

ASCOTT RESIDENCE TRUST
2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
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ASCOTT RESIDENCE TRUST

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Summary of Group Results

	2Q 2016 S\$'000	2Q 2015 S\$'000	Better / (Worse) %	YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000	Better / (Worse) %
Revenue	119,371	98,686	21	224,896	188,698	19
Gross Profit	57,886	49,417	17	106,448	92,531	15
Unitholders' Distribution	35,045	32,256	9	62,364	59,273	5
Distribution Per Unit ("DPU") (cents)	2.13	2.09	2	3.88	3.85	1
DPU (cents) (adjusted for equity placement)	2.16	2.09	3	3.92	3.85	2
<u>For information only</u>						
DPU (cents) (adjusted for one-off item)	1.91 ⁽¹⁾	2.09	(9)	3.66 ⁽¹⁾	3.85	(5)
DPU (cents) (adjusted for equity placement and one-off item)	1.95 ⁽¹⁾	2.09	(7)	3.71 ⁽¹⁾	3.85	(4)

⁽¹⁾ Unitholders' distribution in 2Q 2016 and YTD Jun 16 included a realised exchange gain of S\$3.5 million arising from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments.

DISTRIBUTION AND BOOK CLOSURE DATE

On 14 March 2016, the Manager announced an equity placement exercise. 94,787,000 new units at an issue price of S\$1.055 per unit were issued on 23 March 2016.

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 2016 to 22 March 2016, the day immediately prior to the date on which the placement units were issued. The advanced distribution of 1.585 cents per Unit was paid on 27 April 2016. The next distribution therefore will comprise the distributable income from 23 March 2016 to 30 June 2016. Semi-annual distributions will resume thereafter.

Distribution	For 1 January 2016 to 22 March 2016	For 23 March 2016 to 30 June 2016	For 1 January 2016 to 30 June 2016
Distribution Rate	1.585 cents per Unit	2.290 cents per Unit	3.875 cents per Unit
Book Closure Date	22 March 2016	28 July 2016	
Payment Date	27 April 2016 (Paid)	24 August 2016	

ASCOTT RESIDENCE TRUST

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INTRODUCTION

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

Ascott Reit's objective is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences, rental housing properties and other hospitality assets. It has a portfolio of serviced residences and rental housing properties across Asia Pacific, Europe and United States of America. 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 seven cities across five countries (Singapore, China, Indonesia, the Philippines and Vietnam).

In 2010, Ascott Reit enhanced the geographical diversification of its portfolio by acquiring 26 properties in Europe. In 2012, Ascott Reit acquired four properties in Kyoto, Singapore, Guangzhou and Germany. 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 2013, Ascott Reit acquired three properties in China 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. In 2014, Ascott Reit acquired nine properties in four countries (Australia, China, Japan and Malaysia). This marked our maiden presence in five new cities: Dalian, Wuhan and Xi'an in China, Kuala Lumpur in Malaysia and Greater Sydney in Australia.

Ascott Reit completed the acquisition of Citadines on Bourke Melbourne, a portfolio of four rental housing properties in Osaka, Japan and the remaining 40% interest in Citadines Shinjuku Tokyo and Citadines Karasuma-Gojo Kyoto on 31 July 2015. On 19 August 2015, Ascott Reit completed the acquisition of Element New York Times Square West, an extended-stay hotel property in New York, the United States of America (“US”). The six properties acquired in 2015 are collectively termed as the “2015 Acquisitions”.

On 30 September 2015, Ascott Reit completed the divestment of six rental housing properties in the cities of Kyoto, Saga and Sendai in Japan. Ascott Reit completed the divestment of Salcedo Residences in the Philippines on 2 November 2015.

On 23 March 2016, 94,787,000 new units were issued on SGX-ST in relation to the equity placement exercise. The gross proceeds from the equity placement exercise of S\$100.0 million was used to fund the acquisition of Sheraton Tribeca New York Hotel in New York, United States of America as announced on 14 March 2016. The acquisition was completed on 29 April 2016 (the “2016 Acquisition”).

S\$88.2 million of the proceeds were used to pay the purchase consideration of the acquisition of the hotel property. Such use is in accordance with the use of proceeds as disclosed in Ascott Reit's announcement dated 14 March 2016 in relation to the equity placement. The balance of the proceeds is S\$10.8 million and further announcements will be made when the balance of the proceeds is materially disbursed.

As at 30 June 2016, Ascott Reit's portfolio comprises 90 properties with 11,649 apartment units in 38 cities across 14 countries.

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 2016 S\$'000	2Q 2015 S\$'000		YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000	
Revenue	A.1	119,371	98,686	21	224,896	188,698	19
Direct expenses	A.2	(61,485)	(49,269)	(25)	(118,448)	(96,167)	(23)
Gross Profit	A.1	57,886	49,417	17	106,448	92,531	15
Finance income		500	394	27	984	803	23
Other operating income	A.3	166	87	91	299	120	149
Finance costs	A.4	(12,223)	(11,907)	(3)	(24,892)	(23,755)	(5)
Manager's management fees	A.4	(5,688)	(4,793)	(19)	(10,720)	(9,074)	(18)
Trustee's fee	A.4	(121)	(100)	(21)	(235)	(200)	(18)
Professional fees		(649)	(667)	3	(1,299)	(1,214)	(7)
Audit fees	A.4	(629)	(586)	(7)	(1,256)	(1,185)	(6)
Foreign exchange (loss) / gain	A.5	(486)	(4,755)	90	3,573	(7,560)	147
Other operating expenses		(237)	(135)	(76)	(560)	(335)	(67)
Share of results of associate (net of tax)		5	—	100	(17)	2	n.m.
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		38,524	26,955	43	72,325	50,133	44
Net change in fair value of financial derivatives	A.6	(813)	(705)	(15)	(918)	738	(224)
Net change in fair value of serviced residence properties and assets held for sale	A.7	36,328	21,328	70	36,147	21,328	69
Assets written off		—	(83)	n.m.	(32)	(112)	71
Total return for the period before tax		74,039	47,495	56	107,522	72,087	49
Income tax expense	A.8	(17,331)	(4,211)	(312)	(23,604)	(9,904)	(138)
Total return for the period after tax		56,708	43,284	31	83,918	62,183	35
Attributable to:							
Unitholders / perpetual securities holders		55,590	34,188		81,449	51,352	
Non-controlling interests		1,118	9,096		2,469	10,831	
Total return for the period		56,708	43,284	31	83,918	62,183	35

