FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Ascott Residence Trust ("Trust") held by it or through its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Ascott Residence Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 January 2006 (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of the Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the period covered by these financial statements, set out on pages 5 to 45 comprising the Balance Sheets, Statements of Total Return, Portfolio Statements, Consolidated Cash Flow Statement and Notes to the Financial Statements of the Group and of the Trust, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jean Wang Mei Wah
Director

Singapore

22 February 2007

STATEMENT BY THE MANAGER

In the opinion of the directors of Ascott Residence Trust Management Limited, the accompanying financial statements set out on pages 5 to 45 comprising the Balance Sheets, Statements of Total Return, Portfolio Statements, Consolidated Cash Flow Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2006, the total return of the Group and the Trust and cash flows of the Group for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Ascott Residence Trust Management Limited

Ong Ah Luan Cameron
Director

Singapore

22 February 2007

AUDITORS' REPORT TO THE UNITHOLDERS OF ASCOTT RESIDENCE TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the accompanying financial statements of Ascott Residence Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the balance sheets and portfolio statements of the Group and the Trust as at 31 December 2006, the statements of total return of the Group and the Trust and the cash flow statement of the Group for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 45.

MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trust's Manager as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group, the balance sheet, portfolio statement and statement of total return of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2006, the total return of the Group and the Trust and cash flows of the Group for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

KPMG
Certified Public Accountants

Singapore

22 February 2007

BALANCE SHEETS

As at 31 December 2006

	Note	Group $'000	Trust $'000
Non-current assets			
Serviced residence properties	3	982,567	288,278
Plant and equipment	4	13,069	3,640
Subsidiaries	5	–	90,326
Associate	6	9,558	–
Deferred tax assets	7	4,284	–
		1,009,478	382,244
Current assets			
Inventories		231	–
Trade and other receivables	8	31,682	401,025
Cash and cash equivalents	9	36,267	12,714
		68,180	413,739
Total assets		1,077,658	795,983
Non-current liabilities			
Financial liabilities	10	291,548	122,399
Deferred tax liabilities	7	3,474	–
Minority interests		53,175	–
Net assets attributable to unitholders	11	661,812	642,674
		1,010,009	765,073
Current liabilities			
Financial liabilities	10	7,342	3,598
Trade and other payables	12	58,839	27,047
Provision for taxation		1,468	265
		67,649	30,910
Total liabilities		1,077,658	795,983

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

For the financial period from 19 January 2006 (date of establishment) to 31 December 2006

	Note	Group $'000	Trust $'000
Gross revenue	14	89,811	20,349
Direct expenses	15	(47,181)	(11,117)
Gross profit		42,630	9,232
Finance income		422	2,858
Other income		1,042	6,885
Manager's management fees	16	(3,714)	(3,714)
Audit fees		(294)	(85)
Finance costs		(10,610)	(5,321)
Professional fees		(333)	(196)
Trustee's fees		(127)	(127)
Foreign exchange gain/(loss) – realised		21	(43)
Foreign exchange loss – unrealised		(1,539)	(3,563)
Other operating expenses		(319)	(51)
Net income before share of profit of associate		27,179	5,875
Share of profit of associate (net of tax)		152	–
Net income		27,331	5,875
Net change in value of serviced residence properties		17,552	10,232
Net change in fair value of financial derivative		(5,408)	(5,408)
Net gains on value of serviced residence properties and financial derivative		12,144	4,824
Total return for the period before tax		39,475	10,699
Income tax expense	17	(6,114)	(693)
Total return for the period after tax		33,361	10,006
Minority interests		(6,281)	–
Total return for the period attributable to unitholders before distribution		27,080	10,006
Distribution to unitholders from operations	18	(929)	(929)
Total return for the period attributable to unitholders after distribution		26,151	9,077
Earnings per unit (cents)	19		
Basic		5.78	2.14
Diluted		5.78	2.14

The accompanying notes form an integral part of these financial statements.

Reconciliation from Total Return for the Period Attributable to Unitholders to Total Unitholders' Distribution
For the financial period from 19 January 2006 (date of establishment) to 31 December 2006

	Note	Group $'000	Trust $'000
Total return for the period attributable to unitholders from statement of total return		27,080	10,006
Net effect of non-tax deductible/(non-taxable) items and other adjustments	A	(2,503)	14,571
Total unitholders' distribution		24,577	24,577
Unitholders' distribution:			
– from operations		9,879	9,879
– from unitholders' contributions		14,698	14,698
Total unitholders' distribution	B	24,577	24,577

Note A – Net effect of non-tax deductible/(non-taxable) items and other adjustments

	Group $'000	Trust $'000
Non-tax deductible/(non-taxable) items and other adjustments:		
– Net change in fair value of financial derivative	5,408	5,408
– Net change in value of serviced residence properties	(14,066)	(10,232)
– Depreciation	2,699	816
– Manager's fees paid in Units	1,857	547
– Trustee's fees	54	54
– Unrealised exchange loss	1,539	3,563
– Other items	6	(283)
Net overseas income* not distributed to the Trust	–	14,698
Net effect of non-tax deductible/(non-taxable) items and other adjustments	(2,503)	14,571

* Net overseas income as defined in Summary of Significant Accounting Policies (see note 2.12).

Note B – Total unitholders' distribution

	Group and Trust $'000
Distribution for the period:	
– from 19 January 2006 to 30 March 2006	1,916
– from 31 March 2006 to 30 June 2006	7,764
– from 1 July 2006 to 31 December 2006	14,897
	24,577

Distributions for the period from 19 January 2006 to 30 June 2006 have been paid during the period (see Note 18). Distributions for the period from 1 July 2006 to 31 December 2006 will be paid within 60 days of the end of the distribution period, in accordance to the provisions of the Trust Deed.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2006

