

**ASCOTT RESIDENCE TRUST
2016 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
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ASCOTT RESIDENCE TRUST
2016 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

Summary of Group Results

	3Q 2016 S\$'000	3Q 2015 S\$'000	Better / (Worse) %	YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000	Better / (Worse) %
Revenue	123,946	113,244	9	348,842	301,942	16
Gross Profit	57,508	55,248	4	163,956	147,779	11
Unitholders' Distribution	38,747	32,009	21	101,111	91,282	11
Distribution Per Unit ("DPU") (cents)	2.35	2.07	14	6.22	5.92	5
DPU (cents) (adjusted for equity placement)	2.35	2.07	14	6.27	5.92	6
<u>For information only</u>						
DPU (cents) (adjusted for one-off item)	2.15 ⁽¹⁾	2.15 ⁽²⁾	–	5.81 ⁽¹⁾	6.00 ⁽²⁾	(3)
DPU (cents) (adjusted for equity placement and one-off item)	2.15	2.15	–	5.85	6.00	(3)

⁽¹⁾ Unitholders' distribution in 3Q 2016 and YTD Sep 16 included realised exchange gain of S\$3.3 million and S\$6.8 million respectively arising from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments.

⁽²⁾ Unitholders' distribution in 3Q 2015 and YTD Sep 15 included a one-off item of approximately S\$1.2 million.

ASCOTT RESIDENCE TRUST

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INTRODUCTION

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

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

Ascott Reit was directly held by The Ascott Limited up to and including 30 March 2006. On 31 March 2006, Ascott Reit was listed on the Singapore Exchange Securities Trading Limited with an initial portfolio of 12 properties with 2,068 apartment units in seven cities across five countries (Singapore, China, Indonesia, the Philippines and Vietnam).

In 2010, Ascott Reit enhanced the geographical diversification of its portfolio by acquiring 26 properties in Europe. In 2012, Ascott Reit acquired four properties in Kyoto, Singapore, Guangzhou and Germany. Ascott Reit also completed the divestment of Somerset Grand Cairnhill Singapore and simultaneously signed the put and call option agreement to acquire the New Cairnhill Serviced Residence when completed, which is expected to be in 4Q 2017.

In 2013, Ascott Reit acquired three properties in China and a portfolio of 11 rental housing properties in Japan. On 23 December 2013, Ascott Reit entered into the sale and purchase agreement to acquire the New Cairnhill Serviced Residence following the satisfaction of the conditions under the New Cairnhill Serviced Residence put and call option agreement. In 2014, Ascott Reit acquired nine properties in four countries (Australia, China, Japan and Malaysia). This marked our maiden presence in five new cities: Dalian, Wuhan and Xi’an in China, Kuala Lumpur in Malaysia and Greater Sydney in Australia.

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

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

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

S\$90.5 million of the proceeds were used to pay the purchase consideration of the acquisition of Sheraton Tribeca New York Hotel and S\$1.0 million of the proceeds were used to pay for the fees and expenses in connection with the equity placement. Such uses are in accordance with the use of proceeds as disclosed in Ascott Reit’s announcement dated 14 March 2016 in relation to the equity placement. The balance of the excess proceeds of S\$8.5 million has been used to repay borrowings from a revolving credit facility.

As at 30 September 2016, Ascott Reit’s portfolio comprises 90 properties with 11,619 apartment units in 38 cities across 14 countries.

Ascott Reit makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions are paid in Singapore dollar. Since its listing, Ascott Reit has paid 100% of its distributable income.

1(a)(i) **Consolidated Statement of Total Return**

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		3Q 2016 S\$'000	3Q 2015 S\$'000		YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000	
Revenue	A.1	123,946	113,244	9	348,842	301,942	16
Direct expenses	A.2	(66,438)	(57,996)	(15)	(184,886)	(154,163)	(20)
Gross Profit	A.1	57,508	55,248	4	163,956	147,779	11
Finance income		445	415	7	1,428	1,218	17
Other operating income	A.3	96	192	(50)	395	312	27
Finance costs		(12,460)	(12,534)	1	(37,352)	(36,289)	(3)
Manager's management fees	A.4	(5,706)	(5,136)	(11)	(16,426)	(14,210)	(16)
Trustee's fee	A.4	(120)	(117)	(3)	(356)	(317)	(12)
Professional fees	A.4	(654)	(354)	(85)	(1,953)	(1,569)	(25)
Audit fees	A.4	(619)	(607)	(2)	(1,875)	(1,792)	(5)
Foreign exchange (loss) / gain	A.5	(1,412)	7,792	(118)	2,160	232	n.m.
Other operating expenses		(276)	(278)	1	(832)	(612)	(36)
Share of results of associate (net of tax)		8	5	60	(9)	7	(229)
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		36,810	44,626	(18)	109,136	94,759	15
Net change in fair value of financial derivatives	A.6	263	(1,303)	120	(655)	(565)	(16)
Net change in fair value of serviced residence properties and assets held for sale	A.7	2,094	10,325	(80)	38,241	31,653	21
Profit from divestment	A.8	–	3,587	n.m.	–	3,587	n.m.
Assets written off		–	(12)	n.m.	(33)	(124)	73
Total return for the period before tax		39,167	57,223	(32)	146,689	129,310	13
Income tax expense	A.9	(5,628)	(10,274)	45	(29,232)	(20,178)	(45)
Total return for the period after tax		33,539	46,949	(29)	117,457	109,132	8
Attributable to:							
Unitholders / perpetual securities holders		32,116	45,780		113,565	97,132	
Non-controlling interests		1,423	1,169		3,892	12,000	
Total return for the period		33,539	46,949	(29)	117,457	109,132	8

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		3Q 2016 S\$'000	3Q 2015 S\$'000		YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000	
Total return for the period attributable to Unitholders / perpetual securities holders		32,116	45,780		113,565	97,132	
Net effect of non-tax deductible / chargeable items and other adjustments	A.10	11,470	(8,931)		1,959	2,741	
Total amount distributable for the period		43,586	36,849	18	115,524	99,873	16
Amount distributable:							
- Unitholders		38,747	32,009		101,111	91,282	
- Perpetual securities holders		4,839	4,840		14,413	8,591	
		43,586	36,849	18	115,524	99,873	16
Comprises:							
- from operations		(7,567)	(8,183)		5,453	7,184	
- from unitholders' contributions		46,314	40,192		95,658	84,098	
		38,747	32,009	21	101,111	91,282	11

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

A.1 Revenue and Gross profit

Revenue for 3Q 2016 of S\$123.9 million comprised S\$16.4 million (13% of total revenue) from serviced residences on Master Leases, S\$18.0 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$89.5 million (72%) from serviced residences on management contracts.