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

		GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		2Q 2016 S\$'000	2Q 2015 S\$'000		YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000	
	Note						
Total return for the period attributable to Unitholders / perpetual securities holders		55,590	34,188		81,449	51,352	
Net effect of non-tax deductible / chargeable items and other adjustments	A.9	(15,758)	(30)		(9,511)	11,672	
Total amount distributable for the period		39,832	34,158	17	71,938	63,024	14
Amount distributable:							
- Unitholders		35,045	32,256		62,364	59,273	
- Perpetual securities holders		4,787	1,902		9,574	3,751	
		39,832	34,158	17	71,938	63,024	14
Comprises:							
- from operations		19,462	19,986		13,020	15,367	
- from unitholders' contributions		15,583	12,270		49,344	43,906	
		35,045	32,256	9	62,364	59,273	5

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

A.1 Revenue and Gross profit

Revenue for 2Q 2016 of S\$119.4 million comprised S\$16.3 million (14% of total revenue) from serviced residences on Master Leases, S\$18.2 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$84.9 million (71%) from serviced residences on management contracts.

Revenue for 2Q 2016 increased by S\$20.7 million or 21% as compared to 2Q 2015. This was mainly contributed by the additional revenue of S\$27.8 million from the 2015 Acquisitions and 2016 Acquisition, partially offset by the decrease in revenue of S\$0.8 million from the divestment of six rental housing properties and decrease in revenue of S\$6.3 million from the existing properties.

The Group achieved a revenue per available unit ("REVPAU") of S\$142 for 2Q 2016, an increase of 10% as compared to 2Q 2015 due to the 2015 Acquisitions and 2016 Acquisition. On a same store basis, excluding the acquisitions, REVPAU for 2Q 2016 decreased by 7% as compared to 2Q 2015 due to weaker performance from the China, Philippines (arising from ongoing renovation) and United Kingdom (arising from depreciation of GBP against SGD) properties.

Gross profit for 2Q 2016 of S\$57.9 million comprised S\$14.7 million (25% of total gross profit) from serviced residences on Master Leases, S\$8.1 million (14%) from serviced residences on management contracts with minimum guaranteed income and S\$35.1 million (61%) from serviced residences on management contracts.

As compared to 2Q 2015, gross profit increased by S\$8.5 million or 17%. On a same store basis, gross profit decreased by S\$1.7 million or 4%.

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 2016 S\$'000	2Q 2015 S\$'000		YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000	
Depreciation and amortisation*	(2,474)	(4,118)	40	(5,940)	(8,695)	32
Staff costs*	(14,234)	(10,859)	(31)	(27,681)	(21,142)	(31)

* Depreciation expense was lower in 2Q 2016 due to certain assets being fully depreciated. The increase in staff costs for 2Q 2016 mainly arose due to the 2015 Acquisitions and 2016 Acquisition.

A.3 Other operating income

Other operating income was higher in 2Q 2016 due to gain on disposal of plant and equipment.

A.4 Finance costs / Manager's management fees / Trustee's fee / Audit fees

The increase in the above expenses mainly arose due to the new properties acquired in 2015 and 2016.

A.5 Foreign exchange loss

The foreign exchange loss recognised in 2Q 2016 was mainly due to exchange loss on USD denominated shareholder's loans extended to the Group's subsidiaries as a result of the depreciation of USD against SGD as at balance sheet date, partially offset by foreign exchange gain from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments.

A.6 Net change in fair value of financial derivatives

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

A.7 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. The surplus resulted mainly from higher valuation from properties in Japan, Spain, United Kingdom and United States of America, partially offset by lower valuation from properties in Malaysia, Indonesia and Singapore. The valuations for the serviced residence properties and assets held for sale were carried out on 30 June by CBRE. Please refer to paragraph 8(c) for more details.

A.8 Income tax expense

Taxation for 2Q 2016 was higher by S\$13.1 million as compared to the corresponding period last year. This was mainly due to the new properties acquired in 2015 and 2016, and higher deferred tax liability provided on the higher fair value surplus recognised for serviced residence properties.

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

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	2Q 2016 S\$'000	2Q 2015 S\$'000		YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000	
Depreciation and amortisation	2,474	4,118	40	5,940	8,695	32
Manager's management fee payable / paid partially in units	4,076	3,619	(13)	7,731	6,836	(13)
Trustee's fees*	14	25	44	29	39	26
Unrealised foreign exchange loss	3,788	6,359	40	2,481	11,366	78
Net change in fair value of financial derivatives (Note A.6)	813	705	(15)	918	(738)	(224)
Net change in fair value of serviced residence properties and assets held for sale (Note A.7)	(36,328)	(21,328)	70	(36,147)	(21,328)	69
Assets written off	—	83	n.m.	32	112	71
Deferred tax expense	9,532	(83)	n.m.	9,560	601	n.m.
Effect of non-controlling interests arising from the above	(133)	6,972	102	(154)	6,838	102

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

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

	Note	GROUP		REIT	
		30/06/16 S\$'000	31/12/15 S\$'000	30/06/16 S\$'000	31/12/15 S\$'000
Non-Current Assets					
Plant and equipment		58,167	52,506	4,258	4,909
Serviced residence properties	B.1	4,500,987	4,289,711	561,742	563,091
Interest in subsidiaries		–	–	347,966	347,535
Interest in associate		3,372	3,479	3,869	3,958
Deposits		20,250	20,250	20,250	20,250
Financial derivatives	B.2	5,467	–	5,467	–
Deferred tax assets		4,343	3,983	–	–
		4,592,586	4,369,929	943,552	939,743
Current Assets					
Inventories		308	296	–	–
Trade and other receivables	B.3	97,811	49,707	2,319,037	2,270,111
Assets held for sale	B.4	61,569	84,207	–	–
Cash and cash equivalents	B.5	180,521	220,467	12,471	38,150
		340,209	354,677	2,331,508	2,308,261
Total Assets		4,932,795	4,724,606	3,275,060	3,248,004
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,799,796)	(1,556,773)	(269,835)	(279,064)
Financial derivatives	B.2	(22,472)	(10,313)	(12,367)	(7,098)
Deferred tax liabilities	B.6	(98,308)	(88,851)	–	–
		(1,920,576)	(1,655,937)	(282,202)	(286,162)
Current Liabilities					
Trade and other payables	B.7	(177,394)	(136,453)	(925,113)	(747,997)
Interest bearing liabilities	B.8	(176,122)	(258,404)	(98,573)	(201,079)
Financial derivatives	B.2	(1,259)	(1,222)	(1,256)	(1,145)
Provision for taxation		(2,299)	(4,014)	–	–
		(357,074)	(400,093)	(1,024,942)	(950,221)
Total Liabilities		(2,277,650)	(2,056,030)	(1,307,144)	(1,236,383)
Net Assets		2,655,145	2,668,576	1,967,916	2,011,621
Represented by:					
Unitholders' funds	1(d)(i)	2,177,379	2,189,714	1,570,841	1,614,527
Perpetual securities holders	1(d)(i)	397,075	397,094	397,075	397,094
Non-controlling interests	1(d)(i)	80,691	81,768	–	–
Total Equity		2,655,145	2,668,576	1,967,916	2,011,621

