



ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE QUARTER
ENDED 30 JUNE 2014
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ASCOTT RESIDENCE TRUST
2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

Summary of Group Results

	2Q 2014 S\$'000	2Q 2013 S\$'000	Better / (Worse) %	YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000	Better / (Worse) %
Revenue	88,138	77,424	14	168,504	146,591	15
Gross Profit	46,533	40,966	14	85,703	74,724	15
Unitholders' Distribution	33,519	30,944 ⁽¹⁾	8	60,173	58,549	3
Distribution Per Unit ("DPU") (cents)	2.19	2.45 ⁽¹⁾	(11)	3.94	4.70	(16)
<u>For Information Only</u>						
DPU (cents) (adjusted for Rights Issue)	2.19	2.40 ⁽²⁾	(9)	3.94	4.60 ⁽²⁾	(14)
DPU (cents) (adjusted for Rights Issue and one-off items)	2.19	2.09 ⁽³⁾	5	3.94	3.76 ⁽⁴⁾	5

⁽¹⁾ Unitholders' distribution in 2Q 2013 included one-off items of approximately S\$4.0 million.

⁽²⁾ DPU has been restated for the underwritten and renounceable 1-for-5 Rights Issue, through which 253,749,218 units were issued on 12 December 2013.

⁽³⁾ Adjusted for the effects from the Rights Issue and excluded one-off items.

⁽⁴⁾ Adjusted for the effects from the Rights Issue and excluded one-off items of approximately S\$12.1 million in YTD June 2013.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2014 to 30 June 2014
Distribution Rate	3.937 cents per Unit
Books Closure Date	31 July 2014
Payment Date	25 August 2014

ASCOTT RESIDENCE TRUST

2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

INTRODUCTION

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

Ascott Reit’s objective is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences, rental housing properties and other hospitality assets. It has a portfolio of serviced residences and rental housing properties across Asia Pacific and Europe. Ascott Reit’s investment policy covers any country in the world.

Ascott Reit was directly held by The Ascott Limited (formerly known as The Ascott Group Limited) up to and including 30 March 2006 (the “Private Trust”). On 31 March 2006 (the “Listing Date”), Ascott Reit was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) with an initial portfolio of 12 properties (“Initial Properties”) with 2,068 apartment units in 7 cities across five countries (Singapore, China, Indonesia, the Philippines and Vietnam).

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

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

In the year 2013, Ascott Reit acquired Somerset Heping Shenyang, Citadines Biyun Shanghai, Citadines Xinghai Suzhou and a portfolio of 11 rental housing properties in Japan (the “2013 Acquisitions”). 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.

Ascott Reit completed the acquisition of Infini Garden, a 389-unit rental housing property in Fukuoka, Japan and Somerset Grand Central Dalian, a 195-unit serviced residence property, on 20 March 2014 and 20 June 2014 respectively (the “2014 Acquisitions”).

On 6 February 2013, 114,943,000 new units were issued under an equity placement exercise. On 12 December 2013, 253,749,218 new units were listed on SGX-ST in relation to the underwritten and renounceable rights issue (“Rights Issue”). On 14 May 2014, S\$14.3 million of the proceeds from the Rights Issue were used to repay borrowings advanced to Ascott Reit. Pending the deployment of the proceeds of the Rights Issue to fund capital and asset enhancement initiatives, S\$28.3 million has been used to repay bank borrowings for efficient capital management purposes. As at 30 June 2014, the proceeds from the Rights Issue has been fully utilised (pending the deployment to fund capital and asset enhancement initiatives). Such use is in accordance with the use of proceeds as previously announced.

As at 30 June 2014, Ascott Reit’s portfolio comprises 83 properties with 9,278 apartment units in 33 cities across 12 countries in Asia Pacific and Europe.

Ascott Reit makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions are paid in Singapore dollar.

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		2Q 2014 S\$'000	2Q 2013 S\$'000		YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000	
Revenue	A.1	88,138	77,424	14	168,504	146,591	15
Direct expenses	A.2	(41,605)	(36,458)	(14)	(82,801)	(71,867)	(15)
Gross Profit	A.1	46,533	40,966	14	85,703	74,724	15
Finance income		430	439	(2)	1,126	1,046	8
Other operating income		172	40	330	1,205	192	528
Finance costs	A.3	(11,072)	(8,594)	(29)	(20,098)	(18,030)	(11)
Manager's management fees	A.3	(4,301)	(3,580)	(20)	(8,063)	(6,654)	(21)
Trustee's fee		(93)	(76)	(22)	(183)	(152)	(20)
Professional fees		(615)	(578)	(6)	(1,129)	(1,080)	(5)
Audit fees		(562)	(537)	(5)	(1,104)	(968)	(14)
Foreign exchange (loss) / gain	A.4	(3,517)	5,793	(161)	(582)	8,103	(107)
Other operating expenses		(119)	(187)	36	(335)	(596)	44
Share of profit / (loss) of associate (net of tax)		6	(4)	250	-	(8)	100
Net income before changes in fair value of financial derivatives, serviced residence properties and asset held for sale		26,862	33,682	(20)	56,540	56,577	-
Net change in fair value of financial derivatives	A.5	294	1,302	(77)	538	1,285	(58)
Net change in fair value of serviced residence properties and asset held for sale	A.6	41,490	25,923	60	41,490	25,923	60
Assets written off	A.7	(724)	-	n.m.	(1,228)	-	n.m.
Total return for the period before tax		67,922	60,907	12	97,340	83,785	16
Income tax expense	A.8	(13,204)	(15,472)	15	(18,578)	(20,800)	11
Total return for the period after tax		54,718	45,435	20	78,762	62,985	25
Attributable to:							
Unitholders		52,404	43,553		74,779	59,662	
Non-controlling interests		2,314	1,882		3,983	3,323	
Total return for the period		54,718	45,435	20	78,762	62,985	25