Revenue for 3Q 2016 increased by S\$10.7 million or 9% as compared to 3Q 2015. This was mainly contributed by the additional revenue of S\$20.0 million from the 2015 Acquisitions and 2016 Acquisition, partially offset by the decrease in revenue of S\$0.8 million from the divestment of six rental housing properties and decrease in revenue of S\$8.5 million from the existing properties.

The Group achieved a revenue per available unit ("REVPAU") of S\$144 for 3Q 2016, an increase of 2% as compared to 3Q 2015 due to the 2015 Acquisitions and 2016 Acquisition. On a same store basis, excluding the acquisitions, REVPAU for 3Q 2016 decreased by 11% as compared to 3Q 2015 due to weaker performance from the China, Singapore, Philippines (arising from ongoing renovation) and United Kingdom (arising from depreciation of GBP against SGD) properties.

Gross profit for 3Q 2016 of S\$57.5 million comprised S\$14.9 million (26% of total gross profit) from serviced residences on Master Leases, S\$8.6 million (15%) from serviced residences on management contracts with minimum guaranteed income and S\$34.0 million (59%) from serviced residences on management contracts.

As compared to 3Q 2015, gross profit increased by S\$2.3 million or 4%. On a same store basis, gross profit decreased by S\$1.3 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) %
	3Q 2016 S\$'000	3Q 2015 S\$'000		YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000	
Depreciation and amortisation*	(3,333)	(4,202)	21	(9,273)	(12,897)	28
Staff costs*	(14,615)	(12,639)	(16)	(42,296)	(33,781)	(25)

* Depreciation expense was lower in 3Q 2016 due to certain assets being fully depreciated. The increase in staff costs for 3Q 2016 mainly arose due to the 2015 Acquisitions and 2016 Acquisition.

A.3 Other operating income

Other operating income was higher in 3Q 2015 due to gain on disposal of plant and equipment and receipt of government grant.

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

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

A.5 Foreign exchange loss

The foreign exchange loss recognised in 3Q 2016 was mainly due to exchange loss on USD denominated shareholder's loans and EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of USD against SGD and depreciation of EUR against SGD as at balance sheet date, respectively.

This was partially offset by foreign exchange gain from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments.

A.6 Net change in fair value of financial derivatives

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

A.7 Net change in fair value of serviced residence properties and assets held for sale

In 3Q 2016, this relates to the fair value change of strata units in Fortune Garden Apartments due to higher selling prices as compared to the 30 June 2016 valuation.

In 3Q 2015, this relates to the surplus recognised upon the acquisition of Element New York Times Square West, an extended-stay hotel property in New York.

A.8 Profit from divestment

In 3Q 2015, this relates to the profit from divestment of the six rental housing properties in the cities of Kyoto, Saga and Sendai in Japan.

A.9 Income tax expense

Taxation for 3Q 2016 was lower by S\$4.6 million as compared to the corresponding period last year.

This was mainly due to the deferred tax liability provided in 3Q 2015 on the fair value surplus recognised upon the acquisition of Element New York Times Square West, an extended-stay hotel property in New York.

A.10 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	3Q 2016 S\$'000	3Q 2015 S\$'000		YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000	
Depreciation and amortisation	3,333	4,202	21	9,273	12,897	28
Manager's management fee payable / paid partially in units	4,065	3,833	(6)	11,796	10,669	(11)
Trustee's fees*	15	1	n.m.	44	41	(7)
Unrealised foreign exchange loss / (gain)	4,107	(7,142)	(158)	6,587	4,224	(56)
Net change in fair value of financial derivatives (Note A.6)	(263)	1,303	120	655	565	(16)
Net change in fair value of serviced residence properties and assets held for sale (Note A.7)	(2,094)	(10,325)	(80)	(38,241)	(31,653)	21
Profit from divestment (Note A.8)	–	(3,587)	n.m.	–	(3,587)	n.m.
Operating lease expense recognised on a straight-line basis	2,137	–	n.m.	2,137	–	n.m.
Assets written off	–	12	n.m.	33	124	73
Deferred tax expense	157	3,780	96	9,717	4,382	(122)
Effect of non-controlling interests arising from the above	(32)	(614)	(95)	(186)	6,224	103

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

1(b)(i) **Statement of Financial Position**

	Note	GROUP		REIT	
		30/09/16 S\$'000	31/12/15 S\$'000	30/09/16 S\$'000	31/12/15 S\$'000
Non-Current Assets					
Plant and equipment		61,233	52,506	4,116	4,909
Serviced residence properties	B.1	4,511,725	4,289,711	561,780	563,091
Interest in subsidiaries		–	–	347,959	347,535
Interest in associate		3,333	3,479	3,821	3,958
Deposits		20,250	20,250	20,250	20,250
Financial derivatives	B.2	43	–	43	–
Deferred tax assets		4,343	3,983	–	–
		4,600,927	4,369,929	937,969	939,743
Current Assets					
Inventories		240	296	–	–
Trade and other receivables	B.3	78,024	49,707	2,265,955	2,270,111
Assets held for sale	B.4	25,235	84,207	–	–
Cash and cash equivalents	B.5	174,743	220,467	5,631	38,150
		278,242	354,677	2,271,586	2,308,261
Total Assets		4,879,169	4,724,606	3,209,555	3,248,004
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,724,715)	(1,556,773)	(227,207)	(279,064)
Financial derivatives	B.2	(24,284)	(10,313)	(15,693)	(7,098)
Deferred tax liabilities	B.6	(97,530)	(88,851)	–	–
		(1,846,529)	(1,655,937)	(242,900)	(286,162)
Current Liabilities					
Trade and other payables	B.7	(154,179)	(136,453)	(929,305)	(747,997)
Interest bearing liabilities	B.8	(245,201)	(258,404)	(124,881)	(201,079)
Financial derivatives	B.2	(1,163)	(1,222)	(1,163)	(1,145)
Provision for taxation		(346)	(4,014)	–	–
		(400,889)	(400,093)	(1,055,349)	(950,221)
Total Liabilities		(2,247,418)	(2,056,030)	(1,298,249)	(1,236,383)
Net Assets		2,631,751	2,668,576	1,911,306	2,011,621
Represented by:					
Unitholders' funds	1(d)(i)	2,149,061	2,189,714	1,509,392	1,614,527
Perpetual securities holders	1(d)(i)	401,914	397,094	401,914	397,094
Non-controlling interests	1(d)(i)	80,776	81,768	–	–
Total Equity		2,631,751	2,668,576	1,911,306	2,011,621