By Geography

Description of Property	Acquisition Date	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	At Cost/ Valuation at 31/12/2006 $'000	Percentage of Net Assets Attributable to Unitholders at 31/12/2006 %
Group							
Serviced residence properties							
Singapore							
Somerset Liang Court Property, Singapore (1)	01/03/2006	Leasehold	97 years	71 years	177B River Valley Road Singapore 179032	129,879	19.6
Somerset Grand Cairnhill, Singapore (2)	01/03/2006	Leasehold	99 years	76 years	15 Cairnhill Road Singapore 229650	158,399	24.0
Indonesia							
Ascott Jakarta (3)	01/03/2006	Leasehold	27 years	18 years	Jalan Kebon Kacang Raya 2 Central Jakarta 10230	40,592	6.1
Somerset Grand Citra, Jakarta (4)	01/03/2006	Leasehold	30 years	18 years	JL. Prof Dr Satrio Kav 1, Kuningan Jakarta 12940	53,518	8.1
Country Woods, Jakarta* (3)	01/03/2006	Leasehold	20 years	19 years	JL W.R. Supratman Pondok Ranji Ciputat Tangerang, Banten, Jakarta 15412	27,725	4.2
People's Republic of China							
Ascott Beijing (5)	01/03/2006	Leasehold	70 years	60 years	108B Jianguo Road, Chao Yang District, Beijing 100022	204,354	30.9
Somerset Grand Fortune Garden Property, Beijing (4)	01/03/2006	Leasehold	70 years	62 years	46 Liang Ma Qiao Road, Chao Yang District, Beijing 100016	50,486	7.6
Somerset Xu Hui, Shanghai (4)	01/03/2006	Leasehold	70 years	60 years	888 Shanxinan Road, Xu Hui District, Shanghai 200031	44,206	6.7
Balance carried forward						709,159	107.2

* Included in the valuation of Country Woods, Jakarta as at 31 December 2006 is an amount of $3,938,000 relating to renovation of the property at cost.

The accompanying notes form an integral part of these financial statements.

Description of Property	Acquisition Date	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	At Cost/ Valuation at 31/12/2006 $'000	Percentage of Net Assets Attributable to Unitholders at 31/12/2006 %
Balance brought forward						709,159	107.2
Somerset Olympic Tower Property, Tianjin (6)	03/10/2006	Leasehold	70 years	56 years	126 Chengdu Dao, Heping District Tianjin 300051	77,517	11.7
The Philippines							
Somerset Millennium, Makati (4)	01/03/2006	Freehold	Not applicable	Not applicable	104 Aguirre Street Legaspi Village Makati City 1229	13,450	2.0
Somerset Salcedo Property, Makati (4)	01/03/2006	Freehold	Not applicable	Not applicable	H. V. Dela Costa Corner L. P. Leviste Street Salcedo Village Makati City 1227	13,601	2.1
Vietnam							
Somerset Ho Chi Minh City (3)	01/03/2006	Leasehold	45 years	26 years	8A Nguyen Binh Khiem Street District 1, Ho Chi Minh City	66,330	10.0
Somerset Grand Hanoi (4)	01/03/2006	Leasehold	45 years	32 years	49 Hai Ba Trung Street, Hoan Kiem District, Hanoi	102,510	15.5
Portfolio of serviced residence properties						982,567	148.5
Other net assets and liabilities (net)						(320,755)	(48.5)
Net Assets Attributable to Unitholders						661,812	100.0

No secondary segment has been presented as the Group invests predominantly in serviced residence properties.

The Group holds a beneficiary interest of 40% in a property in Japan, Somerset Roppongi, Tokyo, through a subsidiary company which holds an effective interest of 40% in an associate (see Note 6).

Somerset Liang Court Property, Singapore, Somerset Grand Cairnhill, Singapore, Somerset Olympic Tower Property, Tianjin, Somerset Grand Hanoi and Somerset Ho Chi Minh City are pledged as security to banks for banking facilities granted to certain subsidiaries (see Note 10).

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2006

Description of Property	Acquisition Date	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	At Cost/ Valuation at 31/12/2006 $'000	Percentage of Net Assets Attributable to Unitholders at 31/12/2006 %
Trust							
Serviced residence properties							
Singapore							
Somerset Liang Court Property, Singapore [(1)]	01/03/2006	Leasehold	97 years	71 years	177B River Valley Road, Singapore 179032	129,879	20.2
Somerset Grand Cairnhill, Singapore [(2)]	01/03/2006	Leasehold	99 years	76 years	15 Cairnhill Road, Singapore 229650	158,399	24.6
Portfolio of serviced residence properties						288,278	44.8
Other net assets and liabilities (net)						354,396	55.2
Net Assets Attributable to Unitholders						642,674	100.0

No secondary segment has been presented as the Trust invests predominantly in serviced residence properties.

Somerset Liang Court Property, Singapore and Somerset Grand Cairnhill, Singapore are pledged as security to banks for banking facilities granted to the Trust and a subsidiary (see Note 10).

Notes:

(1) Somerset Liang Court Property, Singapore was acquired from Somerset Investments Pte Ltd, a related corporation of the Manager, on 1 March 2006.

(2) Somerset Grand Cairnhill, Singapore was acquired from Cairnhill Place (1999) Limited, a related corporation of the Manager, on 1 March 2006.

(3) The Group acquired the serviced residence property holding companies of Ascott Jakarta, Country Woods, Jakarta, Somerset Ho Chi Minh City from The Ascott Group Limited, the immediate holding corporation of the Manager, on 1 March 2006.

(4) The Group acquired the serviced residence property holding companies of Somerset Grand Citra, Jakarta, Somerset Grand Fortune Garden Property, Beijing, Somerset Xu Hui, Shanghai, Somerset Millennium, Makati, Somerset Salcedo Property, Makati and Somerset Grand Hanoi from The Ascott Holdings Limited, a related corporation of the Manager, on 1 March 2006.

(5) The Group acquired the serviced residence property company Ascott Beijing from The Ascott Hospitality Holdings Pte Ltd, a related corporation of the Manager, on 1 March 2006.

(6) The Group acquired the serviced residence property company Somerset Olympic Tower Property, Tianjin from Realand Pte Ltd and Consco (Tianjin) Investments Ltd, on 3 October 2006.

The accompanying notes form an integral part of these financial statements.

On 1 March 2006, the Trust acquired serviced residence properties, Somerset Liang Court Property, Singapore and Somerset Grand Cairnhill, Singapore for a consideration of $127,500,000 and $154,650,000 respectively.

On 1 March 2006, the Trust acquired serviced residence property holding companies of Ascott Jakarta, Somerset Grand Citra, Jakarta, Country Woods, Jakarta, Ascott Beijing, Somerset Grand Fortune Garden Property, Beijing, Somerset Xu Hui, Shanghai, Somerset Ho Chi Minh City and Somerset Grand Hanoi for a consideration of $41,673,000, $36,048,000, $24,395,000, $106,299,000, $26,771,000, $25,934,000, $39,129,000 and $50,215,000 respectively. On the same date, the Trust acquired the serviced residence property holding company of Somerset Millennium, Makati and Somerset Salcedo Property, Makati for a total consideration of $29,869,000.