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

B.1 Serviced residence properties

The increase in the Group's serviced residence properties as at 30 June 2016 was mainly due to the acquisition of Sheraton Tribeca New York Hotel during the year and increase in valuation on 30 Jun 2016. These increases were partially offset by foreign currency translation differences arising from translating the Group's serviced residence properties as result of the weakening of foreign currencies, particularly GBP, RMB and AUD against SGD.

B.2 Financial derivatives

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

B.3 Trade and other receivables

The increase in trade and other receivables as at 30 June 2016 was mainly due to the sale proceeds and deposits for the sale of strata units in Fortune Garden Apartments collected on behalf by a related company.

B.4 Assets held for sale

The decrease in the assets held for sale as at 30 June 2016 was mainly due to the sale of strata units in Fortune Garden Apartments during the period.

B.5 Cash and cash equivalents

The decrease in the Group's cash and cash equivalents as at 30 June 2016 was mainly due to distribution paid to unitholders (including the advanced distribution paid in April 2016), partially offset by cash generated from operations.

B.6 Deferred tax liabilities

The increase in the Group's deferred tax liabilities as at 30 June 2016 was mainly due to the deferred tax liability provided on the fair value surplus recognised for serviced residence properties.

B.7 Trade and other payables

The increase in trade and other payables as at 30 June 2016 was mainly due to the deposits received for the sale of strata units in Fortune Garden Apartments.

B.8 Interest bearing liabilities

	GROUP		REIT	
	30/06/16	31/12/15	30/06/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less or on demand				
- Secured	91,560	257,123	13,782	199,754
- Unsecured	84,816	1,551	84,816	1,551
Less: Unamortised transaction costs	(254)	(270)	(25)	(226)
	176,122	258,404	98,573	201,079
Amount repayable after one year				
- Secured	940,628	823,077	184,347	177,917
- Unsecured	873,555	746,227	88,226	104,304
Less: Unamortised transaction costs	(14,387)	(12,531)	(2,738)	(3,157)
	1,799,796	1,556,773	269,835	279,064
Total	1,975,918	1,815,177	368,408	480,143

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 2016, the Group's gearing was 41.0 percent, well below the 45 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.5 percent per annum, with an interest cover of 4.1 times. S\$1,584.0 million or 80% of the Group's borrowings are on fixed interest rates with S\$95.2 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, 2 percent falls due in 2016, 13 percent falls due in 2017, 11 percent falls due in 2018, 7 percent falls due in 2019 and the balance falls due after 2019.

The Manager adopts a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2017, ahead of their maturity dates.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	2Q 2016	2Q 2015	YTD Jun 2016	YTD Jun 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating Activities				
Total return for the period before tax	74,039	47,495	107,522	72,087
<u>Adjustments for:</u>				
Depreciation and amortisation	2,474	4,118	5,940	8,695
(Gain) / loss on disposal of plant and equipment	(17)	30	2	22
Assets written off	—	83	32	112
Finance costs	12,223	11,907	24,892	23,755
Finance income	(500)	(394)	(984)	(803)
Provision for doubtful debts addition	100	2	119	6
Manager's management fees payable / paid partially in units	4,076	3,619	7,731	6,836
Unrealised foreign exchange loss	3,788	6,359	2,481	11,366
Net change in fair value of financial derivatives	813	705	918	(738)
Net change in fair value of serviced residence properties and assets held for sale	(36,328)	(21,328)	(36,147)	(21,328)
Share of results of associate	(5)	—	17	(2)
Operating profit before working capital changes	60,663	52,596	112,523	100,008
Changes in working capital	(14,372)	(5,065)	(35,424)	(12,743)
Cash generated from operations	46,291	47,531	77,099	87,265
Income tax paid	(5,592)	(7,890)	(11,292)	(13,279)
Cash flows from operating activities	40,699	39,641	65,807	73,986
Investing Activities				
Acquisition of plant and equipment	(9,419)	(1,246)	(14,245)	(4,997)
Acquisition of serviced residence property	(191,799)	—	(214,046)	—
Capital expenditure on serviced residence properties	(6,284)	(3,670)	(7,289)	(6,914)
Proceeds on disposal of assets held for sale	23,633	1,007	28,959	1,007
Interest received	500	394	984	803
Proceeds from sale of plant and equipment	101	40	132	65
Cash flows used in investing activities	(183,268)	(3,475)	(205,505)	(10,036)
Financing Activities				
Distribution to Unitholders	(24,604)	—	(88,691)	(65,453)
Distribution to perpetual securities holders	(9,626)	(3,740)	(9,626)	(3,740)
Dividend paid to non-controlling interests	(2,286)	(2,858)	(2,286)	(2,858)
Interest paid	(11,083)	(12,666)	(22,159)	(21,887)
Payments on finance lease	(739)	(677)	(1,469)	(1,366)
Proceeds from bank borrowings	291,742	41,565	559,683	109,182
Proceeds from issue of medium term notes	—	—	120,000	—
Proceeds from issue of perpetual securities	—	250,000	—	250,000
Proceeds from issue of new units	—	—	100,000	—
Payment of issue expenses on issue of new units	(157)	—	(922)	—
Payment of transaction costs on issue of perpetual securities	—	(1,818)	(17)	(2,130)
Repayment of bank borrowings	(121,087)	(42,258)	(560,035)	(101,105)
Cash flows from financing activities	122,160	227,548	94,478	160,643
(Decrease) / increase in cash and cash equivalents	(20,409)	263,714	(45,220)	224,593
Cash and cash equivalents at beginning of the period	199,123	157,202	220,467	192,556
Effect of exchange rate changes on balances held in foreign currencies	1,807	(3,429)	5,274	338
Cash and cash equivalents at end of the period	180,521	417,487	180,521	417,487