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

B.1 Serviced residence properties

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

B.2 Financial derivatives

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

B.3 Trade and other receivables

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

B.4 Assets held for sale

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

B.5 Cash and cash equivalents

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

B.6 Deferred tax liabilities

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

B.7 Trade and other payables

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

B.8 Interest bearing liabilities

	GROUP		REIT	
	30/09/16	31/12/15	30/09/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less or on demand				
- Secured	120,522	257,123	-	199,754
- Unsecured	125,095	1,551	125,095	1,551
Less: Unamortised transaction costs	(416)	(270)	(214)	(226)
	245,201	258,404	124,881	201,079
Amount repayable after one year				
- Secured	910,641	823,077	199,590	177,917
- Unsecured	827,417	746,227	29,954	104,304
Less: Unamortised transaction costs	(13,343)	(12,531)	(2,337)	(3,157)
	1,724,715	1,556,773	227,207	279,064
Total	1,969,916	1,815,177	352,088	480,143

Details of collateral

The borrowings of the Group are generally secured by:

- Mortgage on subsidiaries' serviced residences and the assignment of the rights, titles and interests with respect to the serviced residences
- Assignment of rental proceeds from the serviced residences and insurance policies relating to the serviced residences
- Pledge of shares of some subsidiaries
- Corporate guarantee from the Reit

Capital management

As at 30 September 2016, the Group's gearing was 41 percent, well below the 45 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.4 percent per annum, with an interest cover of 4.2 times. S\$1,594.5 million or 80% of the Group's borrowings are on fixed interest rates with S\$122.6 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, less than 1 percent falls due in 2016, 13 percent falls due in 2017, 11 percent falls due in 2018, 8 percent falls due in 2019 and the balance falls due after 2019.

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

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	3Q 2016	3Q 2015	YTD Sep 2016	YTD Sep 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating Activities				
Total return for the period before tax	39,167	57,223	146,689	129,310
<u>Adjustments for:</u>				
Depreciation and amortisation	3,333	4,202	9,273	12,897
Gain on disposal of plant and equipment	(9)	(40)	(6)	(19)
Assets written off	–	12	33	124
Operating lease expense recognised on a straight-line basis	2,137	–	2,137	–
Finance costs	12,460	12,534	37,352	36,289
Finance income	(445)	(415)	(1,428)	(1,218)
Provision for doubtful debts (reversal) / addition	(2)	16	116	22
Manager's management fees payable / paid partially in units	4,065	3,833	11,796	10,669
Unrealised foreign exchange loss / (gain)	4,107	(7,142)	6,587	4,224
Net change in fair value of financial derivatives	(263)	1,303	655	565
Net change in fair value of serviced residence properties and assets held for sale	(2,094)	(10,325)	(38,241)	(31,653)
Profit from divestment	–	(3,587)	–	(3,587)
Share of results of associate	(8)	(5)	9	(7)
Operating profit before working capital changes	62,448	57,609	174,972	157,616
Changes in working capital	(1,733)	7,869	(37,158)	(4,870)
Cash generated from operations	60,715	65,478	137,814	152,746
Income tax paid	(5,912)	(6,579)	(17,204)	(19,857)
Cash flows from operating activities	54,803	58,899	120,610	132,889
Investing Activities				
Acquisition of plant and equipment	(6,881)	(5,320)	(21,126)	(10,317)
Acquisition of serviced residence properties, net of cash acquired	–	(416,056)	(214,046)	(416,056)
Proceeds from divestment of serviced residence properties	–	49,716	–	49,716
Capital expenditure on serviced residence properties	(2,613)	(16,002)	(9,903)	(22,917)
Proceeds on disposal of assets held for sale	29,876	2,912	58,835	3,920
Interest received	445	415	1,428	1,218
Proceeds from sale of plant and equipment	39	67	172	131
Cash flows from / (used in) investing activities	20,866	(384,268)	(184,640)	(394,305)
Financing Activities				
Distribution to Unitholders	(37,767)	(59,258)	(126,458)	(124,711)
Distribution to perpetual securities holders	–	–	(9,626)	(3,740)
Dividend paid to non-controlling interests	(120)	(413)	(2,406)	(3,271)
Interest paid	(11,460)	(8,264)	(33,619)	(30,151)
Payments for acquisition of ownership interests in subsidiaries with no change in control	–	(30,016)	–	(30,016)
Payment of finance lease	(739)	(731)	(2,208)	(2,096)
Proceeds from bank borrowings	46,103	187,078	605,786	296,260
Proceeds from issue of medium term notes	–	80,672	120,000	80,672
Proceeds from issue of perpetual securities	–	–	–	250,000
Proceeds from issue of new units	–	–	100,000	–
Payment of issue expenses on issue of new units	–	–	(922)	–
Payment of transaction costs on issue of perpetual securities	–	(643)	(17)	(2,773)
Repayment of bank borrowings	(77,190)	(53,903)	(637,225)	(155,008)
Cash flows (used in) / from financing activities	(81,173)	114,522	13,305	275,166
(Decrease) / increase in cash and cash equivalents	(5,504)	(210,847)	(50,725)	13,750
Cash and cash equivalents at beginning of the period	180,521	417,487	220,467	192,556
Effect of exchange rate changes on balances held in foreign currencies	(274)	4,341	5,001	4,675
Cash and cash equivalents at end of the period	174,743	210,981	174,743	210,981