On 3 October 2006, the Trust acquired the serviced residence property holding company of Somerset Olympic Tower, Tianjin for a consideration of $38,203,000.

On 30 November 2006, valuations for the serviced residence properties were undertaken by HVS International. The Manager believes that the independent valuer has appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations include plant and equipment located in the serviced residence properties and were based on the discounted cash flow approach. The valuations adopted after adjusting for values ascribed to plant and equipment and capital expenditure incurred on the properties subsequent to the date of valuation were $129,879,000, $158,399,000, $40,592,000, $53,518,000, $27,725,000, $204,354,000, $50,486,000, $44,206,000, $77,517,000, $13,450,000, $13,601,000, $66,330,000 and $102,510,000 for Somerset Liang Court Property, Singapore, Somerset Grand Cairnhill, Singapore, Ascott Jakarta, Somerset Grand Citra, Jakarta, Country Woods, Jakarta, Ascott Beijing, Somerset Grand Fortune Garden Property, Beijing, Somerset Xu Hui, Shanghai, Somerset Olympic Tower Property, Tianjin, Somerset Millennium, Makati, Somerset Salcedo Property, Makati, Somerset Ho Chi Minh City and Somerset Grand Hanoi respectively.

Capital expenditure incurred on the serviced residence properties subsequent to the date of valuation are stated at cost.

Serviced residence properties comprise serviced residences and rental housing that are leased to related and external parties. Generally, the periods of leases range from one day to two years.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial period from 19 January 2006 (date of establishment) to 31 December 2006

	Note	Group $'000
Operating activities		
Total return for the period before tax		39,475
Adjustments for:		
Depreciation of plant and equipment		2,989
Gain on disposal of plant and equipment		(5)
Finance costs		10,610
Foreign exchange loss – unrealised		1,539
Net change in fair value of financial derivative		5,408
Finance income		(422)
Net change in value of serviced residence properties		(17,552)
Share of profit of associate		(152)
Operating income before working capital changes		41,890
Changes in working capital:		
Inventories		26
Trade and other payables		(11,167)
Trade and other receivables		(15,100)
Cash generated from operations		15,649
Income tax paid		(5,470)
Cash flows from operating activities		10,179
Investing activities		
Acquisition of subsidiaries, net of cash acquired	A	(22,377)
Acquisition of serviced residence properties, net of cash acquired	B	(63,152)
Capital expenditure on serviced residence properties		(8,986)
Interest received		2,822
Proceeds from sale of plant and equipment		23
Purchase of plant and equipment		(2,607)
Cash flows from investing activities		(94,277)
Balance carried forward		(84,098)

The accompanying notes form an integral part of these financial statements.

	Group $'000
Balance brought forward	(84,098)
Financing activities	
Distribution to unitholders	(9,680)
Dividend paid to minority shareholders	(1,395)
Interest paid	(9,622)
Payment of issue expenses	(6,082)
Proceeds from borrowings	119,235
Proceeds from issue of new Units	49,127
Repayment of borrowings	(21,218)
Cash flows from financing activities	120,365
Net increase in cash and cash equivalents	36,267
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at end of the period	36,267

Notes:

(A) Acquisition of Subsidiaries

The effect of acquisitions of subsidiaries is set out below:

	$'000
Serviced residence properties	683,026
Plant and equipment	9,427
Associate	9,071
Deferred tax assets	1,466
Inventories	262
Trade and other receivables	19,039
Cash and bank balances (net of bank overdraft)	10,867
Trade and other payables	(71,241)
Bank loans	(196,259)
Deferred income	(98)
Provision for taxation	(2,460)
Deferred tax liabilities	(156)
Minority interests	(49,366)
Net identifiable assets acquired	413,578
Purchase consideration	413,578
Less: Consideration Units issued	(380,334)
Cash consideration paid	33,244
Cash acquired	(10,867)
Net cash outflow	22,377

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial period from 19 January 2006 (date of establishment) to 31 December 2006

Notes:

(B) Acquisition of serviced residence properties

The effect of acquisition of serviced residence properties is set out below:

	$'000
Serviced residence properties (including acquisition charges)	278,046
Plant and equipment	4,075
Net identifiable assets acquired	282,121
Purchase consideration paid in Units	(218,969)
Cash consideration paid	63,152
Cash acquired	–
Net cash outflow	63,152

(C) Significant Non-Cash Transactions

During the financial period, there were the following significant non-cash transactions:

(i) On 1 March 2006, the Trust issued 454,000,000 new Units at an issue price of $1.32 per unit, amounting to approximately $599 million, in satisfaction of the purchase consideration of the serviced residence property holding companies acquired and partial consideration of Singapore serviced residence properties acquired.

(ii) On 15 September 2006, the Trust issued 638,579 new Units at an issue price of $1.14 per unit in payment of 50% of the Manager's base fee.

(iii) On 25 September 2006, the Trust issued 44,000,000 new Units at an issue price of $1.10 per unit in satisfaction of the purchase consideration for the acquisition of Smooth Runner Co., Ltd and Somerset Roppongi (Japan) Pte Ltd.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 22 February 2007.

1 GENERAL

Ascott Residence Trust (the "Trust") is a Singapore-domiciled unit trust established pursuant to the trust deed dated 19 January 2006 (the "Trust Deed") between Ascott Residence Trust Management Limited (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 31 March 2006 and was included under the Central Provident Fund ("CPF") Investment Scheme on 31 March 2006.

The periods from 19 January 2006 (date of establishment) to 30 March 2006 and from 31 March 2006 to 31 December 2006 are referred to respectively as the Private Trust Period and the Public Trust Period.

The principal activities of the Trust are those relating to investment in real estate and real estate related assets which are income-producing and which are used or predominantly used, as serviced residences or rental housing properties in the Asia-Pacific region, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

The principal activities of the subsidiaries are those of investment holding of serviced residence properties.

The Group has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures for these services are as follows:

(i) Trustee's Fees

Pursuant to the Trust Deed, the Trustee's fee is charged on a scaled basis of up to 0.021% per annum of the property values, subject to a minimum of $10,000 per month and a maximum of 0.1% per annum of the property values excluding out-of-pocket expenses and GST which is borne by the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed. The Trustee's fees are payable monthly in arrears.