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		2Q 2014 S\$'000	2Q 2013 S\$'000		YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000	
Total return for the period attributable to unitholders		52,404	43,553		74,779	59,662	
Net effect of non-tax deductible / chargeable items and other adjustments	A.9	(18,885)	(12,609)		(14,606)	(1,113)	
Total amount distributable to Unitholders for the period		33,519	30,944	8	60,173	58,549	3
Comprises:							
- from operations		21,603	31,965		18,997	38,284	
- from unitholders' contributions		11,916	(1,021)		41,176	20,265	
		33,519	30,944	8	60,173	58,549	3

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

A.1 Revenue and Gross profit

Revenue for 2Q 2014 of S\$88.1 million comprised S\$17.3 million (20% of total revenue) from serviced residences on Master Leases, S\$20.6 million (23%) from serviced residences on management contracts with minimum guaranteed income and S\$50.2 million (57%) from serviced residences on management contracts.

Revenue for 2Q 2014 increased by S\$10.7 million or 14% as compared to 2Q 2013. This was mainly contributed by the additional revenue of S\$9.4 million from the 2013 Acquisitions and 2014 Acquisitions and stronger contribution of S\$2.4 million from the existing properties, mainly properties in United Kingdom, Spain, and Belgium. These increases were partially offset by the decrease in revenue of S\$1.1 million from the cessation of operations for Somerset Grand Fortune Garden arising from the ongoing strata sale of units.

The Group achieved a REVPAU of S\$137 for 2Q 2014, a decrease of 4% as compared to 2Q 2013. The decrease in REVPAU was mainly due to weaker performance from Singapore and Vietnam properties and lower ADR from the China properties acquired in June 2013.

Gross profit for 2Q 2014 of S\$46.5 million comprised S\$15.3 million (33% of total gross profit) from serviced residences on Master Leases, S\$8.7 million (19%) from serviced residences on management contracts with minimum guaranteed income and S\$22.5 million (48%) from serviced residences on management contracts.

As compared to 2Q 2013, gross profit increased by S\$5.5 million or 13%. On a same store basis, gross profit increased by S\$1.4 million or 3%.

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 2014 S\$'000	2Q 2013 S\$'000		YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000	
Depreciation and amortisation	(3,649)	(3,091)	(18)	(7,317)	(6,362)	(15)
Staff costs	(9,241)	(7,675)	(20)	(18,246)	(15,347)	(19)

A.3 Finance costs / Manager's management fees

The increase in the above expenses mainly arose due to the new properties injected into the portfolio in 2013 and 2014.

A.4 Foreign exchange loss

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

A.5 Net change in fair value of financial derivatives

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

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

This relates to the surplus on revaluation of serviced residence properties and asset held for sale, mainly from the properties in United Kingdom, France, Japan and Vietnam. The valuations of the serviced residence properties and asset held for sale were carried out on 30 June 2014 by Jones Lang LaSalle Property Consultants Pte Ltd. Please refer to Para 8(c) for more details.

A.7 Assets written off

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

A.8 Income tax expense

Taxation for 2Q 2014 was lower by S\$2.3 million as compared to the corresponding period last year, despite a higher total return before tax and higher surplus on revaluation of serviced residence properties.

This was mainly due to lower deferred tax liability provided on the serviced residence properties in United Kingdom, arising from reduction in tax rate.

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

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	2Q 2014 S\$'000	2Q 2013 S\$'000		YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000	
Depreciation and amortisation	3,649	3,091	(18)	7,317	6,362	(15)
Manager's management fee payable / paid partially in units	3,291	2,889	(14)	6,184	5,345	(16)
Trustee's fees*	14	11	(27)	30	26	(15)
Unrealised foreign exchange loss / (gain)	7,155	(5,257)	(236)	4,743	851	(457)
Net change in fair value of financial derivatives	(294)	-	n.m.	(538)	17	n.m.
Net change in fair value of serviced residence properties and asset held for sale (Note A.6)	(41,490)	(25,923)	60	(41,490)	(25,923)	60
Assets written off	724	-	n.m.	1,228	-	n.m.
Deferred tax expense	7,383	13,256	44	7,750	13,293	42
Effect of non-controlling interests arising from the above	347	(420)	(183)	143	(647)	(122)