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

	Note	GROUP		GROUP	
		2Q 2016 S\$'000	2Q 2015 S\$'000	YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000
<u>Unitholders' Contribution</u>					
Balance as at beginning of period					
New units issued / to be issued ⁽¹⁾		1,484,598	1,458,659	1,428,452	1,476,104
- equity placement on 23 March 2016		—	—	100,000	—
- payment of manager's management fees in units		7,708	3,348	11,703	6,832
Issue expense		—	—	(1,435)	—
Distribution to Unitholders		(24,604)	—	(71,018)	(20,929)
Balance as at end of period		1,467,702	1,462,007	1,467,702	1,462,007
<u>Operations</u>					
Balance as at beginning of period		808,355	677,958	805,254	707,167
Total return for the period attributable to Unitholders / perpetual securities holders		55,590	34,188	81,449	51,352
Total return attributable to perpetual securities holders		(4,787)	(1,902)	(9,574)	(3,751)
Change in ownership interests in subsidiaries with no change in control		(10)	—	(193)	—
Transfer between reserves		164	—	49	—
Distribution to Unitholders		—	—	(17,673)	(44,524)
Balance as at end of period		859,312	710,244	859,312	710,244
<u>Foreign Currency Translation Reserve</u>					
Balance as at beginning of period		(79,127)	(35,259)	(36,260)	(64,084)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(55,816)	(21,646)	(98,683)	7,179
Balance as at end of period		(134,943)	(56,905)	(134,943)	(56,905)
<u>Capital Reserve</u>					
Balance as at beginning of period		2,123	2,008	2,008	2,008
Transfer between reserves		(164)	—	(49)	—
Balance as at end of period		1,959	2,008	1,959	2,008
<u>Hedging Reserve</u>					
Balance as at beginning of period		(13,188)	(13,396)	(9,740)	(15,117)
Effective portion of change in fair values of cash flow hedges		(3,463)	2,483	(6,911)	4,204
Balance as at end of period		(16,651)	(10,913)	(16,651)	(10,913)
Unitholders' Funds	1(b)(i)	2,177,379	2,106,441	2,177,379	2,106,441
<u>Perpetual Securities</u>					
Balance as at beginning of period		401,881	151,200	397,094	149,351
Issue of perpetual securities		—	250,000	—	250,000
Issue expenses		33	(2,645)	33	(2,645)
Total return attributable to perpetual securities holders		4,787	1,902	9,574	3,751
Distribution to perpetual securities holders		(9,626)	(3,740)	(9,626)	(3,740)
Balance as at end of period	1(b)(i)	397,075	396,717	397,075	396,717

⁽¹⁾ These include the units to be issued as partial satisfaction of the portion of the management fees (comprising base fee and performance fee). With effect from 1 January 2016, to be compliant with Monetary Authority of Singapore's new regulations, the REIT Manager's performance management fee will only be paid once a year, after the end of the financial year.

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

	Note	GROUP		GROUP	
		2Q 2016 S\$'000	2Q 2015 S\$'000	YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000
<u>Non-controlling Interests</u>					
Balance as at beginning of period		83,175	104,936	81,768	97,807
Total return for the period		1,118	9,096	2,469	10,831
Dividend paid to non-controlling interests		(2,286)	(2,858)	(2,286)	(2,858)
Change in ownership interests in subsidiaries with no change in control		—	—	183	—
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(1,316)	(3,283)	(1,443)	2,070
Effective portion of change in fair values of cash flow hedges		—	(2)	—	39
Balance as at end of period	1(b)(i)	80,691	107,889	80,691	107,889
Equity	1(b)(i)	2,655,145	2,611,047	2,655,145	2,611,047

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

	Note	REIT		REIT	
		2Q 2016 S\$'000	2Q 2015 S\$'000	YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000
<u>Unitholders' Contribution</u>					
Balance as at beginning of period		1,484,598	1,458,659	1,428,452	1,476,104
New units issued / to be issued ⁽¹⁾					
- equity placement on 23 March 2016		—	—	100,000	—
- payment of manager's management fees in units		7,708	3,348	11,703	6,832
Issue expenses		—	—	(1,435)	—
Distribution to Unitholders		(24,604)	—	(71,018)	(20,929)
Balance as at end of period		1,467,702	1,462,007	1,467,702	1,462,007
<u>Operations</u>					
Balance as at beginning of period		133,930	174,244	192,507	214,631
Total return for the period attributable to Unitholders / perpetual securities holders		(20,659)	11,479	(56,776)	17,465
Total return attributable to perpetual securities holders		(4,787)	(1,902)	(9,574)	(3,751)
Distribution to Unitholders		—	—	(17,673)	(44,524)
Balance as at end of period		108,484	183,821	108,484	183,821
<u>Hedging Reserve</u>					
Balance as at beginning of period		(5,290)	(10,693)	(6,432)	(11,582)
Effective portion of change in fair values of cash flow hedges		(55)	2,273	1,087	3,162
Balance as at end of period		(5,345)	(8,420)	(5,345)	(8,420)
Unitholders' Funds	1(b)(i)	1,570,841	1,637,408	1,570,841	1,637,408
<u>Perpetual Securities</u>					
Balance as at beginning of period		401,881	151,200	397,094	149,351
Issue of perpetual securities		—	250,000	—	250,000
Issue expenses		33	(2,645)	33	(2,645)
Total return attributable to perpetual securities holders		4,787	1,902	9,574	3,751
Distribution to perpetual securities holders		(9,626)	(3,740)	(9,626)	(3,740)
Balance as at end of period	1(b)(i)	397,075	396,717	397,075	396,717
Equity	1(b)(i)	1,967,916	2,034,125	1,967,916	2,034,125

⁽¹⁾ Refer to footnote on page 11.

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

	REIT			
	2Q 2016 '000	2Q 2015 '000	YTD Jun 2016 '000	YTD Jun 2015 '000
Balance as at beginning of period	1,647,101	1,537,732	1,548,736	1,535,023
Issue of new units:				
- equity placement on 23 March 2016	—	—	94,787	—
- partial payment of manager's management fees in units	2,119	2,626	5,697	5,335
Balance as at end of period	1,649,220	1,540,358	1,649,220	1,540,358

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 2015.

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 2016. 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.

