q 2014	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	1.8	-	1.8	n.m.	1.7	-	1.7	n.m.	-	-	-
France	8.5	9.9	(1.4)	(14)	7.8	9.3	(1.5)	(16)	-	-	-
Germany	2.3	2.7	(0.4)	(15)	2.0	2.2	(0.2)	(9)	-	-	-
Japan	2.1	2.3	(0.2)	(9)	1.7	1.8	(0.1)	(6)	-	-	-
Singapore	2.4	2.4	-	-	2.0	2.0	-	-	-	-	-
Sub-total	17.1	17.3	(0.2)	(1)	15.2	15.3	(0.1)	(1)	-	-	-
Management contracts with minimum guaranteed income											
Belgium	3.5	3.6	(0.1)	(3)	1.2	1.0	0.2	20	110	111	(1)
Spain	2.1	2.3	(0.2)	(9)	1.0	1.2	(0.2)	(17)	162	168	(4)
United Kingdom	14.7	14.7	-	-	7.2	6.5	0.7	11	254	258	(2)
Sub-total	20.3	20.6	(0.3)	(1)	9.4	8.7	0.7	8	198	202	(2)
Management contracts											
Australia	1.4	1.4	-	-	0.5	0.5	-	-	168	169	(1)
China	18.1	11.7	6.4	55	5.3	3.9	1.4	36	96	99	(3)
Indonesia	4.4	4.2	0.2	5	1.4	1.9	(0.5)	(26)	116	110	5
Japan	11.9	8.9	3.0	34	6.5	5.1	1.4	27	135	132	2
Malaysia	1.7	-	1.7	n.m.	0.5	-	0.5	n.m.	92	-	n.m.
Philippines	7.5	8.0	(0.5)	(6)	2.6	3.1	(0.5)	(16)	124	138	(10)
Singapore	6.5	6.6	(0.1)	(2)	2.7	3.1	(0.4)	(13)	203	207	(2)
Vietnam	9.8	9.4	0.4	4	5.3	4.9	0.4	8	95	90	6
Sub-total	61.3	50.2	11.1	22	24.8	22.5	2.3	10	114	119	(4)
Group	98.7	88.1	10.6	12	49.4	46.5	2.9	6	129	137	(6)

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

Australia

Revenue and gross profit were AUD 1.7 million (S\$1.8 million) and AUD 1.6 million (S\$1.7 million) respectively in 2Q 2015. This was contributed by the three serviced residence properties, which were acquired on 10 December 2014.

France

Both revenue and gross profit decreased by EUR 0.1 million as compared to 2Q 2014 due to negative indexation.

In SGD terms, revenue and gross profit decreased by S\$1.4 million or 14% and S\$1.5 million or 16% respectively due to depreciation of EUR against SGD.

Germany

Revenue remained at the same level as 2Q 2014. Gross profit increased by EUR 0.1 million or 8% as compared to 2Q 2014 due to reversal of provision no longer required.

In SGD terms, revenue decreased by S\$0.4 million or 15% due to depreciation of EUR against SGD. Gross profit, in SGD terms, decreased by S\$0.2 million or 9% due to depreciation of EUR against SGD, partially offset by lower expenses.

Japan

Revenue remained at the same level as last year. Gross profit increased by JPY 0.2 million as compared to 2Q 2014.

In SGD terms, revenue and gross profit decreased by S\$0.2 million or 9% and S\$0.1 million or 6% respectively due to depreciation of JPY against SGD.

Singapore

Revenue and gross profit remained at the same level as 2Q 2014.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.3 million or 14% in 2Q 2015 as compared to 2Q 2014. This was mainly due to stronger corporate demand. REVPAU increased by 16% from EUR 64 in 2Q 2014 to EUR 74 in 2Q 2015.

Gross profit increased by EUR 0.3 million or 60% due to higher revenue.