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

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

	Note	GROUP		REIT	
		30/06/14 S\$'000	31/12/13 S\$'000	30/06/14 S\$'000	31/12/13 S\$'000
Non-Current Assets					
Plant and equipment		52,424	53,242	7,392	8,108
Serviced residence properties	B.1	3,424,507	3,177,020	557,608	556,392
Interest in subsidiaries		-	-	273,615	241,718
Interest in associate		3,027	3,030	3,513	3,516
Financial derivatives	B.2	669	929	669	929
Deposits		20,250	20,250	20,250	20,250
Deferred tax assets		3,116	3,673	-	-
		3,503,993	3,258,144	863,047	830,913
Current Assets					
Asset held for sale		83,253	87,033	-	-
Inventories		307	365	-	-
Trade receivables		16,311	11,718	2,113	1,456
Other receivables and deposits		24,681	20,219	1,786,408	1,702,219
Cash and bank balances	B.3	143,384	204,518	17,795	91,654
		267,936	323,853	1,806,316	1,795,329
Total Assets		3,771,929	3,581,997	2,669,363	2,626,242
Non-Current Liabilities					
Interest bearing liabilities	B.4	(1,172,312)	(1,146,833)	(500,868)	(470,218)
Financial derivatives	B.2	(13,759)	(11,271)	(11,385)	(10,017)
Deferred tax liabilities		(74,440)	(67,854)	-	-
		(1,260,511)	(1,225,958)	(512,253)	(480,235)
Current Liabilities					
Trade payables		(7,133)	(4,366)	(317)	(15)
Other payables		(115,861)	(107,842)	(395,232)	(393,544)
Interest bearing liabilities	B.4	(172,841)	(50,251)	(45,001)	-
Financial derivatives	B.2	(438)	(954)	(399)	(938)
Provision for taxation		(4,036)	(5,496)	(126)	(263)
		(300,309)	(168,909)	(441,075)	(394,760)
Total Liabilities		(1,560,820)	(1,394,867)	(953,328)	(874,995)
Net Assets		2,211,109	2,187,130	1,716,035	1,751,247
Represented by:					
Unitholders' funds	1(d)(i)	2,116,562	2,093,080	1,716,035	1,751,247
Non-controlling interests	1(d)(i)	94,547	94,050	-	-
Total Equity	1(d)(i)	2,211,109	2,187,130	1,716,035	1,751,247

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

B.1 Serviced residence properties

The increase in the Group's serviced residences as at 30 June 2014 was mainly due to the acquisition of the two properties during the year, increase in valuation of the serviced residence properties on 30 June 2014 and foreign currency differences arising from translating the Group's overseas serviced residences as a result of the strengthening of foreign currencies, particularly GBP, against Singapore dollar.

B.2 Financial derivatives

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

B.3 Cash and bank balances

The decrease in the Group's cash and bank balances as at 30 June 2014 was mainly due to distribution paid to unitholders.

B.4 Interest bearing liabilities

	GROUP		REIT	
	30/06/14 S\$'000	31/12/13 S\$'000	30/06/14 S\$'000	31/12/13 S\$'000
Amount repayable in one year or less or on demand				
- Secured	141,660	50,319	13,653	-
- Unsecured	31,400	-	31,400	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(219)	(68)	(52)	-
	172,841	50,251	45,001	-
Amount repayable after one year				
- Secured	868,459	812,984	505,111	445,291
- Unsecured	311,650	338,635	-	27,285
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(7,797)	(4,786)	(4,243)	(2,358)
	1,172,312	1,146,833	500,868	470,218
Total	1,345,153	1,197,084	545,869	470,218

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 2014, the Group's gearing was 36.4 percent, well below the 60 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.9 percent per annum, with an interest cover of 4.4 times. S\$1,015.7 million or 75 percent of the Group's borrowings are on fixed interest rates with S\$28.8 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, 2 percent falls due in 2014, 22 percent falls due in 2015, 20 percent falls due in 2016, 6 percent falls due in 2017, and the balance falls due after 2017.

The Manager adopts a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2015, ahead of their maturity dates.

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

	GROUP			
	2Q 2014 S\$'000	2Q 2013 S\$'000	YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000
	Operating Activities			
Total return for the period before tax	67,922	60,907	97,340	83,785
Adjustments for:				
Depreciation and amortisation	3,649	3,091	7,317	6,362
Gain on disposal of plant and equipment	(58)	(3)	(54)	(8)
Assets written off	724	-	1,228	-
Finance costs	11,072	8,594	20,098	18,030
Finance income	(430)	(439)	(1,126)	(1,046)
Provision for doubtful debts addition / (reversal)	9	(100)	(74)	104
Manager's management fees payable / paid partially in units	3,291	2,889	6,184	5,345
Foreign exchange loss / (gain) - unrealised	7,155	(5,257)	4,743	851
Net change in fair value of financial derivatives	(294)	(1,302)	(538)	(1,285)
Net change in fair value of serviced residence properties and asset held for sale	(41,490)	(25,923)	(41,490)	(25,923)
Share of (profit) / loss of associate	(6)	4	-	8
Operating profit before working capital changes	51,544	42,461	93,628	86,223
Changes in working capital	(6,240)	(1,357)	(13,604)	(8,293)
Cash generated from operations	45,304	41,104	80,024	77,930
Income tax paid	(6,599)	(13,165)	(12,318)	(17,532)
Cash flows from operating activities	38,705	27,939	67,706	60,398
Investing Activities				
Acquisition of plant and equipment	(1,965)	(3,272)	(5,188)	(4,528)
Acquisition of serviced residence properties, net of cash acquired	(75,464)	(153,968)	(109,350)	(153,968)
Capital expenditure on serviced residence properties	(4,556)	(1,154)	(9,078)	(15,488)
Proceeds on disposal of asset held for sale	4,213	-	4,213	-
Expenses incurred for divestment of serviced residence properties	-	(50)	-	(886)
Interest received	430	439	1,126	1,046
Proceeds from sale of plant and equipment	82	26	117	48
Cash flows from investing activities	(77,260)	(157,979)	(118,160)	(173,776)
Financing Activities				
Distribution to unitholders	-	(7,051)	(56,302)	(55,484)
Dividend paid to non-controlling shareholders	(2,539)	(3,344)	(2,539)	(3,344)
Interest paid	(13,337)	(10,692)	(19,712)	(17,881)
Payments on finance lease	(946)	(868)	(1,895)	(1,717)
Proceeds from issue of new units	-	-	-	150,001
Payment of issue expenses	-	(60)	-	(1,903)
Proceeds from bank borrowings	139,918	170,891	244,751	184,107
Repayment of bank borrowings	(98,778)	(14,210)	(174,638)	(123,650)
Cash flows from financing activities	24,318	134,666	(10,335)	130,129
(Decrease) / increase in cash & cash equivalents	(14,237)	4,626	(60,789)	16,751
Cash and cash equivalents at beginning of the period	158,428	136,231	204,518	125,181
Effect of exchange rate changes on balances held in foreign currencies	(807)	378	(345)	(697)
Cash and cash equivalents at end of the period	143,384	141,235	143,384	141,235