(ii) Manager's Fees

Management Fees

The Manager is entitled to receive the following management fees:

(a) a base fee of 0.3% per annum of the value of the assets of the Group ("Deposited Property") and;

1 GENERAL (Cont'd)

(ii) Manager's Fees (Cont'd)

Management Fees (Cont'd)

(b) an annual performance fee of:
- base performance fee of 4.0% per annum of the Group's share of gross profit for each financial year; and
- in the event that the Group's share of gross profit increases by more than 6.0% annually, an additional outperformance fee of 1.0% of the difference between the Group's share of that financial year's gross profit and 106% of the Group's share of the preceding year's gross profit.

The management fees payable to the Manager will be satisfied in the form of 50% cash and 50% Units for the financial period ended 2006 and financial year ending 2007. Changes to the subsequent satisfaction of management fees, if any, will be announced. The portion of management fees payable in cash shall be payable monthly in arrears and the portion of the management fees payable in the form of Units shall be payable quarterly in arrears. When management fees are payable in Units, the issue prices will be determined based on the volume weighted average traded price per unit for all trades done on SGX-ST in the ordinary course of trading for 5 business days immediately preceding the respective date of issue of the new units, or where the Manager believes such market price is not a fair reflection of the market price of a Unit, such amount as determined by the Trustee at its discretion (after consultation with a stockbroker appointed by the Trustee) upon request by the Manager to review the market price of a Unit, as being the fair market price of a Unit.

Acquisition Fee

The Manager is entitled to receive the following acquisition fees:

(a) an acquisition fee of 1% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by the Trust, prorated if applicable to the proportion of the Trust's interest; and

(b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property, provided that the Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

Where assets acquired by the Trust are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by the Trust and where the asset acquired by the Trust is a property, Enterprise Value shall mean the value of the property.

The acquisition fee is payable as soon as practicable after the completion of the relevant acquisition. The Manager may opt to receive such acquisition fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the acquisition fee will be issued at an issue price computed on a similar basis as management fees.

In relation to the twelve properties acquired on 1 March 2006, no acquisition fee was payable. In the event that the Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Units to be issued by the Trust at the market price.

1 GENERAL (Cont'd)

(ii) Manager's Fees (Cont'd)

Divestment Fee

The Manager is entitled to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by the Trust, prorated if applicable to the proportion of the Trust's interest.

The divestment fee is payable to the Manager in the form of cash and as soon as practicable after completion of the relevant divestment. In the event that the Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Units to be issued by the Trust at the market price.

(c) Fees Under Serviced Residence Management Agreements

Each property is charged basic management fees of between 2.0% and 3.0% per annum of the total revenue of each property and incentive management fees of between 5.0% and 10.0% per annum of gross operating profit of each property in respect of property management services. The serviced residence management fee for each property is agreed between the Group and the relevant serviced residence management company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (RAP) 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial statements have been prepared on the historical cost basis, except for serviced residence properties and certain financial instruments which are stated at fair value.

The financial statements are presented in Singapore dollars which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – valuation of serviced residence properties
- Note 23 – valuation of financial instruments

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The accounting policies set out below have been applied consistently by the Group.

2.2 Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Trust.

2.3 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group's acquisition of subsidiaries are primarily accounted for as acquisitions of assets as the subsidiaries are special purpose vehicles established for the sole purpose of holding assets.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associate by the Trust

Investments in subsidiaries and associate are stated in the Trust's balance sheet at cost less accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of total return, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and financial liabilities designated as hedges of the net investment in a foreign operation (see note 2.7).

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Trust's net investment in a foreign operation are recognised in the Trust's statement of total return. Such exchange differences are reclassified to net assets attributable to unitholders in the consolidated financial statements. When the net investment is disposed of, the cumulative amount in net assets attributable to unitholders is transferred to the statement of total return as an adjustment to total return arising on disposal.

Foreign operations

Assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. Income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in net assets attributable to unitholders, when a foreign operation is disposed of, in part or in full, the relevant amount is transferred to the statement of total return.

2.5 Serviced residence properties

Serviced residence properties are accounted for as non-current assets and are stated at initial cost on acquisition which includes expenditure that is directly attributable to the acquisition of the properties, and at valuation thereafter. Valuation is determined in accordance with the Trust Deed, which requires the serviced residence properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the CIS Code issued by MAS; and
- at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Acquisition of serviced residence properties are accounted for by the Group and Trust as acquisition of assets.

Any increase or decrease on revaluation is credited or charged to the statement of total return as a net change in the value of the serviced residence properties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Serviced residence properties (Cont'd)

Subsequent expenditure relating to serviced residence properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When a serviced residence property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Serviced residence properties are not depreciated. The properties are subject to continual maintenance and regularly revalued on the basis set out above.

2.6 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

Assets under construction are not depreciated. Depreciation on other plant and equipment is recognised in the statement of total return on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of plant and equipment.

The estimated useful lives are as follows:

Renovation	–	8 to 10 years
Motor vehicles	–	5 years
Office equipment, computer and furniture	–	3 to 8 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the statement of total return on the date of retirement or disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through total return, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value through total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the statement of total return.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the Trust's statement of total return. On consolidation, such differences are recognised directly in net assets attributable to unitholders, as foreign currency translation attributable to unitholders to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the cumulative amount in net assets attributable to unitholders arising from foreign currency translation attributable to that investment is transferred to the statement of total return as an adjustment to total return on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Financial instruments (Cont'd)

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of total return.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of total return.

Intra-group financial guarantees

Financial guarantees are classified as financial liabilities.

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the statement of total return.

Net assets attributable to unitholders

Net assets attributable to unitholders represent the unitholders' residual interest in the Group's net assets upon termination.

Expenses incurred in the issuance and placement of Units in the Group are deducted directly against net assets attributable to unitholders.

2.8 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than serviced residence property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Impairment – non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of total return unless it reverses a previous revaluation, credited to net assets attributable to unitholders, in which case it is charged to net assets attributable to unitholders. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Inventories

Inventories comprise principally food and beverage and other serviced residence and rental property related consumable stocks. Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

2.10 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of total return as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

Hospitality income

Revenue from hotel operations is recognised on an accrual basis, upon rendering of the relevant services. Services rendered include provision of business centres and laundry facilities, and sale of food and beverages.