In SGD terms, revenue decreased by S\$0.1 million or 3% due to depreciation of EUR against SGD, partially offset by stronger underlying performance. Gross profit, in SGD terms, increased by S\$0.2 million or 20%.

Spain

Revenue increased by EUR 0.1 million or 8% as compared to 2Q 2014. REVPAU increased by 11% from EUR 97 in 2Q 2014 to EUR 108 in 2Q 2015 due to higher demand for the refurbished apartments at Citadines Ramblas Barcelona. Gross profit remained at the same level as last year.

In SGD terms, revenue and gross profit decreased by S\$0.2 million or 9% and S\$0.2 million or 17% respectively due to depreciation of EUR against SGD, partially offset by stronger underlying performance.

United Kingdom

Revenue increased by GBP 0.3 million or 4% in 2Q 2015 as compared to 2Q 2014. REVPAU increased by 1% from GBP 123 in 2Q 2014 to GBP 124 in 2Q 2015. The increase was mainly due to stronger demand from corporate sector and higher retail income. Business in 2Q 2014 was also affected by installation of air conditioners at two of the properties.

Gross profit increased by GBP 0.5 million or 17% mainly due to higher revenue, coupled with lower staff costs and depreciation expense.

In SGD terms, revenue remained at the same level as last year and gross profit increased by 11% due to stronger underlying performance, partially offset by depreciation of GBP against SGD.

C. Management contracts

Australia

Both revenue and gross profit increased by AUD 0.1 million as compared to 2Q 2014. This was mainly due to stronger demand from the leisure sector. REVPAU increased by 10% from AUD 145 in 2Q 2014 to AUD 160 in 2Q 2015.

In SGD terms, revenue and gross profit remained at the same level as last year due to stronger underlying performance, partially offset by depreciation of AUD against SGD.

China

Revenue and gross profit increased by RMB 25.6 million or 45% and RMB 5.2 million or 27% respectively as compared to 2Q 2014. The increase was mainly due to contribution from the three properties acquired in 2014. REVPAU decreased by 9% from RMB 485 in 2Q 2014 to RMB 441 in 2Q 2015 due to the newly acquired properties, which had a lower ADR, and weaker performance from the existing properties due to ongoing refurbishment.

Excluding the contribution from the acquisitions, both revenue and gross profit decreased by 4% and 22% respectively as compared to 2Q 2014 due to ongoing refurbishment at Somerset Xu Hui Shanghai and Somerset Olympic Tower and higher staff costs.

In SGD terms, revenue increased by S\$6.4 million or 55% mainly due to contribution from the acquired properties and appreciation of RMB against SGD. Gross profit, in SGD terms, increased by S\$1.4 million or 36%.

Indonesia

Revenue decreased by USD 0.1 million or 3% as compared to 2Q 2014 mainly due to weaker demand from corporate accounts. REVPAU decreased by 2% from USD 88 in 2Q 2014 to USD 86 in 2Q 2015. Gross profit decreased by USD 0.4 million or 27% in 2Q 2015 mainly due to lower revenue, coupled with higher insurance expense and management corporation fee.

In SGD terms, revenue increased by 5% as compared to 2Q 2014 due to appreciation of USD against SGD, partially offset by weaker underlying performance. Gross profit decreased by 26% due to higher expenses.

Japan

Revenue and gross profit increased by JPY 346.7 million or 48% and JPY 167.6 million or 40% respectively as compared to 2Q 2014. The increase was mainly due to the contribution from the property acquired in October 2014 and stronger demand from the corporate and leisure sectors. REVPAU increased by 12% from JPY 10,753 in 2Q 2014 to JPY 12,070 in 2Q 2015.

On a same store basis, revenue and gross profit increased by 12% and 18% respectively as compared to 2Q 2014.

In SGD terms, revenue and gross profit increased by S\$3.0 million or 34% and S\$1.4 million or 27% respectively. The increase was mainly due to the contribution from the acquired property and stronger underlying performance, partially offset by depreciation of JPY against SGD.