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

	Note	GROUP		GROUP	
		2Q 2014 S\$'000	2Q 2013 S\$'000	YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,505,026	1,306,811	1,547,895	1,187,024
Issue of new units					
- equity placement on 6 February 2013		-	-	-	150,001
- payment of manager's management fees in units		2,992	2,574	6,044	5,341
- payment of manager's acquisition fees in units		843	-	843	-
Issue expenses		-	-	-	(2,093)
Distribution to Unitholders		-	(7,051)	(45,921)	(37,939)
Balance as at end of period		1,508,861	1,302,334	1,508,861	1,302,334
Operations					
Balance as at beginning of period		627,771	461,923	615,777	463,359
Total return for the period attributable to Unitholders		52,404	43,553	74,779	59,662
Distribution to Unitholders		-	-	(10,381)	(17,545)
Balance as at end of period		680,175	505,476	680,175	505,476
Foreign Currency Translation Reserve					
Balance as at beginning of period		(47,438)	(101,639)	(61,641)	(90,420)
Translation differences relating to financial statements of foreign subsidiaries		(13,300)	12,929	903	1,710
Balance as at end of period		(60,738)	(88,710)	(60,738)	(88,710)
Capital Reserve					
Balance as at beginning and end of period		1,818	1,753	1,818	1,753
Hedging Reserve					
Balance as at beginning of period		(12,396)	(11,879)	(10,769)	(14,343)
Change in fair value of financial derivatives		(1,158)	2,448	(2,785)	4,912
Net change in fair value of cash flow hedges reclassified to total return		-	(1,302)	-	(1,302)
Balance as at end of period		(13,554)	(10,733)	(13,554)	(10,733)
Unitholders' Funds	1(b)(i)	2,116,562	1,710,120	2,116,562	1,710,120
Non-controlling Interests					
Balance as at beginning of period		95,986	92,954	94,050	93,597
Total return for the period		2,314	1,882	3,983	3,323
Dividend paid to non-controlling shareholders		(2,539)	(3,344)	(2,539)	(3,344)
Translation differences relating to financial statements of foreign subsidiaries		(1,214)	546	(947)	(1,538)
Balance as at end of period	1(b)(i)	94,547	92,038	94,547	92,038
Equity	1(b)(i)	2,211,109	1,802,158	2,211,109	1,802,158

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

	Note	REIT		REIT	
		2Q 2014 S\$'000	2Q 2013 S\$'000	YTD Jun 2014 S\$'000	YTD Jun 2013 S\$'000
<u>Unitholders' Contribution</u>					
Balance as at beginning of period		1,505,026	1,306,811	1,547,895	1,187,024
Issue of new units					
- equity placement on 6 February 2013		-	-	-	150,001
- payment of manager's management fees in units		2,992	2,574	6,044	5,341
- payment of manager's acquisition fees in units		843	-	843	-
Issue expenses		-	-	-	(2,093)
Distribution to Unitholders		-	(7,051)	(45,921)	(37,939)
Balance as at end of period		1,508,861	1,302,334	1,508,861	1,302,334
<u>Operations</u>					
Balance as at beginning of period		209,305	189,267	212,960	225,835
Total return for the period attributable to Unitholders		9,164	41,845	15,890	22,822
Distribution to Unitholders		-	-	(10,381)	(17,545)
Balance as at end of period		218,469	231,112	218,469	231,112
<u>Hedging Reserve</u>					
Balance as at beginning of period		(10,829)	(13,521)	(9,608)	(15,071)
Change in fair value of financial derivatives		(466)	1,551	(1,687)	3,101
Balance as at end of period		(11,295)	(11,970)	(11,295)	(11,970)
Unitholders' Funds	1(b)(i)	1,716,035	1,521,476	1,716,035	1,521,476

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

	REIT			
	2Q 2014 '000	2Q 2013 '000	YTD Jun 2014 '000	YTD Jun 2013 '000
Balance as at beginning of period	1,525,071	1,259,798	1,522,495	1,142,819
Issue of new units :				
- equity placement on 6 February 2013	-	-	-	114,943
- partial payment of manager's management fees	2,461	1,798	5,037	3,834
- payment of manager's acquisition fee	690	-	690	-
Balance as at end of period	1,528,222	1,261,596	1,528,222	1,261,596

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 2013.

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 2014. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. **Earnings per unit (“EPU”) and distribution per unit (“DPU”) for the financial period**

In computing the EPU, the weighted average number of units for the period is used for the computation.

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

	2Q 2014	2Q 2013	YTD Jun 2014	YTD Jun 2013
Earnings per unit (EPU)				
Number of units on issue at end of period ('000)	1,528,222	1,261,596	1,528,222	1,261,596
Weighted average number of units for the period ('000)	1,527,018	1,286,122 ⁽²⁾	1,525,552	1,261,829 ⁽²⁾
EPU (cents) – Basic and Diluted (based on the weighted average number of units for the period)	3.43 ⁽¹⁾	3.39 ^{(1), (2)}	4.90 ⁽¹⁾	4.73 ^{(1), (2)}

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

Note 1: The computation of EPU included the net change in fair value of serviced residence properties, net of tax and non-controlling interests. Valuations of the serviced residence properties were conducted by independent valuers in Jun 2014 and Jun 2013. Excluding these effects, the EPU for 2Q 2014 and 2Q 2013 would be 1.27 cents and 2.44 cents respectively, and the EPU for YTD Jun 2014 and YTD Jun 2013 would be 2.73 cents and 3.76 cents respectively.