Interest income

Interest income from bank deposits is recognised on a time-apportioned basis.

2.12 Income tax expense

Taxation on the returns for the period comprises current and deferred tax. Income tax is recognised in the statement of total return except to the extent that it relates to items directly related to net assets attributable to unitholders, in which case it is recognised in net assets attributable to unitholders.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are distributed free of tax deducted at source to individual Unitholders and qualifying Unitholders. Qualifying Unitholders are companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from the Trust, and bodies of persons registered or constituted in Singapore. This treatment is known as the tax transparency treatment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Income tax expense (Cont'd)

The Trustee will deduct tax at the reduced rate of 10% from distributions made out of the Trust's taxable income during the period from establishment to 17 February 2010, that is not taxed at the Trust's level to beneficial Unitholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes, and does not have a permanent establishment in Singapore. Where the non-individual investor carries on any operation in Singapore through a permanent establishment in Singapore, the funds used by that person to acquire the Units cannot be obtained from that operation to qualify for the reduced tax rate.

For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

Distribution policy

The Trust has a distribution policy where it is required to distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains, and net overseas income. However, the Trust will distribute 100% of its taxable income and net overseas income for the period from 31 March 2006 to 31 December 2006 and for the financial year ending 31 December 2007. Thereafter, the Trust will distribute at least 90% of its taxable income and net overseas income, with the actual level of distribution to be determined at the Manager's discretion.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation derived by the Trust from its properties located outside Singapore.

Distributions are made 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. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

2.13 Expenses

Direct expenses

Direct expenses consist of serviced residence management fees, property taxes and other property outgoings in relation to serviced residence properties where such expenses are the responsibility of the Group.

Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1(ii).

Trustee's fees

The Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(i).

2.14 Finance costs

Interest expenses are recognised in the period in which they are incurred, on an accrual basis. Expenses incurred in connection with the arrangement of debt securities are recognised in the statement of total return on an effective interest basis over the period for which the debt securities are granted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

3 SERVICED RESIDENCE PROPERTIES

	Group $'000	Trust $'000
Acquisition of serviced residence properties and related costs	961,072	278,046
Capital expenditure capitalised	8,986	–
Net change in value of serviced residence properties	17,552	10,232
Translation difference	(5,043)	–
At 31 December 2006	982,567	288,278

Certain serviced residence properties of the Group with a total carrying value of $534,635,000 are pledged as security to banks for banking facilities granted to certain subsidiaries (see Note 10).

The serviced residence properties of the Trust with a total carrying value of $288,278,000 are pledged as security to banks for banking facilities granted to the Trust and a subsidiary (see Note 10).

Serviced residence properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market condition.

4 PLANT AND EQUIPMENT

	Renovation $'000	Motor Vehicles $'000	Office equipment, computer and furniture $'000	Assets under construction $'000	Total $'000
Group					
Cost					
Acquisition of subsidiaries	666	289	8,472	–	9,427
Additions	250	50	5,748	634	6,682
Disposals	–	–	(349)	–	(349)
Translation adjustments	(3)	(18)	(721)	(8)	(750)
At 31 December 2006	913	321	13,150	626	15,010
Accumulated depreciation					
Charge for the period	128	100	2,761	–	2,989
Disposals	–	–	(331)	–	(331)
Translation adjustments	(2)	(16)	(699)	–	(717)
At 31 December 2006	126	84	1,731	–	1,941
Carrying amount					
At 31 December 2006	787	237	11,419	626	13,069

	Office equipment, computer and furniture $'000
Trust	
Cost	
Additions	4,456
At 31 December 2006	4,456
Accumulated depreciation	
Charge for the period	816
At 31 December 2006	816
Carrying amount	
At 31 December 2006	3,640

5 SUBSIDIARIES

	Trust $'000
Unquoted equity shares, at cost	90,326

Details of the subsidiaries are as follows:

	Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group %
	Direct subsidiaries		
*	Ascott Residences Pte Ltd	Singapore	100
*	Burton Engineering Pte Ltd	Singapore	100
*	Glenwood Properties Pte Ltd	Singapore	100
*	Hemliner Pte Ltd	Singapore	100
*	Javana Pte Ltd	Singapore	100
*	Somerset FG Pte Ltd	Singapore	100
*	Somerset Grand Citra (S) Pte Ltd	Singapore	100
*	Somerset Philippines (S) Pte Ltd	Singapore	100
*	Somerset Roppongi (Japan) Pte Ltd	Singapore	100
**	Smooth Runner Co., Ltd	Hong Kong	100
	Indirect Subsidiaries		
	Subsidiary of Ascott Residences Pte Ltd		
**	PT Indonesia America Housing	Indonesia	100
**	Mekong-Hacota Joint Venture Company Ltd	Vietnam	69
	Subsidiary of Burton Engineering Pte Ltd		
**	Hanoi Tower Center Company Ltd	Vietnam	76
	Subsidiary of Glenwood Properties Pte Ltd		
**	Shanghai Xin Wei Property Development Co., Ltd	China	100
	Subsidiary of Hemliner Pte Ltd		
**	Hemliner (Beijing) Real Estate Co., Ltd	China	100
	Subsidiary of Javana Pte Ltd		
**	PT Bumi Perkasa Andhika	Indonesia	99
	Subsidiary of Somerset Grand Citra (S) Pte Ltd		
**	PT Ciputra Liang Court	Indonesia	57
	Subsidiary of Somerset Philippines (S) Pte Ltd		
**	Ascott Hospitality Holdings Philippines, Inc	The Philippines	100
**	SN Resources, Inc	The Philippines	97
**	SQ Resources, Inc	The Philippines	63
	Subsidiary of Smooth Runner Co., Ltd		
**	Tianjin Consco Property Development Co., Ltd	China	90

* Audited by KPMG Singapore
** Audited by other member firms of KPMG International

6 ASSOCIATE

	Group $'000
Investment in associate	9,558

Details of the associate are as follows:

Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group %
Associate of Somerset Roppongi (Japan) Pte Ltd			
MEC Roppongi Tokutei Mokuteki Kaisha	Serviced residence owner	Japan	40

The summarised financial information relating to associate is not adjusted for the percentage of ownership held by the Group.