Malaysia

Revenue and gross profit were MYR 4.7 million (S\$1.7 million) and MYR 1.2 million (S\$0.5 million) respectively in 2Q 2015. This was contributed by Somerset Ampang Kuala Lumpur, which was acquired on 18 August 2014.

The Philippines

Revenue in 2Q 2015 decreased by PHP 37.3 million or 13% as compared to 2Q 2014 mainly due to weaker demand from corporate accounts. REVPAU decreased by 16% from PHP 4,874 in 2Q 2014 to PHP 4,096 in 2Q 2015.

Gross profit in 2Q 2015 decreased by PHP 24.4 million or 22% due to lower revenue, partially offset by lower utility expense.

In SGD terms, revenue and gross profit decreased by S\$0.5 million or 6% and S\$0.5 million or 16% respectively. This was mainly due to weaker underlying performance, partially offset by appreciation of PHP against SGD.

Singapore

Revenue decreased by S\$0.1 million or 2% in 2Q 2015 as compared to 2Q 2014. REVPAU decreased by 2% from S\$207 in 2Q 2014 to S\$203 in 2Q 2015. The decrease was mainly due to lower corporate accommodation budgets and weaker demand from project groups.

Gross profit decreased by S\$0.4 million or 13% due to lower revenue, coupled with higher utility expense arising from a one-off recovery of utility expense from tenants in 2Q 2014.

Vietnam

Revenue increased by VND 0.3 billion in 2Q 2015 as compared to 2Q 2014. The increase was mainly due to higher demand for the refurbished apartments at Somerset Ho Chi Minh City. REVPAU decreased from VND 1,507,000 in 2Q 2014 to VND 1,501,000 in 2Q 2015. Gross profit increased by VND 1.7 billion or 2% due to higher revenue and lower operation and maintenance expense.

In SGD terms, both revenue and gross profit increased by S\$0.4 million. This was mainly due to stronger underlying performance and appreciation of VND against SGD.

8(b) **Revenue and Gross Profit Analysis – YTD Jun 2015 vs. YTD Jun 2014 (LC)**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Jun 2015	YTD Jun 2014	Better/ (Worse)		YTD Jun 2015	YTD Jun 2014	Better/ (Worse)		YTD Jun 2015	YTD Jun 2014	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	3.4	-	3.4	n.m.	3.2	-	3.2	n.m.	-	-	-
France	EUR	11.5	11.7	(0.2)	(2)	10.6	10.8	(0.2)	(2)	-	-	-
Germany	EUR	2.9	2.9	-	-	2.5	2.6	(0.1)	(4)	-	-	-
Japan	JPY	375.4	286.8	88.6	31	299.8	232.8	67.0	29	-	-	-
Singapore	S\$	4.6	4.4	0.2	5	3.7	3.5	0.2	6	-	-	-
Management contracts with minimum guaranteed income												
Belgium	EUR	4.1	3.7	0.4	11	1.0	0.6	0.4	67	63	57	11
Spain	EUR	2.3	1.9	0.4	21	1.0	0.8	0.2	25	88	73	21
United Kingdom	GBP	12.9	12.4	0.5	4	5.7	4.6	1.1	24	111	110	1
Management contracts												
Australia	AUD	2.5	2.3	0.2	9	0.9	0.7	0.2	29	152	143	6
China	RMB	153.3	111.1	42.2	38	39.1	33.9	5.2	15	409	475	(14)
Indonesia	USD	6.1	6.5	(0.4)	(6)	2.2	2.7	(0.5)	(19)	82	87	(6)
Japan	JPY	2,090.6	1,398.2	692.4	50	1,136.4	805.7	330.7	41	11,617	10,156	14
Malaysia	MYR	9.0	-	9.0	n.m.	2.5	-	2.5	n.m.	238	-	n.m.
Philippines	PHP	499.8	548.5	(48.7)	(9)	173.0	194.7	(21.7)	(11)	4,175	4,683	(11)
Singapore	S\$	12.7	13.2	(0.5)	(4)	5.4	6.0	(0.6)	(10)	200	206	(3)
Vietnam ³	VND ¹	309.5	325.4	(15.9)	(5)	168.1	183.5	(15.4)	(8)	1,498	1,555	(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.