Note 2: The figures have been restated for the effect of the Rights Issue. The EPU for 2Q 2013 and YTD Jun 2013, previously announced, were 3.45 cents and 4.82 cents respectively.

	2Q 2014	2Q 2013	YTD Jun 2014	YTD Jun 2013
Distribution per unit (DPU)				
Number of units on issue at end of period ('000)	1,528,222	1,261,596	1,528,222	1,261,596
DPU (cents) – Basic and diluted	2.19	2.45 ⁽³⁾	3.94	4.70 ⁽³⁾

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

Note 3: Excluding the effects from the Rights Issue and one-off items, the DPU for 2Q 2013 and YTD Jun 2013 would be 2.09 cents and 3.76 cents respectively.

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

	GROUP		REIT	
	30/06/14	31/12/13	30/06/14	31/12/13
NAV per unit (S\$)	1.38	1.37	1.12	1.15

8. **GROUP PERFORMANCE REVIEW**

8(a) **Revenue and Gross Profit Analysis – 2Q 2014 vs. 2Q 2013 (Local Currency (“LC”))**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		2Q 2014	2Q 2013	Better/ (Worse)		2Q 2014	2Q 2013	Better/ (Worse)		2Q 2014	2Q 2013	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
France	EUR	5.8	5.8	-	-	5.4	5.2	0.2	4	-	-	-
Germany	EUR	1.5	1.5	-	-	1.3	1.3	-	-	-	-	-
Singapore	S\$	2.4	2.3	0.1	4	2.0	1.9	0.1	5	-	-	-
Japan	JPY	187.6	-	187.6	n.m.	149.2	-	149.2	n.m.	-	-	-
Management contracts with minimum guaranteed income												
Belgium	EUR	2.1	1.8	0.3	17	0.5	0.4	0.1	25	64	55	16
Spain	EUR	1.3	1.1	0.2	18	0.7	0.5	0.2	40	97	74	31
United Kingdom	GBP	6.9	7.1	(0.2)	(3)	3.0	3.3	(0.3)	(9)	123	124	(1)
Vietnam ³	VND ¹	-	17.6	(17.6)	n.m.	-	11.4	(11.4)	n.m.	-	1,233	n.m.
Management contracts												
Australia	AUD	1.2	1.3	(0.1)	(8)	0.4	0.5	(0.1)	(20)	145	156	(7)
China	RMB	57.5	35.9	21.6	60	19.2	12.0	7.2	60	485	578	(16)
Indonesia	USD	3.3	3.1	0.2	6	1.5	1.0	0.5	50	88	82	7
Japan	JPY	723.2	535.6	187.6	35	414.9	284.9	130.0	46	10,753	9,792	10
Philippines	PHP	285.0	268.7	16.3	6	110.0	101.5	8.5	8	4,874	5,062	(4)
Singapore	S\$	6.6	7.3	(0.7)	(10)	3.1	3.7	(0.6)	(16)	207	228	(9)
Vietnam	VND ¹	156.0	151.5	4.5	3	82.3	87.6	(5.3)	(6)	1,507	1,581	(5)

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

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

³ Revenue and gross profit for Somerset West Lake in 2Q 2014 have been classified under “Management contracts” category from April 2014 upon the expiry of the deed of yield protection.

8(a) **Revenue and Gross Profit Analysis – 2Q 2014 vs. 2Q 2013 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis		
	2Q 2014	2Q 2013	Better/ (Worse)		2Q 2014	2Q 2013	Better/ (Worse)		2Q 2014	2Q 2013	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
France	9.9	9.4	0.5	5	9.3	8.5	0.8	9	-	-	-
Germany	2.7	2.3	0.4	17	2.2	2.0	0.2	10	-	-	-
Singapore	2.4	2.3	0.1	4	2.0	1.9	0.1	5	-	-	-
Japan	2.3	-	2.3	n.m.	1.8	-	1.8	n.m.	-	-	-
Sub-total	17.3	14.0	3.3	24	15.3	12.4	2.9	23	-	-	-
Management contracts with minimum guaranteed income											
Belgium	3.6	2.9	0.7	24	1.0	0.7	0.3	43	111	88	26
Spain	2.3	1.8	0.5	28	1.2	0.8	0.4	50	168	119	41
United Kingdom	14.7	13.5	1.2	9	6.5	6.3	0.2	3	258	236	9
Vietnam	-	1.1	(1.1)	n.m.	-	0.7	(0.7)	n.m.	-	75	n.m.
Sub-total	20.6	19.3	1.3	7	8.7	8.5	0.2	2	202	168	20
Management contracts											
Australia	1.4	1.5	(0.1)	(7)	0.5	0.6	(0.1)	(17)	169	197	(14)
China	11.7	7.2	4.5	63	3.9	2.4	1.5	63	99	116	(15)
Indonesia	4.2	3.9	0.3	8	1.9	1.3	0.6	46	110	102	8
Japan	8.9	6.9	2.0	29	5.1	3.7	1.4	38	132	126	5
Philippines	8.0	8.1	(0.1)	(1)	3.1	3.1	-	-	138	152	(9)
Singapore	6.6	7.3	(0.7)	(10)	3.1	3.7	(0.6)	(16)	207	228	(9)
Vietnam	9.4	9.2	0.2	2	4.9	5.3	(0.4)	(8)	90	96	(6)
Sub-total	50.2	44.1	6.1	14	22.5	20.1	2.4	12	119	132	(10)
Group	88.1	77.4	10.7	14	46.5	41.0	5.5	14	137	142	(4)

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

Group

Please refer to para 1(a)(ii)(A.1) for analysis of the Group's revenue and gross profit.