1(d)(i) **Statement of Movements in Unitholders' Funds**

	Note	GROUP		GROUP	
		3Q 2016 S\$'000	3Q 2015 S\$'000	YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000
<u>Unitholders' Contribution</u>					
Balance as at beginning of period					
New units issued / to be issued ⁽¹⁾		1,467,702	1,462,007	1,428,452	1,476,104
- equity placement on 23 March 2016		–	–	100,000	–
- payment of manager's management fees in units		4,065	3,546	15,768	10,378
Issue expense		–	–	(1,435)	–
Distribution to Unitholders		(24,748)	(43,891)	(95,766)	(64,820)
Balance as at end of period		1,447,019	1,421,662	1,447,019	1,421,662
<u>Operations</u>					
Balance as at beginning of period		859,312	710,244	805,254	707,167
Total return for the period attributable to Unitholders / perpetual securities holders		32,116	45,780	113,565	97,132
Total return attributable to perpetual securities holders		(4,839)	(4,840)	(14,413)	(8,591)
Change in ownership interests in subsidiaries with no change in control		10	–	(183)	–
Transfer between reserves		2	–	51	–
Distribution to Unitholders		(13,019)	(15,367)	(30,692)	(59,891)
Balance as at end of period		873,582	735,817	873,582	735,817
<u>Foreign Currency Translation Reserve</u>					
Balance as at beginning of period		(134,943)	(56,905)	(36,260)	(64,084)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(24,733)	43,191	(123,416)	50,370
Balance as at end of period		(159,676)	(13,714)	(159,676)	(13,714)
<u>Capital Reserve</u>					
Balance as at beginning of period		1,959	2,008	2,008	2,008
Transfer between reserves		(2)	–	(51)	–
Balance as at end of period		1,957	2,008	1,957	2,008
<u>Hedging Reserve</u>					
Balance as at beginning of period		(16,651)	(10,913)	(9,740)	(15,117)
Effective portion of change in fair values of cash flow hedges		2,830	(2,803)	(4,081)	1,401
Balance as at end of period		(13,821)	(13,716)	(13,821)	(13,716)
Unitholders' Funds	1(b)(i)	2,149,061	2,132,057	2,149,061	2,132,057
<u>Perpetual Securities</u>					
Balance as at beginning of period		397,075	396,717	397,094	149,351
Issue of perpetual securities		–	–	–	250,000
Issue expenses		–	192	33	(2,453)
Total return attributable to perpetual securities holders		4,839	4,840	14,413	8,591
Distribution to perpetual securities holders		–	–	(9,626)	(3,740)
Balance as at end of period	1(b)(i)	401,914	401,749	401,914	401,749

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

1(d)(i) **Statement of Movements in Unitholders' Funds**

	Note	GROUP		GROUP	
		3Q 2016 S\$'000	3Q 2015 S\$'000	YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000
Non-controlling Interests					
Balance as at beginning of period		80,691	107,889	81,768	97,807
Total return for the period		1,423	1,169	3,892	12,000
Dividend paid to non-controlling interests		(120)	(413)	(2,406)	(3,271)
Change in ownership interests in subsidiaries with no change in control		–	(31,383)	183	(31,383)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(1,218)	2,340	(2,661)	4,410
Effective portion of change in fair values of cash flow hedges		–	127	–	166
Balance as at end of period	1(b)(i)	80,776	79,729	80,776	79,729
Equity	1(b)(i)	2,631,751	2,613,535	2,631,751	2,613,535

1(d)(i) **Statement of Movements in Unitholders' Funds**

	Note	REIT		REIT	
		3Q 2016 S\$'000	3Q 2015 S\$'000	YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000
Unitholders' Contribution					
Balance as at beginning of period		1,467,702	1,462,007	1,428,452	1,476,104
New units issued / to be issued ⁽¹⁾					
- equity placement on 23 March 2016		–	–	100,000	–
- payment of manager's management fees in units		4,065	3,546	15,768	10,378
Issue expenses		–	–	(1,435)	–
Distribution to Unitholders		(24,748)	(43,891)	(95,766)	(64,820)
Balance as at end of period		1,447,019	1,421,662	1,447,019	1,421,662
Operations					
Balance as at beginning of period		108,484	183,821	192,507	214,631
Total return for the period attributable to Unitholders / perpetual securities holders		(23,407)	18,368	(80,183)	35,833
Total return attributable to perpetual securities holders		(4,839)	(4,840)	(14,413)	(8,591)
Distribution to Unitholders		(13,019)	(15,367)	(30,692)	(59,891)
Balance as at end of period		67,219	181,982	67,219	181,982
Hedging Reserve					
Balance as at beginning of period		(5,345)	(8,420)	(6,432)	(11,582)
Effective portion of change in fair values of cash flow hedges		499	555	1,586	3,717
Balance as at end of period		(4,846)	(7,865)	(4,846)	(7,865)
Unitholders' Funds	1(b)(i)	1,509,392	1,595,779	1,509,392	1,595,779
Perpetual Securities					
Balance as at beginning of period		397,075	396,717	397,094	149,351
Issue of perpetual securities		–	–	–	250,000
Issue expenses		–	192	33	(2,453)
Total return attributable to perpetual securities holders		4,839	4,840	14,413	8,591
Distribution to perpetual securities holders		–	–	(9,626)	(3,740)
Balance as at end of period	1(b)(i)	401,914	401,749	401,914	401,749
Equity	1(b)(i)	1,911,306	1,997,528	1,911,306	1,997,528

(1) Refer to footnote on page 11.

