



(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 January 2006)

In response to the Singapore Exchange Securities Trading Limited's (SGX-ST) queries via email on 28 July 2006, the Board of Directors of Ascott Residence Trust Management Limited (the "Company") wishes to provide the following additional information in relation to the Financial Statements of Ascott Residence Trust released on 24 July 2006:

**SGX Query:**

We note that there is an increase in non cash current assets due to increase in trade receivables. Trade receivables have increased from \$4.47 million to \$14.43 million during the half year period. Please explain the increase in trade receivables and whether the Trust foresees any problems with the collectability of these trade receivables. Provide basis for your views.

**The Company's response:-**

Trade receivables have increased from S\$4.47 million as at 31 December 2005 to S\$14.43 million as at 30 June 2006. This was mainly due to:

- a) S\$6.3 million owed by Hua Xin Residences Pte Ltd ("Hua Xin"), the previous owner of Somerset Grand Fortune Garden Property ("SFG Property") to Somerset FG Pte Ltd, current owner of SFG Property and a subsidiary of Ascott Residence Trust ("ART"), for payment on behalf of Hua Xin to the developer of SFG Property to secure the title deed of the property.

There is no collectability issue as Hua Xin is a wholly-owned subsidiary of The Ascott Group Limited, the Sponsor of ART. The debt will be repaid in 3Q 2006.

- b) trade receivables amounting to S\$1.9 million which relate to the two Singapore properties as at 30 June 2006. The trade receivables resulted from operational activities for the months March 2006 to June 2006.

The Pro Forma consolidated balance sheet as at 31 December 2005 was done on the basis that the Pro Forma Group had purchased the properties on 31 December 2005 without taking over any trade receivables that relate to the two Singapore properties, hence a zero balance.

S\$1 million of these debts has since been collected and we do not foresee any problem in collecting the remaining S\$0.9 million.

In relation to the preferential offering by The Ascott Group Limited of units in Ascott Residence Trust, J.P. Morgan (S.E.A.) Limited acted as the Joint Financial Advisor, Sole Global Coordinator and Sole Lead Underwriter.

By Order of the Board

Ascott Residence Trust Management Limited  
(Company Registration No: 200516209Z)  
As manager of the Ascott Residence Trust

Doreen Nah  
Company Secretary  
Singapore, 1 August 2006