	GROUP			
	2Q 2016 S\$'000	2Q 2015 S\$'000	YTD Jun 2016 S\$'000	YTD Jun 2015 S\$'000
Total return for the period attributable to Unitholders / perpetual securities holders	55,590	34,188	81,449	51,352
Less: Total return for the period attributable to perpetual securities holders	(4,787)	(1,902)	(9,574)	(3,751)
Total return for the period attributable to Unitholders	50,803	32,286	71,875	47,601

Earnings per Unit (EPU)	2Q 2016	2Q 2015	YTD Jun 2016	YTD Jun 2015
Number of units on issue at end of period ('000)	1,649,220	1,540,358	1,649,220	1,540,358
Weighted average number of units for the period ('000)				
– Basic	1,648,592	1,539,377	1,604,472	1,538,080
– Diluted ⁽¹⁾	1,654,005	1,539,377	1,611,299	1,538,080
EPU (cents) (based on the weighted average number of units for the period)				
– Basic ⁽²⁾	3.08	2.10	4.48	3.09
– Diluted	3.07	2.10	4.46	3.09

Note 1: Prior to 1 January 2016, the Manager's management fees (comprising base fee and performance fee) are issued within 60 days from the end of the quarter. With effect from 1 January 2016, due to a new requirement of the Monetary Authority of Singapore, the units for a portion of the performance fee will be issued once a year, after the end of the financial year.

Note 2: 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 2016 and June 2015. Excluding these effects, the EPU for 2Q 2016 and 2Q 2015 would be 1.48 cents and 1.18 cents respectively, and the EPU for YTD Jun 2016 and YTD Jun 2015 would be 2.85 cents and 2.18 cents respectively.

In computing the DPU, the number of units as at the end of each period is used for the computation.

Distribution per Unit (DPU)	2Q 2016	2Q 2015	YTD Jun 2016	YTD Jun 2015
Number of units on issue at end of period ('000)	1,649,220	1,540,358	1,649,220	1,540,358
DPU (cents)	2.13 ⁽³⁾	2.09	3.88 ⁽³⁾	3.85

Note 3: Excluding the effect of the equity placement, the DPU for 2Q 2016 and YTD Jun 2016 would be 2.16 cents and 3.92 cents respectively.

7. Net asset value ("NAV") Per Unit / Net Tangible Assets ("NTA") Per Unit

	GROUP		REIT	
	30/06/16	31/12/15	30/06/16	31/12/15
NAV / NTA per unit (S\$)	1.32*	1.41	0.95	1.04

* The decrease in NAV / NTA per unit as at 30 June 2016 was mainly due to the distribution paid to unitholders for period 1 July 2015 to 31 December 2015 and 1 January 2016 to 22 March 2016, translation differences and the equity placement.

8. GROUP PERFORMANCE REVIEW

8(a) Revenue and Gross Profit Analysis – 2Q 2016 vs. 2Q 2015 (Local Currency (“LC”))

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		2Q 2016	2Q 2015	Better/ (Worse)		2Q 2016	2Q 2015	Better/ (Worse)		2Q 2016	2Q 2015	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
<u>Master Leases</u>												
Australia	AUD	1.8	1.7	0.1	6	1.7	1.6	0.1	6	—	—	—
France	EUR	5.7	5.7	—	—	5.3	5.3	—	—	—	—	—
Germany	EUR	1.5	1.5	—	—	1.3	1.4	(0.1)	(7)	—	—	—
Japan	JPY	133.3	187.6	(54.3)	(29)	104.3	149.4	(45.1)	(30)	—	—	—
Singapore	S\$	1.8	2.4	(0.6)	(25)	1.6	2.0	(0.4)	(20)	—	—	—
<u>Management contracts with minimum guaranteed income</u>												
Belgium	EUR	1.5	2.4	(0.9)	(38)	0.3	0.8	(0.5)	(63)	48	74	(35)
Spain	EUR	1.4	1.4	—	—	0.7	0.7	—	—	112	108	4
United Kingdom	GBP	6.8	7.2	(0.4)	(6)	3.3	3.5	(0.2)	(6)	118	124	(5)
<u>Management contracts</u>												
Australia	AUD	6.5	1.3	5.2	n.m.	2.6	0.5	2.1	n.m.	140	160	(13)
China	RMB	76.4	83.1	(6.7)	(8)	23.7	24.4	(0.7)	(3)	408	441	(8)
Indonesia	USD	3.1	3.2	(0.1)	(3)	1.1	1.1	—	—	81	86	(6)
Japan	JPY	1,224.3	1,069.9	154.4	14	689.8	582.5	107.3	18	13,113	12,070	9
Malaysia	MYR	4.6	4.7	(0.1)	(2)	1.5	1.2	0.3	25	246	249	(1)
Philippines	PHP	168.3	247.7	(79.4)	(32)	52.1	85.6	(33.5)	(39)	3,459	4,096	(16)
Singapore	S\$	6.4	6.5	(0.1)	(2)	2.9	2.7	0.2	7	200	203	(2)
United States of America	USD	15.3	—	15.3	n.m.	5.4	—	5.4	n.m.	247	—	n.m.
Vietnam	VND ¹	150.3	156.3	(6.0)	(4)	83.6	84.0	(0.4)	(1)	1,388	1,501	(8)

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 2016 vs. 2Q 2015 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	2Q 2016	2Q 2015	Better/ (Worse)		2Q 2016	2Q 2015	Better/ (Worse)		2Q 2016	2Q 2015	Better/ (Worse)
	S\$m		S\$m	%	S\$m		S\$m	%	S\$/day	S\$/day	%
<u>Master Leases</u>											
Australia	1.8	1.8	–	–	1.7	1.7	–	–	–	–	–
France	8.8	8.5	0.3	4	8.1	7.8	0.3	4	–	–	–
Germany	2.3	2.3	–	–	2.0	2.0	–	–	–	–	–
Japan	1.6	2.1	(0.5)	(24)	1.3	1.7	(0.4)	(24)	–	–	–
Singapore	1.8	2.4	(0.6)	(25)	1.6	2.0	(0.4)	(20)	–	–	–
Sub-total	16.3	17.1	(0.8)	(5)	14.7	15.2	(0.5)	(3)	–	–	–
<u>Management contracts with minimum guaranteed income</u>											
Belgium	2.4	3.5	(1.1)	(31)	0.5	1.2	(0.7)	(58)	73	110	(34)
Spain	2.2	2.1	0.1	5	1.1	1.0	0.1	10	172	162	6
United Kingdom	13.6	14.7	(1.1)	(8)	6.5	7.2	(0.7)	(10)	233	254	(8)
Sub-total	18.2	20.3	(2.1)	(10)	8.1	9.4	(1.3)	(14)	177	198	(11)
<u>Management contracts</u>											
Australia	6.6	1.4	5.2	n.m.	2.7	0.5	2.2	n.m.	142	168	(16)
China	15.9	18.1	(2.2)	(12)	4.9	5.3	(0.4)	(8)	85	96	(12)
Indonesia	4.2	4.4	(0.2)	(5)	1.5	1.4	0.1	7	110	116	(5)
Japan	15.1	11.9	3.2	27	8.5	6.5	2.0	31	161	135	19
Malaysia	1.6	1.7	(0.1)	(6)	0.5	0.5	–	–	84	92	(9)
Philippines	4.9	7.5	(2.6)	(35)	1.5	2.6	(1.1)	(42)	101	124	(19)
Singapore	6.4	6.5	(0.1)	(2)	2.9	2.7	0.2	7	200	203	(2)
United States of America	21.0	–	21.0	n.m.	7.5	–	7.5	n.m.	340	–	n.m.
Vietnam	9.2	9.8	(0.6)	(6)	5.1	5.3	(0.2)	(4)	85	95	(11)
Sub-total	84.9	61.3	23.6	39	35.1	24.8	10.3	42	136	114	19
Group	119.4	98.7	20.7	21	57.9	49.4	8.5	17	142	129	10