The financial information of the associate is as follows:

	$'000
Total assets	62,986
Total liabilities	(29,941)
Revenue	1,138
Profit after taxation	379

7 DEFERRED TAX ASSETS

Movements in deferred tax assets during the period are as follows:

Group	Acquisitions $'000	(Charged)/ credited to profit and loss account $'000	Translation differences on consolidation $'000	At 31 December 2006 $'000
Deferred tax assets				
Serviced residence properties	–	2,824	–	2,824
Unutilised tax losses	1,430	–	(6)	1,424
Provisions and accruals	36	–	–	36
	1,466	2,824	(6)	4,284
Deferred tax liabilities				
Serviced residence properties	–	(3,393)	–	(3,393)
Others	(156)	70	5	(81)
	(156)	(3,323)	5	(3,474)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group $'000	Trust $'000
Tax losses	19,086	–
Deductible temporary differences	17	–

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

The tax losses with expiry dates are as follows:

	Group $'000	Trust $'000
Expiry dates		
– Within 1 to 5 years	19,086	–
– After 5 years	–	–
	19,086	–

8 TRADE AND OTHER RECEIVABLES

	Group $'000	Trust $'000
Trade receivables	4,297	885
Allowance for doubtful receivables	(162)	(45)
Net trade receivables	4,135	840
Trade amounts due from related corporations	664	664
Non-trade amounts due from:		
– subsidiaries	–	384,383
– related corporations	6,559	1,749
Deposits	10,221	9,961
Prepayments	1,435	140
Other receivables	8,668	3,288
	31,682	401,025

Balances with related corporations are unsecured, interest-free and repayable on demand.

Included in non-trade amounts due from subsidiaries are loans of $324,199,000.

Receivables denominated in currencies other than the Trust's functional currency comprise $3,162,000 of trade and other receivables denominated in US dollars, $2,933,000 of trade and other receivables denominated in Renminbi and $2,537,000 denominated in other currencies.

9 CASH AND CASH EQUIVALENTS

	Group $'000	Trust $'000
Cash at bank and in hand	22,254	629
Fixed deposits with financial institutions	14,013	12,085
Cash and cash equivalents	36,267	12,714

The weighted average effective interest rates per annum relating to cash and cash equivalent at the balance sheet date for the Group and the Trust are 3% and 3% respectively. Interest rates reprice at intervals of one, three or six months.

10 FINANCIAL LIABILITIES

	Group $'000	Trust $'000
Non-current liabilities		
Secured bank loans	286,140	116,991
Financial derivative	5,408	5,408
	291,548	122,399
Current liabilities		
Intra-group financial guarantees	–	3,598
Secured bank loans	7,342	–
	7,342	3,598
	298,890	125,997
Total loans and borrowings	293,482	116,991
Total derivative and intra-group financial guarantees	5,408	9,006
Total financial liabilities	298,890	125,997

The Group's bank loans are secured on the following:
– certain serviced residence properties with an aggregate carrying value of $534,635,000;
– pledge of shares of certain subsidiaries;
– assignment of rental proceeds from the properties;
– assignment of insurance policies on the properties; and
– corporate guarantee from the Trust.

The Trust's bank loans are secured on the following:
– certain serviced residence properties with an aggregate carrying value of $288,278,000;
– pledge of shares of a subsidiary;
– assignment of rental proceeds from the properties; and
– assignment of insurance policies on the properties.

The weighted average effective interest rates per annum relating to bank loans at the balance sheet date for the Group and Trust are 5.15% and 4.0% respectively.

Included in the Group and the Trust's bank loans is an amount of $660,000 relating to capitalisation of transaction borrowing costs. Amortisation of transaction borrowing costs recognised as finance costs amounted to $110,000 for the period ended 31 December 2006.

10 FINANCIAL LIABILITIES (Cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2006 Face value $'000	2006 Carrying amount $'000
Group				
US$ floating rate loan	LIBOR + margin and SIBOR + margin	2011	40,930	40,930
US$ fixed rate loan	5.65 to 6.3	2011 and 2012	135,561	135,561
S$ fixed rate loan	4.0	2011	117,541	116,991
			294,032	293,482
Trust				
S$ fixed rate loan	4.0	2011	117,541	116,991

Effective interest rates and repricing analysis

	Effective interest rate %	Floating interest $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Fixed interest rate maturing after 5 years $'000	Total $'000
Group						
US$ floating rate loan	6.11 to 6.58	40,930	–	–	–	40,930
US$ fixed rate loan	5.65 to 6.3	–	4,486	131,075	–	135,561
S$ fixed rate loan	4.0	–	–	116,991	–	116,991
		40,930	4,486	248,066	–	293,482
Trust						
S$ fixed rate loan	4.0	–	–	116,991	–	116,991

Financial derivative

The Trust entered into a five-year cross currency swap with a notional amount of US$66 million to manage its foreign currency exposure. The changes in its fair value have been recognised in the statement of total return.

10 FINANCIAL LIABILITIES (Cont'd)

Intra-group financial guarantees

The fair value of intra-group financial guarantees granted by the Trust to banks in respect of banking facilities granted to subsidiaries are as follows:

	Trust $'000
Less than 1 year	745
Between 1 and 5 years	2,853
	3,598

11 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Note	Group $'000	Trust $'000
Operations			
Change in net assets attributable to unitholders resulting from operations		27,080	10,006
Distributions to unitholders	18	(929)	(929)
Increase in net assets resulting from operations		26,151	9,077
Unitholders' contributions			
Creation of Units:			
– Contributions from placements		48,400	48,400
– Purchase consideration for serviced residence properties and serviced residence property holding companies acquired		599,303	599,303
– Manager's fees paid in Units		727	727
Distributions to unitholders	18	(8,751)	(8,751)
Issue expenses	20	(6,082)	(6,082)
Increase in net assets resulting from unitholders' contributions		633,597	633,597
Foreign currency translation attributable to unitholders			
Movement for the year		2,064	–
At 31 December 2006		661,812	642,674
Units in issue ('000)	13	498,639	498,639
Net assets attributable to unitholders per Unit		1.33	1.29

12 TRADE AND OTHER PAYABLES

	Group $'000	Trust $'000
Trade payables and accrued operating expenses	20,704	4,168
Amounts due to related parties:		
– subsidiaries	–	8,750
– related corporations		
– trade	9,974	2,383
– non-trade	4,745	4,450
– the Manager	3,088	3,088
– the Trustee	24	24
Interest payable	5,806	2,487
Rental deposits and advance rental	14,498	1,697
	58,839	27,047

Outstanding balances with related parties are unsecured, interest-free and repayable on demand.