Analysis By Country

A. Master Leases

France

Revenue remained at the same level as 2Q 2013. Gross profit increased by EUR 0.2 million due to a one-off reversal of business tax no longer required.

In SGD terms, revenue and gross profit increased by 5% and 9% respectively as compared to 2Q 2013. This was mainly due to appreciation of EUR against SGD.

Germany

Revenue and gross profit remained at the same level as 2Q 2013.

In SGD terms, revenue and gross profit increased by 17% and 10% respectively as compared to 2Q 2013. This was mainly due to appreciation of EUR against SGD.

Singapore

Both revenue and gross profit increased by S\$0.1 million in 2Q 2014 as compared to 2Q 2013. This was mainly due to the conversion of 35 studio units to one-bedroom units.

Japan

Revenue and gross profit were JPY 187.6 million (S\$2.3 million) and JPY 149.2 million (S\$1.8 million) respectively in 2Q 2014. This was contributed by the five rental housing properties, which were acquired on 28 June 2013, and Infini Garden acquired on 20 March 2014.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.3 million or 17% in 2Q 2014 as compared to 2Q 2013. REVPAU increased by 16% from EUR 55 in 2Q 2013 to EUR 64 in 2Q 2014. The increase was mainly due to higher rental rates from the refurbished apartments at Citadines Toison d'Or Brussels. In line with the increase in revenue, gross profit increased by EUR 0.1 million.

In SGD terms, revenue increased by S\$0.7 million or 24% due to stronger underlying performance and appreciation of EUR against SGD. Gross profit, in SGD terms, increased by S\$0.3 million or 43%.

Spain

Revenue increased by EUR 0.2 million or 18% in 2Q 2014 as compared to 2Q 2013. REVPAU increased by 31% from EUR 74 in 2Q 2013 to EUR 97 in 2Q 2014 due to higher rental rates from the refurbished apartments at Citadines Prestige Ramblas Barcelona. In line with the increase in revenue, gross profit increased by EUR 0.2 million.

In SGD terms, revenue increased by S\$0.5 million or 28% due to stronger underlying performance and appreciation of EUR against SGD. Gross profit, in SGD terms, increased by S\$0.4 million or 50%.

United Kingdom

Revenue decreased by GBP 0.2 million or 3% in 2Q 2014 as compared to 2Q 2013. REVPAU decreased by 1% from GBP 124 in 2Q 2013 to GBP 123 in 2Q 2014. The decrease was mainly due to business being affected by installation of air conditioners at two of the properties, which was completed during the quarter.

Gross profit decreased by GBP 0.3 million due to lower revenue and higher depreciation expense.

Despite a decrease in GBP terms, both revenue and gross profit, in SGD terms, increased by 9% and 3% respectively due to appreciation of GBP against SGD.

Vietnam

There was no revenue and gross profit in 2Q 2014 due to Somerset West Lake being classified to "Management Contracts" category from April 2014 upon the expiry of the deed of yield protection.

C. Management contracts

Australia

Both revenue and gross profit decreased by AUD 0.1 million in 2Q 2014 as compared to 2Q 2013. REVPAU decreased by 7% from AUD 156 in 2Q 2013 to AUD 145 in 2Q 2014. This was mainly due to weaker market demand as a result of the slowdown from oil and mining industries.

In SGD terms, both revenue and gross profit decreased by 7% and 17% respectively as compared to 2Q 2013. This was mainly due to depreciation of AUD against SGD.

China

Revenue and gross profit increased by RMB 21.6 million or 60% and RMB 7.2 million or 60% respectively as compared to 2Q 2013. The increase was mainly due to contribution from the three properties acquired on 28 June 2013, as well as stronger performance from existing properties (excluding Somerset Grand Fortune Garden, which had commenced strata sale of units since October 2013). REVPAU decreased by 16% from RMB 578 in 2Q 2013 to RMB 485 in 2Q 2014 due to the acquired properties, which had a lower ADR.

Excluding the contribution from the acquisitions and Somerset Grand Fortune Garden for 2Q 2013, both revenue and gross profit increased as compared to 2Q 2013 due to higher rental rates from the refurbished apartments.

In SGD terms, revenue and gross profit increased by S\$4.5 million or 63% and S\$1.5 million or 63% respectively. The increase was mainly due to contribution from the acquired properties and appreciation of RMB against SGD.

Indonesia

Revenue increased by USD 0.2 million or 6% in 2Q 2014 as compared to 2Q 2013 due to higher rental rates from the refurbished apartments at Ascott Jakarta. REVP AU increased by 7% from USD 82 in 2Q 2013 to USD 88 in 2Q 2014. Gross profit increased by USD 0.5 million or 50% in 2Q 2014 mainly due to higher revenue and lower operation and maintenance expense.

In SGD terms, revenue increased by S\$0.3 million or 8% due to stronger underlying performance and the appreciation of USD against SGD. Gross profit, in SGD terms, increased by S\$0.6 million or 46% due to higher revenue, lower expenses and appreciation of USD against SGD.

Japan

Revenue and gross profit increased by JPY 187.6 million or 35% and JPY 130.0 million or 46% respectively as compared to 2Q 2013. The increase was mainly due to the contribution from six rental housing properties acquired on 28 June 2013. REVP AU increased by 10% from JPY 9,792 in 2Q 2013 to JPY 10,753 in 2Q 2014.