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

	REIT			
	3Q 2016 '000	3Q 2015 '000	YTD Sep 2016 '000	YTD Sep 2015 '000
Balance as at beginning of period	1,649,220	1,540,358	1,548,736	1,535,023
Issue of new units:				
- equity placement on 23 March 2016	-	-	94,787	-
- partial payment of manager's management fees in units	2,115	2,796	7,812	8,131
Balance as at end of period	1,651,335	1,543,154	1,651,335	1,543,154

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation required by an accounting standard, what has changed, as well as the reasons for the change

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2016. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings per unit ("EPU") and distribution per unit ("DPU") for the financial period

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

	GROUP			
	3Q 2016 S\$'000	3Q 2015 S\$'000	YTD Sep 2016 S\$'000	YTD Sep 2015 S\$'000
Total return for the period attributable to Unitholders / perpetual securities holders	32,116	45,780	113,565	97,132
Less: Total return for the period attributable to perpetual securities holders	(4,839)	(4,840)	(14,413)	(8,591)
Total return for the period attributable to Unitholders	27,277	40,940	99,152	88,541

	3Q 2016	3Q 2015	YTD Sep 2016	YTD Sep 2015
Earnings per Unit (EPU)				
Number of units on issue at end of period ('000)	1,651,335	1,543,154	1,651,335	1,543,154
Weighted average number of units for the period ('000)				
– Basic	1,650,577	1,542,121	1,619,952	1,539,442
– Diluted ⁽¹⁾	1,657,453	1,542,121	1,629,086	1,539,442
EPU (cents) (based on the weighted average number of units for the period)				
– Basic ⁽²⁾	1.65	2.65	6.12	5.75
– Diluted	1.65	2.65	6.09	5.75

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

Note 2: The computation of EPU included the net change in fair value of serviced residence properties and assets held for sale, net of tax and non-controlling interests. Excluding these effects, the EPU for 3Q 2016 and 3Q 2015 would be 1.53 cents and 2.29 cents respectively, and the EPU for YTD Sep 2016 and YTD Sep 2015 would be 4.37 cents and 4.47 cents respectively.

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

	3Q 2016	3Q 2015	YTD Sep 2016	YTD Sep 2015
Distribution per Unit (DPU)				
Number of units on issue at end of period ('000)	1,651,335	1,543,154	1,651,335	1,543,154
DPU (cents)	2.35	2.07	6.22	5.92

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

	GROUP		REIT	
	30/09/16	31/12/15	30/09/16	31/12/15
NAV / NTA per unit (S\$)	1.30 *	1.41	0.91	1.04

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

8. **Group Performance Review**

8(a) **Revenue and Gross Profit Analysis – 3Q 2016 vs. 3Q 2015 (Local Currency (“LC”))**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		3Q 2016	3Q 2015	Better/ (Worse)		3Q 2016	3Q 2015	Better/ (Worse)		3Q 2016	3Q 2015	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	1.8	1.7	0.1	6	1.7	1.6	0.1	6	–	–	–
France	EUR	5.7	5.8	(0.1)	(2)	5.3	5.3	–	–	–	–	–
Germany	EUR	1.5	1.5	–	–	1.4	1.2	0.2	17	–	–	–
Japan	JPY	133.3	187.4	(54.1)	(29)	104.5	146.9	(42.4)	(29)	–	–	–
Singapore	S\$	2.0	2.5	(0.5)	(20)	1.8	2.2	(0.4)	(18)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	1.5	2.3	(0.8)	(35)	0.4	0.6	(0.2)	(33)	46	69	(33)
Spain	EUR	1.4	1.4	–	–	0.7	0.7	–	–	112	111	1
United Kingdom	GBP	7.4	7.5	(0.1)	(1)	3.8	3.7	0.1	3	126	128	(2)
Management contracts												
Australia	AUD	6.6	4.9	1.7	35	2.7	2.0	0.7	35	143	144	(1)
China	RMB	76.2	83.9	(7.7)	(9)	23.7	24.0	(0.3)	(1)	404	441	(8)
Indonesia	USD	3.4	3.4	–	–	1.4	1.3	0.1	8	88	89	(1)
Japan	JPY	1,169.2	1,151.5	17.7	2	646.2	660.5	(14.3)	(2)	12,018	12,011	–
Malaysia	MYR	4.9	5.2	(0.3)	(6)	1.8	1.2	0.6	50	259	271	(4)
Philippines	PHP	168.7	229.7	(61.0)	(27)	43.4	71.5	(28.1)	(39)	3,347	3,781	(12)
Singapore	S\$	6.6	7.4	(0.8)	(11)	3.2	3.3	(0.1)	(3)	203	229	(11)
United States of America	USD	17.7	5.1	12.6	n.m.	4.1	1.9	2.2	n.m.	242	281	(14)
Vietnam	VND ¹	162.9	159.7	3.2	2	87.8	82.0	5.8	7	1,498	1,565	(4)

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

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

8(a) **Revenue and Gross Profit Analysis – 3Q 2016 vs. 3Q 2015 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	3Q 2016	3Q 2015	Better/ (Worse)		3Q 2016	3Q 2015	Better/ (Worse)		3Q 2016	3Q 2015	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	1.8	1.8	–	–	1.7	1.7	–	–	–	–	–
France	8.6	8.8	(0.2)	(2)	7.9	8.0	(0.1)	(1)	–	–	–
Germany	2.3	2.3	–	–	2.1	1.8	0.3	17	–	–	–
Japan	1.7	2.1	(0.4)	(19)	1.4	1.7	(0.3)	(18)	–	–	–
Singapore	2.0	2.5	(0.5)	(20)	1.8	2.2	(0.4)	(18)	–	–	–
Sub-total	16.4	17.5	(1.1)	(6)	14.9	15.4	(0.5)	(3)	–	–	–
Management contracts with minimum guaranteed income											
Belgium	2.3	3.4	(1.1)	(32)	0.6	0.9	(0.3)	(33)	69	105	(34)
Spain	2.2	2.2	–	–	1.1	1.1	–	–	169	170	(1)
United Kingdom	13.5	16.0	(2.5)	(16)	6.9	7.8	(0.9)	(12)	229	274	(16)
Sub-total	18.0	21.6	(3.6)	(17)	8.6	9.8	(1.2)	(12)	172	209	(18)
Management contracts											
Australia	6.7	5.0	1.7	34	2.7	2.0	0.7	35	145	149	(3)
China	15.5	18.4	(2.9)	(16)	4.8	5.3	(0.5)	(9)	82	97	(16)
Indonesia	4.6	4.7	(0.1)	(2)	1.9	1.7	0.2	12	120	122	(2)
Japan	15.3	12.9	2.4	19	8.5	7.4	1.1	15	157	134	17
Malaysia	1.6	1.8	(0.2)	(11)	0.6	0.4	0.2	50	87	95	(8)
Philippines	4.9	6.9	(2.0)	(29)	1.3	2.1	(0.8)	(38)	97	113	(14)
Singapore	6.6	7.4	(0.8)	(11)	3.2	3.3	(0.1)	(3)	203	229	(11)
United States of America	24.2	6.9	17.3	n.m.	5.6	2.6	3.0	n.m.	330	382	(14)
Vietnam	10.1	10.1	–	–	5.4	5.2	0.2	4	93	99	(6)
Sub-total	89.5	74.1	15.4	21	34.0	30.0	4.0	13	139	127	9
Group	123.9	113.2	10.7	9	57.5	55.2	2.3	4	144	141	2