Payables denominated in currencies other than the Trust's functional currency comprise $1,745,000 of trade payables denominated in US dollars, $1,341,000 of trade payables denominated in Renminbi and $10,000 of trade payables denominated in other foreign currencies.

13 UNITS ON ISSUE

	Note	No. of Units '000
Issue of new Units:		
– as consideration for acquisition of serviced residence properties and serviced residence property holding companies upon listing	(i)	454,000
– as Manager's fees paid in Units	(ii)	639
– as consideration for subsequent acquisition of serviced residence property holding companies	(iii)	44,000
Balance at end of financial period		498,639

During the financial period ended 31 December 2006, the Trust issued Units on the following dates:

(i) On 1 March 2006, the Trust issued 454,000,000 new Units at an issue price of $1.32 per unit, amounting to approximately $599 million, in satisfaction of the purchase consideration of the serviced residence property holding companies acquired and partial consideration of Singapore serviced residence properties acquired.

(ii) On 15 September 2006, the Trust issued 638,579 new Units at an issue price of $1.14 per unit in payment of 50% of the Manager's base fee.

13 UNITS ON ISSUE (Cont'd)

(iii) On 25 September 2006, the Trust issued 44,000,000 new Units at an issue price of $1.10 per unit in satisfaction of the purchase consideration on the acquisition of Smooth Runner Co., Ltd and Somerset Roppongi (Japan) Pte Ltd.

Each Unit in the Trust represents an undivided interest in the Trust and carries the same voting rights. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and

- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

- One vote per Unit at Meetings of the Trust.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

14 GROSS REVENUE

	Group $'000	Trust $'000
Gross rental income	82,332	16,370
Car park income	1,702	1,674
Other hospitality income	5,777	2,305
	89,811	20,349

15 DIRECT EXPENSES

	Group $'000	Trust $'000
Staff cost	10,902	2,775
Operations and maintenance expenses	11,673	2,783
Serviced residence management fees	7,088	1,670
Property tax	3,369	1,018
Depreciation of plant and equipment	2,989	816
Marketing and selling expenses	1,388	481
Administrative and general expenses	6,825	1,199
Other direct expenses	2,947	375
	47,181	11,117

Included in staff cost is an amount of contribution to defined contribution plans of $636,000.

16 MANAGER'S MANAGEMENT FEES

Manager's fees include base management fees of $2,170,000 and a performance fee of $1,544,000. The Manager has elected to receive 50% of the management fees in the form of cash and 50% in Units, amounting to $1,857,000 and 1,290,174 Units respectively.

17 INCOME TAX EXPENSE

	Note	Group $'000	Trust $'000
Current tax expense			
Current year		4,264	693
Withholding tax		1,351	–
		5,615	693
Deferred tax expense			
Origination and reversal of temporary differences	7	499	–
Income tax expense		6,114	693
Reconciliation of effective tax rate			
Total return for the period before tax		39,475	10,699
Tax calculated using Singapore tax rate of 20%		7,895	2,140
Effect of local tax rate		(325)	–
Items not subject to tax		(6,935)	(3,140)
Non-tax deductible items		5,500	3,065
Tax transparency *		(1,372)	(1,372)
Withholding tax		1,351	–
		6,114	693

* Tax transparency applies from Public Trust Period as described in Note 1.

18 DISTRIBUTIONS TO UNITHOLDERS

	Group and Trust		
	Operations $'000	Unitholders' contributions $'000	Total $'000
Distribution to unitholders:			
Distribution for the period from 19 January 2006 to 30 March 2006:			
– from operations of 0.03 cents per unit	156	–	156
– from unitholders' contributions of 0.39 cents	–	1,760	1,760
	156	1,760	1,916
Distributions for the period from 31 March 2006 to 30 June 2006:			
– from operations of 0.17 cents per unit	773	–	773
– from unitholders' contributions of 1.54 cents per unit	–	6,991	6,991
	773	6,991	7,764
	929	8,751	9,680

19 EARNINGS PER UNIT

The calculation of basic earnings per unit is based on weighted average number of units during the period and total return for the period after tax and minority interests before distribution.

	Group $'000	Trust $'000
Total return for the period after income tax and minority interests before distribution	27,080	10,006

	Trust Number of Units '000
Issue of new Units:	
– as consideration for acquisition of serviced residence properties and serviced residence property holding companies upon listing	454,000
– as Manager's fees paid in Units	225
– as consideration for subsequent acquisition of serviced residence property holding companies	14,092
Weighted average number of units outstanding during the period	468,317

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the period.

20 ISSUE EXPENSES

	Group and Trust $'000
Professional fees	4,752
Underwriting fees	777
Others	553
	6,082

Included in other professional fees are amounts paid/payable to the auditors of the Trust of $380,000 for acting as independent reporting accountants and other work performed in connection with the listing of the Trust and issuance of units during the financial period.

21 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager is an indirect wholly-owned subsidiary of a substantial Unitholder of the Trust.

In the normal course of the operations of the Trust, the Manager's management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively.

During the financial period, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

	Group $'000	Trust $'000
Acquisition of serviced residence properties and serviced residence property holding companies from related corporations of the Manager*	671,503	671,503
Serviced residence properties management fees and reimbursables paid/payable to related corporations of the Manager	7,278	1,786

* On 1 March 2006, the Trust acquired serviced residence properties and companies holding serviced residence properties from the holding corporation of the Manager, The Ascott Group Limited and related corporations of the Manager, The Ascott Holdings Limited, The Ascott Hospitality Holdings Pte Ltd, Somerset Investments Pte Ltd and Cairnhill Place (1999) Limited. The purchase considerations were based on independent valuations undertaken by Jones Lang LaSelle Property Consultants Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd, HVS International and their respective overseas offices and associates on 15 December 2005.

On 25 September 2006, the Trust acquired a serviced residence property holding company from The Ascott Holdings Limited, a related corporation of the Manager. The purchase consideration was based on the net asset value of the company and assignment of receivables from The Ascott Holdings Limited.

22 FINANCIAL RATIOS

	%
Ratio of expenses to average net asset value [1]	
– including performance component of Manager's management fees	0.68
– excluding performance component of Manager's management fees	0.46
Portfolio turnover rate [2]	–

Notes:

(1) The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses and borrowing costs.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying serviced residence properties of the Group expressed as a percentage of weighted average net asset value.