Excluding the contribution from the acquisitions, revenue and gross profit increased by 7% and 10% respectively due to stronger demand from the corporate and leisure sectors.

In SGD terms, revenue and gross profit increased by S\$2.0 million or 29% and S\$1.4 million or 38% respectively. The increase was mainly due to contribution from the newly acquired properties, partially offset by depreciation of JPY against SGD.

The Philippines

Revenue in 2Q 2014 increased by PHP 16.3 million or 6% as compared to 2Q 2013 mainly due to stronger demand from project groups. REVP AU decreased by 4% from PHP 5,062 in 2Q 2013 to PHP 4,874 in 2Q 2014 due to increase in studio and one-bedroom inventory arising from conversion of 56 two-bedroom units at Ascott Makati in 2013.

Gross profit in 2Q 2014 increased by PHP 8.5 million or 8% as compared to 2Q 2013, mainly due to higher revenue.

In SGD terms, revenue decreased by S\$0.1 million while gross profit remained at the same level as last year. This was mainly due to depreciation of PHP against SGD.

Singapore

Revenue decreased by S\$0.7 million or 10% in 2Q 2014 as compared to 2Q 2013. REVP AU decreased by 9% from S\$228 in 2Q 2013 to S\$207 in 2Q 2014. The decrease was mainly due to lower corporate accommodation budgets and weaker demand from project groups.

Gross profit decreased by S\$0.6 million or 16% due to lower revenue, mitigated by lower utility expense.

Vietnam

Revenue increased by VND 4.5 billion or 3% in 2Q 2014 as compared to 2Q 2013. The increase was mainly due to the contribution from Somerset West Lake being reclassified from "Management contracts with minimum guaranteed income" category.

On a same store basis (including the contribution from Somerset West Lake but excluding the yield protection amount for 2Q 2013), revenue decreased by 4%. The decrease was mainly due to reduction in corporate accommodation budgets and lower office rental income. REVP AU decreased by 2% from VND 1,543,000 in 2Q 2013 to VND 1,507,000 in 2Q 2014. Gross profit decreased by 11% due to lower revenue and higher staff costs.

In SGD terms, revenue increased by S\$0.2 million or 2% and gross profit decreased by S\$0.4 million or 8%.

8(b) **Revenue and Gross Profit Analysis – YTD Jun 2014 vs. YTD Jun 2013 (LC)**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Jun 2014	YTD Jun 2013	Better/ (Worse)		YTD Jun 2014	YTD Jun 2013	Better/ (Worse)		YTD Jun 2014	YTD Jun 2013	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
France	EUR	11.7	11.5	0.2	2	10.8	10.5	0.3	3	-	-	-
Germany	EUR	2.9	2.7	0.2	7	2.6	2.5	0.1	4	-	-	-
Singapore	S\$	4.4	4.5	(0.1)	(2)	3.5	3.6	(0.1)	(3)	-	-	-
Japan	JPY	286.8	-	286.8	n.m.	232.8	-	232.8	n.m.	-	-	-
Management contracts with minimum guaranteed income												
Belgium	EUR	3.7	3.2	0.5	16	0.6	0.5	0.1	20	57	49	16
Spain	EUR	1.9	1.8	0.1	6	0.8	0.7	0.1	14	73	61	20
United Kingdom	GBP	12.4	12.0	0.4	3	4.6	5.0	(0.4)	(8)	110	105	5
Vietnam	VND ¹	17.3 ³	34.6	(17.3)	(50)	11.6 ³	22.7	(11.1)	(49)	1,230	1,284	(4)
Management contracts												
Australia	AUD	2.3	2.5	(0.2)	(8)	0.7	0.9	(0.2)	(22)	143	151	(5)
China	RMB	111.1	71.2	39.9	56	33.9	22.7	11.2	49	475	575	(17)
Indonesia	USD	6.5	6.1	0.4	7	2.7	1.8	0.9	50	87	81	7
Japan	JPY	1,398.2	1,002.9	395.3	39	805.7	498.6	307.1	62	10,156	8,961	13
Philippines	PHP	548.5	540.6	7.9	1	194.7	203.9	(9.2)	(5)	4,683	5,109	(8)
Singapore	S\$	13.2	13.4	(0.2)	(2)	6.0	6.2	(0.2)	(3)	206	210	(2)
Vietnam	VND ¹	308.1	300.5	7.6	3	171.9	171.2	0.7	-	1,574	1,572	-

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

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

³ This relates to the revenue and gross profit of Somerset West Lake for 1Q 2014. Upon the expiry of the deed of yield protection, revenue and gross profit of Somerset West Lake for 2Q 2014 have been classified under "Management contracts" category from April 2014 onwards.