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

Group

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

Analysis By Country

A. Master Leases

Australia

Both revenue and gross profit increased by AUD 0.1 million as compared to 3Q 2015 due to annual rent increment.

In SGD terms, revenue and gross profit remained at the same level as compared to 3Q 2015 due to depreciation of AUD against SGD.

France

Revenue decreased by EUR 0.1 million as compared to 3Q 2015 due to negative indexation. Gross profit remained at the same level as 3Q 2015.

In SGD terms, revenue and gross profit decreased by S\$0.2 million or 2% and S\$0.1 million or 1% respectively due to depreciation of EUR against SGD.

Germany

Revenue remained at the same level as 3Q 2015. Gross profit increased by EUR 0.2 million or 17% as compared to 3Q 2015 due to higher repair and maintenance expense in 3Q 2015.

In SGD terms, revenue remained at the same level as 3Q 2015. Gross profit, in SGD terms, increased by S\$0.3 million or 17% as explained above.

Japan

Revenue and gross profit decreased by JPY 54.1 million or 29% and JPY 42.4 million or 29% respectively as compared to 3Q 2015 due to the divestment of five rental housing properties on 30 September 2015.

On a same store basis (excluding the contribution from the five divested rental housing properties in 3Q 2015), revenue for 3Q 2016 was at the same level as compared to 3Q 2015. Gross profit decreased by JPY 0.6 million due to higher repair and maintenance expense.

In SGD terms, revenue decreased by S\$0.4 million or 19% and gross profit decreased by S\$0.3 million or 18%.

Singapore

Revenue decreased by S\$0.5 million or 20% as compared to 3Q 2015 due to weaker corporate demand. Gross profit decreased by S\$0.4 million or 18% due to lower revenue, partially offset by lower depreciation expense.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by EUR 0.8 million or 35% in 3Q 2016 as compared to 3Q 2015 due to weaker demand post terror attacks in March 2016. REVPAU decreased by 33% from EUR 69 in 3Q 2015 to EUR 46 in 3Q 2016.

Gross profit decreased by EUR 0.2 million or 33% due to lower revenue.

In SGD terms, revenue decreased by S\$1.1 million or 32% due to weaker underlying performance. Gross profit, in SGD terms, decreased by S\$0.3 million or 33% as compared to 3Q 2015.

Spain

Revenue and gross profit for 3Q 2016 remained at the same level as 3Q 2015.

In SGD terms, revenue and gross profit remained at the same level as 3Q 2015.

United Kingdom

Revenue decreased by GBP 0.1 million or 1% in 3Q 2016 as compared to 3Q 2015. REVPAU decreased by 2% from GBP 128 in 3Q 2015 to GBP 126 in 3Q 2016.

Gross profit increased by GBP 0.1 million or 3% mainly due to lower provision of incentive fee, partially offset by lower revenue.

In SGD terms, revenue decreased by S\$2.5 million or 16% due to depreciation of GBP against SGD and weaker underlying performance. Gross profit, in SGD terms, decreased by S\$0.9 million or 12%.

C. Management contracts

Australia

Revenue and gross profit increased by AUD 1.7 million or 35% and AUD 0.7 million or 35% respectively as compared to 3Q 2015. The increase was mainly due to the full quarter contribution from Citadines on Bourke Melbourne, which was acquired on 31 July 2015. REVPAU decreased by 1% from AUD 144 in 3Q 2015 to AUD 143 in 3Q 2016.

Excluding the contribution from Citadines on Bourke Melbourne, revenue decreased by AUD 0.3 million and gross profit decreased by AUD 0.2 million as compared to 3Q 2015. This was mainly due to weaker market demand in Perth. REVPAU decreased by 16% from AUD 165 in 3Q 2015 to AUD 138 in 3Q 2016.

In SGD terms, revenue and gross profit increased by S\$1.7 million or 34% and S\$0.7 million or 35% respectively. This was mainly due to the full quarter contribution from Citadines on Bourke Melbourne.

China

Revenue decreased by RMB 7.7 million or 9% as compared to 3Q 2015 mainly due to weaker demand from project groups in the regional cities. REVPAU decreased by 8% from RMB 441 in 3Q 2015 to RMB 404 in 3Q 2016. Gross profit decreased by RMB 0.3 million or 1% due to lower revenue, partially offset by lower business tax and depreciation expense.

In SGD terms, revenue decreased by S\$2.9 million or 16% due to weaker underlying performance and depreciation of RMB against SGD. Gross profit, in SGD terms, decreased by S\$0.5 million or 9%.

Indonesia

Revenue remained at the same level as 3Q 2015. REVPAU decreased by 1% from USD 89 in 3Q 2015 to USD 88 in 3Q 2016. Gross profit increased by USD 0.1 million or 8% as compared to 3Q 2015 due to lower staff costs and utility expense.

In SGD terms, revenue decreased by S\$0.1 million or 2% as compared to 3Q 2015 due to depreciation of USD against SGD. Gross profit, in SGD terms, increased by S\$0.2 million or 12%.

Japan

Revenue increased by JPY 17.7 million or 2% as compared to 3Q 2015. The increase was mainly due to the acquisition of a portfolio of four rental housing properties on 31 July 2015. Gross profit decreased by JPY 14.3 million or 2% as compared to 3Q 2015 due to higher staff costs and operating expenses.