23 FINANCIAL INSTRUMENTS

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Serviced Residence Management Companies before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

At 31 December 2006, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. In addition, the Manager also monitors and observes the CIS Code issued by MAS concerning limits on total borrowings.

23 FINANCIAL INSTRUMENTS (Cont'd)

Foreign currency risk

The Group has exposure to foreign currency risks as a result of its operations in several countries. The currencies giving rise to this risk are primarily US dollars and Chinese Renminbi.

At 31 December 2006, the Group has outstanding forward exchange contract with notional amount of approximately US$66,300,000.

Sensitivity analysis

In managing its interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse change in foreign exchange and interest rates will have an impact on profit.

At 31 December 2006, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's total return before tax by approximately $2,935,000.

It is estimated that a general increase of one percentage point in the value of the US dollars against other foreign currencies would decrease the Group's total return before tax by approximately $168,000. The effect of forward exchange contracts has been included in this calculation.

Estimating the fair values

Derivatives

The fair value of cross currency swap is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using market rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Intra-group financial guarantees

The value of financial guarantees provided by the Trust to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

23 FINANCIAL INSTRUMENTS (Cont'd)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government bonds yield curve at 31 December 2006 plus an adequate constant credit spread, and are as follows:

	2006 %
Loans and borrowings	4.06% – 6.49%

The aggregate net fair values of recognised financial liabilities which are not carried at fair value in the balance sheet at 31 December are represented in the following table:

	Note	Carrying amount $'000	Fair value $'000
Group			
Financial liabilities			
Secured bank loans	10	293,482	298,299
Unrecognised gain			4,817
Trust			
Financial liabilities			
Secured bank loans	10	116,991	117,656
Unrecognised gain			665

24 SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments. This primary format is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans and expenses, and Trust assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Business segments

Business segment reporting has not been prepared because the Group invests predominantly in one business segment which is property investment of serviced residences and rental properties.

24 SEGMENT REPORTING (Cont'd)

Geographical segments

The Group's business is investing in serviced residences and rental properties. All the existing properties are located in the Pan-Asia region.

	Singapore $'000	China $'000	Indonesia $'000	Philippines $'000	Vietnam $'000	Total $'000
Gross rental income	17,945	25,988	16,374	4,480	17,545	82,332
Other income	2,404	1,749	2,348	251	727	7,479
Gross revenue	20,349	27,737	18,722	4,731	18,272	89,811
Direct expenses	(10,851)	(15,504)	(10,600)	(3,061)	(7,165)	(47,181)
Segment gross profit	9,498	12,233	8,122	1,670	11,107	42,630
Change in value of serviced residence properties	10,232	(5,066)	3,081	1,382	7,923	17,552
Share of after-tax profit of associate						152
Finance income						422
Finance costs						(10,610)
Unallocated net expense						(10,671)
Total return for the period before tax						39,475
Income tax						(6,114)
Total return for the period after income tax						33,361
Minority interests						(6,281)
Total return for the period attributable to unitholders						27,080

	Singapore $'000	China $'000	Indonesia $'000	Philippines $'000	Vietnam $'000	Total $'000
Assets and liabilities						
Segment assets	330,832	406,733	127,475	33,889	178,729	1,077,658
Segment liabilities (excluding minority interests and net assets attributable to unitholders)	140,964	158,618	33,131	2,014	27,944	362,671
Other Segmental Information						
Capital expenditure:						
– plant and equipment	4,456	1,185	504	73	464	6,682
– serviced residence properties	278,046	4,410	4,394	–	182	287,032
Depreciation	816	1,293	426	170	284	2,989
Allowance for doubtful receivables	(45)	(40)	(24)	–	(53)	(162)

25 COMMITMENTS

	Group $'000	Trust $'000
Capital expenditure commitments:		
– contracted but not provided for	161	–
– authorised but not contracted for	6,550	–
Commitment in respect of purchase of serviced residence properties for which deposits have been paid	96,800	96,800

26 SUBSEQUENT EVENTS

(A) DBS Trustee Limited, as trustee of the Trust, has:

(a) on 12 January 2007, completed the acquisition of (i) 20.0% of the issued share capital of East Australia Trading Company (S) Pte Ltd and assignment of shareholder's loan, and (ii) 20.0% of the issued share capital of East Australia Trading Company Limited amounting to $5.8 million, excluding deposit paid as at balance sheet date;

(b) on 17 January 2007, completed the acquisition of (i) 20.0% of the issued share capital of East Australia Trading Company (S) Pte Ltd, and (ii) 20.0% of the issued share capital of East Australia Trading Company Limited amounting to $1.5 million, excluding deposit paid as at balance sheet date;

(c) on 23 January 2007, entered into a conditional sale and purchase agreement with a related party of the Manager for the purchase of the remaining 60.0% of the issued share capital of East Australia Trading Company (S) Pte Ltd for a consideration of $22.0 million;

(d) on 23 January 2007, entered into a conditional real property sale and purchase agreement with an external party for the purchase of Somerset Azabu East, Tokyo for a consideration of $79.8 million;

(e) on 23 January 2007, through its subsidiary, Somerset Roppongi (Japan) Pte Ltd, entered into conditional sale and purchase agreement for the purchase of the remaining effective interest of 60.0% of the associate, MEC Roppongi Tokutei Mokuteki Kaisha for a consideration of $21.0 million;

(f) on 26 January 2007, received an approval-in-principle from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of new Units in the Trust which are proposed to be issued under an equity fund raising to be carried out for the purpose of part financing and re-financing of the acquisition of five properties as reflected in the Circular dated 30 January 2007; and

(g) on 1 February 2007, completed the acquisition of the remaining 10.0% of the issued share capital of its subsidiary, Tianjin Consco Property Development Co., Ltd from the minority shareholders amounting to $1.8 million, excluding deposit paid as at balance sheet date.

(B) On 7 February 2007, the Trust issued 651,595 new Units at an issue price of $1.74 per unit in payment of 50% of the Manager's base fee and base performance fee for the period from 1 July 2006 to 31 December 2006. The balance of the management fees of $1.1 million was satisfied in cash.

27 COMPARATIVE INFORMATION

No comparative figures are provided as this is the first set of financial statements prepared for the Group and the Trust since the date of its establishment.