³ Upon the expiry of the deed of yield protection, revenue and gross profit of Somerset West Lake have been classified under "Management contracts" category from April 2014 onwards. For comparison purpose, revenue and gross profit of Somerset West Lake for YTD Jun 2014 have been classified under "Management contracts" category.

8(b) **Revenue and Gross Profit Analysis – YTD Jun 2015 vs. YTD Jun 2014 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Jun 2015	YTD Jun 2014	Better/ (Worse)		YTD Jun 2015	YTD Jun 2014	Better/ (Worse)		YTD Jun 2015	YTD Jun 2014	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	3.6	-	3.6	n.m.	3.4	-	3.4	n.m.	-	-	-
France	17.5	20.2	(2.7)	(13)	16.1	18.7	(2.6)	(14)	-	-	-
Germany	4.5	5.1	(0.6)	(12)	3.7	4.4	(0.7)	(16)	-	-	-
Japan	4.2	3.5	0.7	20	3.4	2.9	0.5	17	-	-	-
Singapore	4.6	4.4	0.2	5	3.7	3.5	0.2	6	-	-	-
Sub-total	34.4	33.2	1.2	4	30.3	29.5	0.8	3	-	-	-
Management contracts with minimum guaranteed income											
Belgium	6.1	6.3	(0.2)	(3)	1.6	1.2	0.4	33	95	98	(3)
Spain	3.4	3.4	-	-	1.5	1.3	0.2	15	133	126	6
United Kingdom	26.3	26.4	(0.1)	-	11.8	10.0	1.8	18	228	231	(1)
Sub-total	35.8	36.1	(0.3)	(1)	14.9	12.5	2.4	19	175	177	(1)
Management contracts											
Australia	2.6	2.6	-	-	0.9	0.9	-	-	161	164	(2)
China	33.4	22.9	10.5	46	8.5	7.0	1.5	21	89	98	(9)
Indonesia	8.3	8.2	0.1	1	3.0	3.4	(0.4)	(12)	110	109	1
Japan	23.5	17.2	6.3	37	12.7	9.9	2.8	28	130	125	4
Malaysia	3.3	-	3.3	n.m.	1.0	-	1.0	n.m.	89	-	n.m.
Philippines	15.2	15.5	(0.3)	(2)	5.2	5.5	(0.3)	(6)	126	133	(5)
Singapore	12.7	13.2	(0.5)	(4)	5.4	6.0	(0.6)	(10)	200	206	(3)
Vietnam ²	19.5	19.6	(0.1)	(1)	10.6	11.0	(0.4)	(4)	94	93	1
Sub-total	118.5	99.2	19.3	19	47.3	43.7	3.6	8	110	118	(7)
Group	188.7	168.5	20.2	12	92.5	85.7	6.8	8	122	131	(7)

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

² Upon the expiry of the deed of yield protection, revenue and gross profit of Somerset West Lake have been classified under "Management contracts" category from April 2014 onwards. For comparison purpose, revenue and gross profit of Somerset West Lake for YTD Jun 2014 have been classified under "Management contracts" category.

For the six months ended 30 June 2015 ("YTD Jun 2015"), revenue increased by S\$20.2 million or 12% as compared to the corresponding period last year ("YTD Jun 2014"). The increase in revenue was mainly due to additional contribution of S\$24.7 million from the 2014 Acquisitions. The increase was partially offset by decrease in revenue of S\$4.1 million from the existing properties and decrease of S\$0.4 million due to the expiry of the deed of yield protection for Somerset West Lake Hanoi.

On a same store basis, YTD Jun 2015 revenue decreased by S\$4.1 million mainly due to weaker performance from the France and Germany (arising from depreciation of EUR against SGD).