Excluding the contribution in 3Q 2016 from the portfolio of four rental housing properties acquired on 31 July 2015 and the contribution in 3Q 2015 from the rental housing property divested on 30 September 2015, revenue decreased by JPY 5.0 million due to weaker demand from project groups. REVPAU increased from JPY 12,011 in 3Q 2015 to JPY 12,018 in 3Q 2016. Gross profit decreased by JPY 30.6 million or 5% as compared to 3Q 2015 due to higher operating expenses.

In SGD terms, revenue and gross profit increased by S\$2.4 million or 19% and S\$1.1 million or 15% respectively. The increase was mainly due to the contribution from the acquired properties and appreciation of JPY against SGD, partially offset by weaker underlying performance.

Malaysia

Revenue decreased by MYR 0.3 million or 6% as compared to 3Q 2015 due to weaker demand from oil and gas industries. Gross profit increased by MYR 0.6 million or 50% due to lower depreciation expense and marketing expense, partially offset by lower revenue.

In SGD terms, revenue decreased by S\$0.2 million or 11% due to weaker underlying performance and depreciation of MYR against SGD. Gross profit, in SGD terms, increased by S\$0.2 million or 50% due to lower expenses.

The Philippines

Revenue decreased by PHP 61.0 million or 27% as compared to 3Q 2015 mainly due to ongoing refurbishment at Ascott Makati, reduced room inventory at Somerset Millennium and weaker demand from corporate accounts. REVPAU decreased by 12% from PHP 3,781 in 3Q 2015 to PHP 3,347 in 3Q 2016. Gross profit decreased by PHP 28.1 million or 39% due to lower revenue.

In SGD terms, revenue and gross profit decreased by S\$2.0 million or 29% and S\$0.8 million or 38% respectively. This was mainly due to weaker underlying performance and depreciation of PHP against SGD.

Singapore

Revenue decreased by S\$0.8 million or 11% in 3Q 2016 as compared to 3Q 2015 due to weaker corporate demand. REVPAU decreased by 11% from S\$229 in 3Q 2015 to S\$203 in 3Q 2016.

Gross profit decreased by S\$0.1 million or 3% due to lower revenue, partially offset by lower GST due to refund of GST in respect of prior periods in 3Q 2016.

The United States of America

Revenue and gross profit were USD 17.7 million (S\$24.2 million) and USD 4.1 million (S\$5.6 million) respectively in 3Q 2016. This was contributed by Element New York Times Square West acquired on 19 August 2015 and Sheraton Tribeca New York acquired on 29 April 2016. REVPAU decreased by 14% due to lower average daily rate achieved.

Vietnam

Revenue increased by VND 3.2 billion or 2% in 3Q 2016 as compared to 3Q 2015. The increase was mainly due to higher commercial rent, partially offset by ongoing renovation at Somerset Ho Chi Minh City. REVPAU decreased by 4% from VND 1,565,000 in 3Q 2015 to VND 1,498,000 in 3Q 2016. Gross profit increased by VND 5.8 billion or 7% due to higher revenue and lower depreciation expense.

In SGD terms, revenue remained at the same level as 3Q 2015 and gross profit increased by S\$0.2 million or 4%. This was mainly due to stronger underlying performance, partially offset by depreciation of VND against SGD.

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

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Sep 2016	YTD Sep 2015	Better/(Worse)		YTD Sep 2016	YTD Sep 2015	Better/(Worse)		YTD Sep 2016	YTD Sep 2015	Better/(Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	5.4	5.1	0.3	6	5.1	4.8	0.3	6	–	–	–
France	EUR	17.2	17.4	(0.2)	(1)	15.9	15.9	–	–	–	–	–
Germany	EUR	4.4	4.4	–	–	4.1	3.7	0.4	11	–	–	–
Japan	JPY	399.9	562.8	(162.9)	(29)	312.2	446.7	(134.5)	(30)	–	–	–
Singapore	S\$	6.0	7.1	(1.1)	(16)	5.5	5.9	(0.4)	(7)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	4.6	6.4	(1.8)	(28)	1.0	1.6	(0.6)	(38)	48	65	(26)
Spain	EUR	3.8	3.7	0.1	3	1.8	1.7	0.1	6	99	95	4
United Kingdom	GBP	19.5	20.4	(0.9)	(4)	9.2	9.4	(0.2)	(2)	112	117	(4)
Management contracts												
Australia	AUD	20.3	7.4	12.9	n.m.	8.4	2.9	5.5	n.m.	147	146	1
China	RMB	227.5	237.2	(9.7)	(4)	67.8	63.1	4.7	7	404	420	(4)
Indonesia	USD	9.3	9.5	(0.2)	(2)	3.8	3.5	0.3	9	80	84	(5)
Japan	JPY	3,537.9	3,242.1	295.8	9	1,979.6	1,796.9	182.7	10	12,234	11,750	4
Malaysia	MYR	14.5	14.2	0.3	2	5.0	3.7	1.3	35	256	249	3
Philippines	PHP	530.6	729.5	(198.9)	(27)	156.9	244.5	(87.6)	(36)	3,573	4,042	(12)
Singapore	S\$	19.4	20.2	(0.8)	(4)	8.4	8.7	(0.3)	(3)	201	210	(4)
United States of America	USD	39.3	5.1	34.2	n.m.	10.0	1.9	8.1	n.m.	227	281	(19)
Vietnam	VND ¹	471.8	469.2	2.6	1	259.3	250.1	9.2	4	1,468	1,521	(4)