8(b) **Revenue and Gross Profit Analysis – YTD Jun 2014 vs. YTD Jun 2013 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Jun 2014	YTD Jun 2013	Better/ (Worse)		YTD Jun 2014	YTD Jun 2013	Better/ (Worse)		YTD Jun 2014	YTD Jun 2013	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
France	20.2	18.8	1.4	7	18.7	17.2	1.5	9	-	-	-
Germany	5.1	4.4	0.7	16	4.4	4.0	0.4	10	-	-	-
Singapore	4.4	4.5	(0.1)	(2)	3.5	3.6	(0.1)	(3)	-	-	-
Japan	3.5	-	3.5	n.m.	2.9	-	2.9	n.m.	-	-	-
Sub-total	33.2	27.7	5.5	20	29.5	24.8	4.7	19	-	-	-
Management contracts with minimum guaranteed income											
Belgium	6.3	5.2	1.1	21	1.2	0.8	0.4	50	98	80	23
Spain	3.4	2.9	0.5	17	1.3	1.2	0.1	8	126	98	29
United Kingdom	26.4	22.9	3.5	15	10.0	9.5	0.5	5	231	201	15
Vietnam	1.0	2.1	(1.1)	(52)	0.7	1.4	(0.7)	(50)	74	77	(4)
Sub-total	37.1	33.1	4.0	12	13.2	12.9	0.3	2	173	145	19
Management contracts											
Australia	2.6	3.1	(0.5)	(16)	0.9	1.1	(0.2)	(18)	164	191	(14)
China	22.9	14.1	8.8	62	7.0	4.5	2.5	56	98	114	(14)
Indonesia	8.2	7.6	0.6	8	3.4	2.2	1.2	55	109	100	9
Japan	17.2	13.3	3.9	29	9.9	6.6	3.3	50	125	119	5
Philippines	15.5	16.3	(0.8)	(5)	5.5	6.2	(0.7)	(11)	133	154	(14)
Singapore	13.2	13.4	(0.2)	(2)	6.0	6.2	(0.2)	(3)	206	210	(2)
Vietnam	18.6	18.0	0.6	3	10.3	10.2	0.1	1	94	94	-
Sub-total	98.2	85.8	12.4	15	43.0	37.0	6.0	16	118	128	(8)
Group	168.5	146.6	21.9	15	85.7	74.7	11.0	15	131	133	(2)

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

For the six months ended 30 June 2014 (“YTD Jun 2014”), revenue increased by S\$21.9 million or 15% as compared to the corresponding period last year (“YTD Jun 2013”). The increase in revenue was mainly due to additional contribution of S\$17.3 million from the 2013 Acquisitions and 2014 Acquisitions and higher revenue of S\$6.8 million from the existing properties. The increase was partially offset by decrease in revenue of S\$2.2 million from the cessation of operations for Somerset Grand Fortune Garden arising from the ongoing strata sale of units.

On a same store basis, YTD Jun 2014 revenue increased by S\$6.8 million mainly due to stronger underlying performance from the Group’s serviced residences in United Kingdom, Belgium and Spain and appreciation of EUR and GBP against SGD.

REVPAU decreased from S\$133 in YTD Jun 2013 to S\$131 in YTD Jun 2014, mainly due to weaker performance from Singapore and Philippines and lower ADR from the China properties acquired in June 2013.

In line with the increase in revenue, gross profit for YTD Jun 2014 increased by S\$11.0 million or 15% as compared to YTD Jun 2013. On a same store basis, gross profit increased by S\$3.6 million or 5%.

(c) Change in value of serviced residence properties and asset 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 2014, independent desktop valuations for the Group's portfolio were carried out by Jones Lang LaSalle Property Consultants Pte Ltd. In determining the fair value of the Group's portfolio, the Discounted Cash Flow approach was used. The valuation of Somerset Grand Fortune Garden was based on the direct comparison and investment approaches.

The Group's portfolio (including asset held for sale) was revalued at S\$3,507.8 million, resulting in a surplus of S\$41.5 million which was recognised in the Consolidated Statement of Total Return in 2Q 2014. The surplus resulted mainly from higher valuation of the Group's serviced residences in United Kingdom, France, Japan and Vietnam. The net impact on the Consolidated Statement of Total Return was S\$34.3 million (net of tax and non-controlling interests).

9. OUTLOOK AND PROSPECTS

Global economic activity is expected to gain pace going into 2015. We continue to expect our portfolio to remain well-positioned to benefit from it.

On 7 July 2014, Ascott Reit has entered into conditional sales and purchase agreements to acquire two serviced residence properties in China and one in Malaysia at an aggregate agreed property value of S\$173.9 million, which is subject to Unitholders' approval. These acquisitions will expand Ascott Reit's asset value by about 5% to approximately S\$4.0 billion and close in on almost 10,000 apartment units. We will continue to actively seek accretive acquisitions in China, Japan, Malaysia, Australia and Europe.

The Manager continues to focus on creating value out of the existing portfolio. In the first half of 2014, we have completed asset enhancement initiatives for five properties, namely Ascott Jakarta, Ascott Raffles Place Singapore, Citadines St Georges Perth, Citadines Prestige Ramblas Barcelona and Citadines Toison d'Or Brussels. The uplift to the average daily rates and the feedback on these properties post renovation have been positive. Plans for other asset enhancement initiatives for certain properties in China, Vietnam and United Kingdom in the later part of this year are also underway.

As we pursue accretive acquisitions and rejuvenate our properties, the Manager maintains a disciplined and prudent capital management approach. As at 30 June 2014, 75% of the total borrowings are on fixed interest rates. Notwithstanding, the Manager remains vigilant to changes in the macro and credit environment that may impact the Group's financing plans.

The Group's operating performance for FY 2014 is expected to remain profitable.

10. DISTRIBUTIONS

10(a) Current financial period

Any distributions declared for the current financial period? Yes
Period of distribution : Distribution for 1 January 2014 to 30 June 2014

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

10(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

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

Period of distribution : Distribution for 6 February 2013 to 30 June 2013

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

10(c) Tax rate : Taxable Income Distribution

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

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

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

Tax-Exempt Income Distribution

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

Capital Distribution

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

10(d) Books closure date : 31 July 2014

10(e) Date payable : 25 August 2014

11. General mandate for Interested Person Transactions ("IPT")

The Group has not obtained a general mandate from unitholders for IPT.

12. **Confirmation pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and REIT (comprising the statements of financial position as at 30 June 2014 and the results of the business, consolidated statement of total return, consolidated statement of cash flows and statement of changes in equity for the six months ended 30 June 2014, 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
Singapore
21 July 2014