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

Both revenue and gross profit increased by AUD 0.1 million as compared to 2Q 2015 due to annual rent increment.

In SGD terms, revenue and gross profit remained at the same level as compared to 2Q 2015 due to depreciation of AUD against SGD.

France

Both revenue and gross profit remained at the same level as 2Q 2015.

In SGD terms, revenue and gross profit increased by S\$0.3 million due to appreciation of EUR against SGD.

Germany

Revenue remained at the same level as 2Q 2015. Gross profit decreased by EUR 0.1 million or 7% as compared to 2Q 2015 due to reversal of provision no longer required in 2Q 2015.

In SGD terms, revenue and gross profit remained at the same level as 2Q 2015 due to appreciation of EUR against SGD.

Japan

Revenue and gross profit decreased by JPY 54.3 million or 29% and JPY 45.1 million or 30% respectively as compared to 2Q 2015 due to the divestment of five rental housing properties on 30 September 2015.

On a same store basis (excluding the contribution from the five divested rental housing properties in 2Q 2015), revenue for 2Q 2016 was at the same level as compared to 2Q 2015. Gross profit increased by JPY 0.6 million.

In SGD terms, revenue decreased by S\$0.5 million or 24% and gross profit decreased by S\$0.4 million or 24%.

Singapore

Revenue decreased by S\$0.6 million or 25% as compared to 2Q 2015 due to weaker corporate demand. Gross profit decreased by S\$0.4 million or 20% due to lower revenue, partially offset by lower depreciation expense.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by EUR 0.9 million or 38% in 2Q 2016 as compared to 2Q 2015 due to weaker demand post terror attacks in March 2016. REVPAU decreased by 35% from EUR 74 in 2Q 2015 to EUR 48 in 2Q 2016.

Gross profit decreased by EUR 0.5 million or 63% due to lower revenue.

In SGD terms, revenue decreased by S\$1.1 million or 31% due to weaker underlying performance, partially offset by appreciation of EUR against SGD. Gross profit, in SGD terms, decreased by S\$0.7 million or 58% as compared to 2Q 2015.

Spain

Revenue and gross profit for 2Q 2016 remained at the same level as 2Q 2015.

In SGD terms, revenue and gross profit increased by S\$0.1 million due to appreciation of EUR against SGD.

United Kingdom

Revenue decreased by GBP 0.4 million or 6% in 2Q 2016 as compared to 2Q 2015 mainly due to ongoing renovation at Citadines Barbican. REVPAU decreased by 5% from GBP 124 in 2Q 2015 to GBP 118 in 2Q 2016.

Gross profit decreased by GBP 0.2 million or 6% mainly due to lower revenue, partially offset by lower provision of incentive fee.

In SGD terms, revenue decreased by S\$1.1 million or 8% due to depreciation of GBP against SGD. Gross profit, in SGD terms, decreased by S\$0.7 million or 10%.

C. Management contracts

Australia

Revenue and gross profit increased by AUD 5.2 million and AUD 2.1 million respectively as compared to 2Q 2015. The increase was mainly due to the acquisition of Citadines on Bourke Melbourne on 31 July 2015. REVPAU decreased by 13% from AUD 160 in 2Q 2015 to AUD 140 in 2Q 2016 due to lower average daily rate from the newly acquired property and weaker market demand in Perth.

Excluding the contribution from Citadines on Bourke Melbourne, both revenue and gross profit decreased by AUD 0.1 million as compared to 2Q 2015. REVPAU decreased by 8% from AUD 160 in 2Q 2015 to AUD 147 in 2Q 2016.

In SGD terms, revenue and gross profit increased by S\$5.2 million and S\$2.2 million respectively. This was mainly due to contribution from the newly acquired property.

China

Revenue decreased by RMB 6.7 million or 8% as compared to 2Q 2015 mainly due to weaker demand from project groups in the regional cities. REVPAU decreased by 8% from RMB 441 in 2Q 2015 to RMB 408 in 2Q 2016. Gross profit decreased by RMB 0.7 million or 3% due to lower revenue, partially offset by lower business tax and depreciation expense.

In SGD terms, revenue decreased by S\$2.2 million or 12% due to weaker underlying performance and depreciation of RMB against SGD. Gross profit, in SGD terms, decreased by S\$0.4 million or 8%.

Indonesia

Revenue decreased by USD 0.1 million or 3% as compared to 2Q 2015. REVPAU decreased by 6% from USD 86 in 2Q 2015 to USD 81 in 2Q 2016. Gross profit remained at the same level as 2Q 2015.

In SGD terms, revenue decreased by S\$0.2 million or 5% as compared to 2Q 2015 due to weaker underlying performance. Gross profit, in SGD terms, increased by S\$0.1 million or 7% due to appreciation of USD against SGD.

Japan

Revenue and gross profit increased by JPY 154.4 million or 14% and JPY 107.3 million or 18% respectively as compared to 2Q 2015. The increase was mainly due the acquisition of a portfolio of four rental housing properties on 31 July 2015.

Excluding the contribution in 2Q 2016 from the portfolio of four rental housing properties acquired on 31 July 2015 and the contribution in 2Q 2015 from the rental housing property divested on 30 September 2015, revenue increased by JPY 54.0 million or 5% due to stronger demand from the leisure sectors. REVPAU increased by 9% from JPY 12,070 in 2Q 2015 to JPY 13,113 in 2Q 2016. Gross profit increased by 6% as compared to 2Q 2015.