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

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

8(a) **Revenue and Gross Profit Analysis – YTD Sep 2016 vs. YTD Sep 2015 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Sep 2016	YTD Sep 2015	Better/(Worse)		YTD Sep 2016	YTD Sep 2015	Better/(Worse)		YTD Sep 2016	YTD Sep 2015	Better/(Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	5.4	5.4	–	–	5.1	5.1	–	–	–	–	–
France	26.3	26.3	–	–	24.2	24.2	–	–	–	–	–
Germany	6.8	6.8	–	–	6.2	5.6	0.6	11	–	–	–
Japan	5.0	6.3	(1.3)	(21)	3.9	5.0	(1.1)	(22)	–	–	–
Singapore	6.0	7.1	(1.1)	(16)	5.5	5.9	(0.4)	(7)	–	–	–
Sub-total	49.5	51.9	(2.4)	(5)	44.9	45.8	(0.9)	(2)	–	–	–
Management contracts with minimum guaranteed income											
Belgium	7.1	9.5	(2.4)	(25)	1.5	2.4	(0.9)	(38)	73	98	(26)
Spain	5.9	5.6	0.3	5	2.7	2.6	0.1	4	152	145	5
United Kingdom	37.9	42.4	(4.5)	(11)	17.7	19.6	(1.9)	(10)	216	243	(11)
Sub-total	50.9	57.5	(6.6)	(12)	21.9	24.6	(2.7)	(11)	164	187	(12)
Management contracts											
Australia	20.6	7.5	13.1	n.m.	8.5	3.0	5.5	n.m.	149	153	(3)
China	47.6	51.8	(4.2)	(8)	14.2	13.8	0.4	3	85	92	(8)
Indonesia	12.9	12.9	–	–	5.2	4.7	0.5	11	111	114	(3)
Japan	44.1	36.4	7.7	21	24.7	20.1	4.6	23	153	132	16
Malaysia	4.9	5.2	(0.3)	(6)	1.7	1.4	0.3	21	86	91	(6)
Philippines	15.6	22.0	(6.4)	(29)	4.6	7.4	(2.8)	(38)	105	122	(14)
Singapore	19.4	20.2	(0.8)	(4)	8.4	8.7	(0.3)	(3)	201	210	(4)
United States of America	54.1	6.9	47.2	n.m.	13.8	2.6	11.2	n.m.	313	382	(18)
Vietnam	29.2	29.6	(0.4)	(1)	16.1	15.7	0.4	3	91	96	(5)
Sub-total	248.4	192.5	55.9	29	97.2	77.4	19.8	26	133	116	15
Group	348.8	301.9	46.9	16	164.0	147.8	16.2	11	137	129	6

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

For the nine months ended 30 September 2016 (“YTD Sep 2016”), revenue increased by S\$46.9 million or 16% as compared to the corresponding period last year (“YTD Sep 2015”). The increase in revenue was mainly due to additional contribution of S\$64.2 million from the 2015 Acquisitions and 2016 Acquisition. The increase was partially offset by decrease in revenue of S\$2.4 million from the divestment of six rental housing properties in 3Q 2015 and decrease in revenue of S\$14.9 million from the existing properties.

On a same store basis, YTD Sep 2016 revenue decreased by S\$14.9 million mainly due to lower revenue from United Kingdom (due to depreciation of GBP against SGD), Philippines (arising from ongoing renovation) and China (due to weaker demand from project groups in the regional cities).

REVPAU increased from S\$129 in YTD Sep 2015 to S\$137 in YTD Sep 2016. On a same store basis, excluding the 2015 Acquisitions and 2016 Acquisition, REVPAU decreased by 7%.

In line with the increase in revenue, gross profit for YTD Sep 2016 increased by S\$16.2 million or 11% as compared to YTD Sep 2015. On a same store basis, gross profit decreased by S\$1.6 million mainly due to lower revenue, partially offset by lower operation and maintenance expense, depreciation expense and other direct expenses.

9. **Variance from forecast**

The Group has not disclosed any forecast to the market.

10. **Commentary of the significant trends and the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

In October 2016, the International Monetary Fund trimmed its global growth forecast further from 3.2% to 3.1% for 2016 as it expects the world economy to remain on course for muted growth this year. Notwithstanding the weak global growth outlook, demand for the serviced residences in Ascott REIT's balanced portfolio is expected to remain resilient. With its diversified portfolio and extended-stay business model, Ascott REIT will continue to deliver stable income and returns to its Unitholders.

Ascott Orchard Singapore, which Ascott REIT has entered into a forward contract to acquire upon completion, has recently obtained its temporary occupation permit in October 2016 and is on track for delivery in 2017. The Group continues to look out for accretive acquisition opportunities in the key gateway cities of Australia, Japan, Europe and United States of America.

Phased refurbishments at Somerset Ho Chi Minh City and Ascott Makati have been completed in 3Q 2016. We expect to complete the refurbishments at Somerset Ho Chi Minh City, Somerset Millennium Makati and Citadines Barbican London in 2017. The Group will continue to refurbish Ascott REIT's properties to enhance guest experience and maximise returns to Unitholders. As part of its strategy to optimise returns to Unitholders, Ascott REIT will continue to review its portfolio to identify opportunities to unlock the underlying value of properties with limited growth potential and re-deploy proceeds into higher yielding properties.

The Group realised an exchange gain of S\$3.3 million in 3Q 2016 from the repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments that has been remitted back to Singapore. The remaining proceeds which are being remitted back to Singapore will be used to repay bank loans.

In view of the possibility of higher interest rates, the Group has been proactive in many of its capital management initiatives. As of 30 September 2016, the Group has kept 80% of its total borrowings on fixed interest rates to mitigate the effects of interest rate volatility and the Group's effective borrowing rate has remained stable at 2.4% per annum. We have also taken a proactive approach to manage the impact of exchange rate volatility on our earnings by entering into foreign currency forward contracts to hedge approximately 30% of the Group's anticipated FY2016 Unitholder's distribution derived in foreign currencies. We will continue to monitor the Group's exposure to interest rates and exchange rates risks and we will remain vigilant to changes in the credit environment.

11. **Distributions**

11(a) **Current financial period**

Any distributions declared for the current financial period? No

11(b) **Corresponding period of the preceding financial period**

Any distributions declared for the corresponding period of the immediate preceding financial period? No

11(c) Book closure date : Not applicable

11(d) Date payable : Not applicable

12. **If no distribution has been declared/recommendeded, a statement to that effect**

Not applicable.

13. **General mandate for Interested Person Transactions ("IPT")**

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

14. **Confirmation pursuant to Rule 720(1) of the Listing Manual**

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

15. **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 September 2016, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the nine months ended 30 September 2016, together with their accompanying notes), to be false or misleading in any material aspect.

On behalf of the Board
Ascott Residence Trust Management Limited

Tan Beng Hai
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

Karen Chan
Company Secretary
20 October 2016