REVPAU decreased from S\$131 in YTD Jun 2014 to S\$122 in YTD Jun 2015, mainly due to weaker performance from Singapore and Philippines and lower ADR from the properties acquired in 2014. On a same store basis, excluding the 2014 Acquisitions, REVPAU decreased by 2%.

In line with the increase in revenue, gross profit for YTD Jun 2015 increased by S\$6.8 million or 8% as compared to YTD Jun 2014. On a same store basis, gross profit decreased by S\$3.2 million or 4%.

(c) **Change in value of serviced residence properties and assets held for sale**

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 2015, independent desktop valuations for the Group's portfolio were carried out by CBRE. In determining the fair value of the Group's portfolio, the discounted cash flow and capitalisation approach was used. The valuation of Fortune Garden Apartments (formerly known as Somerset Grand Fortune Garden Property Beijing) was based on the direct comparison approach. The valuation method used is consistent with that used for the 31 December 2014 valuation.

The Group's portfolio (including assets held for sale) was revalued at S\$3,793.5 million, resulting in a surplus of S\$21.3 million which was recognised in the Consolidated Statement of Total Return in 2Q 2015. The surplus resulted mainly from higher valuation of the Group's serviced residences in Japan and United Kingdom. The net impact on the Consolidated Statement of Total Return was S\$14.1 million (net of tax and non-controlling interests).

9. **OUTLOOK AND PROSPECTS**

With the acquisitions announced this year and the new serviced residence block sited at Cairnhill which Ascott REIT has entered into via a forward contract, Ascott REIT's total asset size would have reached S\$5.0 billion. These acquisitions bring Ascott REIT closer to its target portfolio of S\$6.0 billion by 2017.

As part of its financing plans for the acquisitions, Ascott REIT successfully raised S\$250.0 million from the issuance of perpetual securities. While we tap diversified funding sources, the Manager will continue to maintain a disciplined and prudent capital management approach. As at 30 June 2015, the borrowings coming due in FY 2015 have mostly been refinanced and we have embarked on plans to refinance borrowings due in FY 2016. The Manager remains vigilant to changes in the macro and credit environment that may impact the Group's financing plans.

The Group will continue to refurbish Ascott REIT's properties to enhance guest experience and maximise returns to Unitholders. As part of Ascott REIT's strategy to optimise returns for its Unitholders, Ascott REIT will commence the sale process for some of its properties with limited growth potential.

There have been uncertainties in the global economic recovery with the International Monetary Fund cutting its global growth outlook twice this year to 3.3% on the back of weakness in certain markets. With the ongoing Greek debt crisis possibly weighing on Euro currency, Ascott REIT has proactively entered into foreign currency forward contracts to hedge approximately 70% of its anticipated FY 2015 Unitholders' distribution derived in Euro. Furthermore, approximately 65% of Euro-denominated assets have been hedged through the use of Euro-denominated borrowings. Notwithstanding, we expect our portfolio to remain resilient and the general hospitality business to remain healthy globally in 2015. The Group's operating performance for FY 2015 should remain profitable.

10. **DISTRIBUTIONS**

10(a) **Current financial period**

Any distributions declared for the current financial period? Yes
Period of distribution : Distribution for 1 January 2015 to 30 June 2015

Type	Distribution	Distribution Rate (cents)
Taxable Income		0.607
Tax Exempt Income		0.613
Capital		2.627
Total		3.847

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 2014 to 30 June 2014

Distribution Type	Distribution Rate (cents)
Taxable Income	0.627
Tax Exempt Income	0.471
Capital	2.839
Total	3.937

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 : 30 July 2015

10(e) Date payable : 28 August 2015

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 statements of financial position as at 30 June 2015, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the six months ended 30 June 2015, together with their accompanying notes), to be false or misleading in any material aspect.

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 / Regina Tan
Joint Company Secretaries
22 July 2015