In SGD terms, revenue and gross profit increased by S\$3.2 million or 27% and S\$2.0 million or 31% respectively. The increase was mainly due to the contribution from the acquired properties, stronger underlying performance and appreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 0.1 million or 2% as compared to 2Q 2015 due to lower corporate accommodation budgets. Gross profit increased by MYR 0.3 million or 25% due to lower depreciation expense.

In SGD terms, revenue decreased by S\$0.1 million or 6% due to weaker underlying performance and depreciation of MYR against SGD. Gross profit, in SGD terms, remained at the same level as 2Q 2015.

The Philippines

Revenue decreased by PHP 79.4 million or 32% as compared to 2Q 2015 mainly due to ongoing refurbishment at Ascott Makati, reduced room inventory at Somerset Millennium and weaker demand from corporate accounts. REVPAU decreased by 16% from PHP 4,096 in 2Q 2015 to PHP 3,459 in 2Q 2016. Gross profit decreased by PHP 33.5 million or 39% due to lower revenue.

In SGD terms, revenue and gross profit decreased by S\$2.6 million or 35% and S\$1.1 million or 42% respectively. This was mainly due to weaker underlying performance and depreciation of PHP against SGD.

Singapore

Revenue decreased by S\$0.1 million or 2% in 2Q 2016 as compared to 2Q 2015. REVPAU decreased by 2% from S\$203 in 2Q 2015 to S\$200 in 2Q 2016.

Gross profit increased by S\$0.2 million or 7% due to lower property tax (arising from a one-off refund in respect of prior periods due to lower property value assessed by the Inland Revenue Authority of Singapore), partially offset by lower revenue.

The United States of America

Revenue and gross profit were USD 15.3 million (S\$21.0 million) and USD 5.4 million (S\$7.5 million) respectively in 2Q 2016. This was contributed by Element New York Times Square West acquired on 19 August 2015 and Sheraton Tribeca New York acquired on 29 April 2016.

Vietnam

Revenue decreased by VND 6.0 billion or 4% in 2Q 2016 as compared to 2Q 2015. The decrease was mainly due to ongoing renovation at Somerset Ho Chi Minh City and weaker corporate demand from the electronic and refinery sectors. REVPAU decreased by 8% from VND 1,501,000 in 2Q 2015 to VND 1,388,000 in 2Q 2016. Gross profit decreased by VND 0.4 billion due to lower revenue, partially offset by lower depreciation expense.

In SGD terms, revenue decreased by S\$0.6 million or 6% and gross profit decreased by S\$0.2 million or 4%. This was mainly due to weaker underlying performance and depreciation of VND against SGD.

8(b) Revenue and Gross Profit Analysis – YTD Jun 2016 vs. YTD Jun 2015 (Local Currency (“LC”))

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Jun 2016	YTD Jun 2015	Better/ (Worse)		YTD Jun 2016	YTD Jun 2015	Better/ (Worse)		YTD Jun 2016	YTD Jun 2015	Better/ (Worse)
		LC'm	LC'm		%	LC'm	LC'm		%	LC/day		%
Master Leases												
Australia	AUD	3.6	3.4	0.2	6	3.4	3.2	0.2	6	—	—	—
France	EUR	11.5	11.5	—	—	10.6	10.6	—	—	—	—	—
Germany	EUR	2.9	2.9	—	—	2.7	2.5	0.2	8	—	—	—
Japan	JPY	266.6	375.4	(108.8)	(29)	207.7	299.8	(92.1)	(31)	—	—	—
Singapore	S\$	4.0	4.6	(0.6)	(13)	3.6	3.7	(0.1)	(3)	—	—	—
Management contracts with minimum guaranteed income												
Belgium	EUR	3.1	4.1	(1.0)	(24)	0.6	1.0	(0.4)	(40)	49	63	(22)
Spain	EUR	2.4	2.3	0.1	4	1.1	1.0	0.1	10	93	88	6
United Kingdom	GBP	12.1	12.9	(0.8)	(6)	5.4	5.7	(0.3)	(5)	104	111	(6)
Management contracts												
Australia	AUD	13.7	2.5	11.2	n.m.	5.7	0.9	4.8	n.m.	149	152	(2)
China	RMB	151.3	153.3	(2.0)	(1)	44.1	39.1	5.0	13	404	409	(1)
Indonesia	USD	5.9	6.1	(0.2)	(3)	2.4	2.2	0.2	9	76	82	(7)
Japan	JPY	2,368.7	2,090.6	278.1	13	1,333.4	1,136.4	197.0	17	12,343	11,617	6
Malaysia	MYR	9.6	9.0	0.6	7	3.2	2.5	0.7	28	255	238	7
Philippines	PHP	361.9	499.8	(137.9)	(28)	113.5	173.0	(59.5)	(34)	3,687	4,175	(12)
Singapore	S\$	12.9	12.7	0.2	2	5.2	5.4	(0.2)	(4)	201	200	1
United States of America	USD	21.6	—	21.6	n.m.	5.9	—	5.9	n.m.	216	—	n.m.
Vietnam	VND ¹	308.9	309.5	(0.6)	—	171.5	168.1	3.4	2	1,452	1,498	(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(a) **Revenue and Gross Profit Analysis – YTD Jun 2016 vs. YTD Jun 2015 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Jun 2016	YTD Jun 2015	Better/ (Worse)		YTD Jun 2016	YTD Jun 2015	Better/ (Worse)		YTD Jun 2016	YTD Jun 2015	Better/ (Worse)
	S\$m		S\$m	%	S\$m		S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	3.6	3.6	–	–	3.4	3.4	–	–	–	–	–
France	17.7	17.5	0.2	1	16.3	16.1	0.2	1	–	–	–
Germany	4.5	4.5	–	–	4.1	3.7	0.4	11	–	–	–
Japan	3.2	4.2	(1.0)	(24)	2.5	3.4	(0.9)	(27)	–	–	–
Singapore	4.0	4.6	(0.6)	(13)	3.6	3.7	(0.1)	(3)	–	–	–
Sub-total	33.0	34.4	(1.4)	(4)	29.9	30.3	(0.4)	(1)	–	–	–
Management contracts with minimum guaranteed income											
Belgium	4.8	6.1	(1.3)	(21)	0.9	1.6	(0.7)	(44)	75	95	(21)
Spain	3.7	3.4	0.3	9	1.6	1.5	0.1	7	143	133	8
United Kingdom	24.4	26.3	(1.9)	(7)	10.8	11.8	(1.0)	(9)	209	228	(8)
Sub-total	32.9	35.8	(2.9)	(8)	13.3	14.9	(1.6)	(11)	160	175	(9)
Management contracts											
Australia	13.8	2.6	11.2	n.m.	5.8	0.9	4.9	n.m.	152	161	(6)
China	32.2	33.4	(1.2)	(4)	9.4	8.5	0.9	11	86	89	(3)
Indonesia	8.2	8.3	(0.1)	(1)	3.3	3.0	0.3	10	106	110	(4)
Japan	28.9	23.5	5.4	23	16.3	12.7	3.6	28	150	130	15
Malaysia	3.2	3.3	(0.1)	(3)	1.1	1.0	0.1	10	86	89	(3)
Philippines	10.7	15.2	(4.5)	(30)	3.3	5.2	(1.9)	(37)	109	126	(14)
Singapore	12.9	12.7	0.2	2	5.2	5.4	(0.2)	(4)	201	200	1
United States of America	30.0	–	30.0	n.m.	8.2	–	8.2	n.m.	300	–	n.m.
Vietnam	19.1	19.5	(0.4)	(2)	10.6	10.6	–	–	90	94	(4)
Sub-total	159.0	118.5	40.5	34	63.2	47.3	15.9	34	129	110	17
Group	224.9	188.7	36.2	19	106.4	92.5	13.9	15	134	122	10

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

For the six months ended 30 June 2016 (“YTD Jun 2016”), revenue increased by S\$36.2 million or 19% as compared to the corresponding period last year (“YTD Jun 2015”). The increase in revenue was mainly due to additional contribution of S\$44.3 million from the 2015 Acquisitions and 2016 Acquisition. The increase was partially offset by decrease in revenue of S\$1.7 million from the divestment of six rental housing properties in 3Q 2015 and decrease in revenue of S\$6.4 million from the existing properties.

On a same store basis, YTD Jun 2016 revenue decreased by S\$6.4 million mainly due to lower revenue from United Kingdom and Philippines (arising from ongoing renovation).

REVPAU increased from S\$122 in YTD Jun 2015 to S\$134 in YTD Jun 2016. On a same store basis, excluding the 2015 Acquisitions and 2016 Acquisition, REVPAU decreased by 5%.

In line with the increase in revenue, gross profit for YTD Jun 2016 increased by S\$13.9 million or 15% as compared to YTD Jun 2015. On a same store basis, gross profit decreased by S\$0.3 million mainly due to lower revenue, partially offset by lower depreciation expense.

(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 2016, 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 approach 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 due to the ongoing strata sale. The valuation method used is consistent with that used for the 31 December 2015 valuation.

The Group's portfolio (including assets held for sale) was revalued at S\$4,562.6 million, resulting in a surplus of S\$36.3 million which was recognised in the Consolidated Statement of Total Return in 2Q 2016. The surplus resulted mainly from higher valuation of the Group's properties in Japan, Spain, United Kingdom, United States of America, partially offset by lower valuation from properties in Malaysia, Indonesia and Singapore. The net impact on the Consolidated Statement of Total Return was S\$26.2 million (net of tax and non-controlling interests).

9. OUTLOOK AND PROSPECTS

On 23 June 2016, UK voted to leave European Union and this outcome has led to uncertainties and weak business sentiments, which is expected to impact business travel as corporates evaluate their options. The silver lining to the impact from Brexit will be the potential boost to leisure travel due to the weaker GBP, providing support for accommodation demand. As at 2Q 2016, Ascott REIT's properties in UK which are located in London made up 10.4% of total assets. These properties are underpinned by management contracts with minimum guaranteed income which provides a downside protection to the operating income. Notwithstanding that about 10.2% of Ascott REIT's YTD June 2016 gross profit is contributed by GBP, the impact due to the depreciation of GBP is mitigated by Ascott REIT's well-diversified portfolio over 14 countries in Asia Pacific, Europe and the United States of America.

In April 2016, we completed the acquisition of our second US property, Sheraton Tribeca New York Hotel. Including Ascott Orchard Singapore which Ascott REIT has entered into a forward contract to acquire the property, Ascott REIT's total assets would have reached S\$5.3 billion. The Group remains on the look out for accretive opportunities in the key gateway cities of Australia, Japan, Europe and United States of America.

The final phase of refurbishment at Somerset Xu Hui Shanghai was completed in June 2016 and the first phase of renovation at Ascott Makati is on track for completion this year. We expect to complete the refurbishment at Citadines Barbican London and Somerset Ho Chi Minh City in 2017. The Group will continue to refurbish Ascott REIT's properties to enhance guest experience and maximise returns to Unitholders.

On the capital management front, the Group continues to maintain a disciplined and prudent capital management approach. As at 30 June 2016, the loans that are coming due in FY 2016 have been substantially refinanced. Ascott REIT continues to maintain a strong balance sheet, with 80% of its total borrowings on fixed interest rates to hedge against the rising interest rate.

To date, all of the units in Fortune Garden Apartments have been sold or have letter of intent signed. Part of the proceeds from the divestment that has been remitted back to Singapore was deployed to repay bank loans. The remaining proceeds from the sale is expected to be remitted back to Singapore in due course.

Going forward, the slow-paced global economic recovery, coupled with the uncertainties associated with the formalisation of Brexit and security concerns, is likely to weigh on the global growth outlook. Notwithstanding, the performance of the properties in Europe is expected to remain stable as the properties in France are primarily underpinned by master leases and properties in Belgium and Spain are underpinned by management contracts with minimum guaranteed income. We are confident that Ascott REIT with its diversified portfolio and extended-stay business model will continue to deliver stable income and returns to its Unitholders. The Group's operating performance for FY 2016 should remain profitable.

10. **DISTRIBUTIONS**

An equity placement exercise was completed, where 94,787,000 new units were issued on 23 March 2016. Ascott Reit paid, in lieu of the scheduled semi-distribution, an advanced distribution of 1.585 cents per Unit for the period from 1 January 2016 to 22 March 2016 (prior to the date on which the placement units are issued).

10(a) **Current financial period**

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 23 March 2016 to 30 June 2016

Type	Distribution Rate (cents)
Taxable Income	0.297
Tax Exempt	0.365
Capital	1.628
Total	2.290

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 2015 to 30 June 2015

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

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 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(c) Book closure date : 28 July 2016

10(d) Date payable : 24 August 2016

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 720(1) of the Listing Manual**

The Manager confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

13. 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 2016, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the six months ended 30 June 2016, 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
20 July 2016