

**ASCOTT RESIDENCE TRUST
2016 FULL YEAR UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
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ASCOTT RESIDENCE TRUST
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Summary of Group Results

	4Q 2016 S\$'000	4Q 2015 S\$'000	Better / (Worse) %	YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000	Better / (Worse) %
Revenue	126,748	119,172	6	475,590	421,114	13
Gross Profit	58,204	56,791	3	222,160	204,570	9
Unitholders' Distribution	33,880	32,057	6	134,991	123,339	9
Distribution Per Unit ("DPU") (cents)	2.04	2.07	(1)	8.27	7.99	4
DPU (cents) (adjusted for equity placement)	2.04	2.07	(1)	8.31	7.99	4
<u>For information only</u>						
DPU (cents) (adjusted for one-off item)	1.93 ⁽¹⁾	2.07	(7)	7.73 ⁽¹⁾	8.06 ⁽²⁾	(4)
DPU (cents) (adjusted for equity placement and one-off item)	1.93	2.07	(7)	7.78	8.06	(3)

⁽¹⁾ Unitholders' distribution in 4Q 2016 and YTD Dec 16 included net realised exchange gain of S\$2.0 million and S\$8.8 million respectively arising from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments and repayment of shareholders' loan from the Group's subsidiaries.

⁽²⁾ Unitholders' distribution in YTD Dec 15 included a one-off item of approximately S\$1.2 million relating to the interest expense incurred on the S\$250.0 million perpetual securities issued in June 2015 prior to utilisation of the proceeds in July 2015 and August 2015 to fund the acquisitions in Australia and the United States of America respectively.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2016 to 22 March 2016	For 23 March 2016 to 30 June 2016	For 1 July 2016 to 31 December 2016
Distribution Rate	1.585 cents per Unit	2.290 cents per Unit	4.392 cents per Unit
Book Closure Date	22 March 2016	28 July 2016	2 February 2017
Payment Date	27 April 2016	24 August 2016	28 February 2017

ASCOTT RESIDENCE TRUST

2016 FULL YEAR UNAUDITED FINANCIAL STATEMENTS 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, 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 were 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 31 December 2016, Ascott Reit’s portfolio comprises 90 properties with 11,627 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) %
		4Q 2016	4Q 2015		YTD Dec 2016	YTD Dec 2015	
		S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	A.1	126,748	119,172	6	475,590	421,114	13
Direct expenses	A.2	(68,544)	(62,381)	(10)	(253,430)	(216,544)	(17)
Gross Profit	A.1	58,204	56,791	3	222,160	204,570	9
Finance income		371	385	(4)	1,799	1,603	12
Other operating income	A.3	469	126	272	865	438	97
Finance costs		(12,693)	(13,567)	6	(50,045)	(49,856)	–
Manager's management fees		(5,751)	(5,609)	(3)	(22,178)	(19,820)	(12)
Trustee's fee		(120)	(119)	(1)	(476)	(436)	(9)
Professional fees	A.4	(786)	(680)	(16)	(2,739)	(2,249)	(22)
Audit fees		(611)	(573)	(7)	(2,486)	(2,365)	(5)
Foreign exchange gain / (loss)	A.5	1,907	(5,209)	137	4,068	(4,977)	182
Other operating expenses		(378)	(402)	6	(1,213)	(1,014)	(20)
Share of results of associate (net of tax)		3	–	n.m.	(6)	7	(186)
Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale		40,615	31,143	30	149,749	125,901	19
Net change in fair value of financial derivatives	A.6	977	(110)	988	322	(675)	148
Net change in fair value of serviced residence properties and assets held for sale	A.7	(8,254)	52,665	(116)	29,987	84,318	(64)
Profit from divestment	A.8	–	6,337	n.m.	–	9,924	n.m.
Assets written off	A.9	(510)	(3,594)	86	(543)	(3,717)	85
Total return for the period / year before tax		32,828	86,441	(62)	179,515	215,751	(17)
Income tax expense	A.10	(2,520)	(16,583)	85	(31,751)	(36,761)	14
Total return for the period / year after tax		30,308	69,858	(57)	147,764	178,990	(17)
Attributable to:							
Unitholders / perpetual securities holders		29,747	68,051		143,312	165,183	
Non-controlling interests		561	1,807		4,452	13,807	
Total return for the period / year		30,308	69,858	(57)	147,764	178,990	(17)

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		4Q 2016 S\$'000	4Q 2015 S\$'000		YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000	
Total return for the period / year attributable to Unitholders / perpetual securities holders		29,747	68,051		143,312	165,183	
Net effect of non-tax deductible / chargeable items and other adjustments	A.11	8,973	(31,155)		10,932	(28,414)	
Total amount distributable for the period / year		38,720	36,896	5	154,244	136,769	13
Amount distributable:							
- Unitholders		33,880	32,057		134,991	123,339	
- Perpetual securities holders		4,840	4,839		19,253	13,430	
		38,720	36,896	5	154,244	136,769	13
Comprises:							
- from operations		22,008	25,856		27,461	33,040	
- from unitholders' contributions		11,872	6,201		107,530	90,299	
		33,880	32,057	6	134,991	123,339	9

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

A.1 Revenue and Gross profit

Revenue for 4Q 2016 of S\$126.7 million comprised S\$16.8 million (13% of total revenue) from serviced residences on Master Leases, S\$17.3 million (14%) from serviced residences on management contracts with minimum guaranteed income and S\$92.6 million (73%) from serviced residences on management contracts.

Revenue for 4Q 2016 increased by S\$7.5 million or 6% as compared to 4Q 2015. This was mainly contributed by the additional revenue of S\$11.9 million from the 2016 Acquisition, partially offset by the decrease in revenue of S\$4.4 million from the existing properties, mainly in China and United Kingdom (arising from depreciation of GBP against SGD).

The Group achieved a revenue per available unit ("REVPAU") of S\$148 for 4Q 2016, an increase of 2% as compared to 4Q 2015 due to higher average daily rate from Sheraton Tribeca New York Hotel as compared to the existing properties. On a same store basis, excluding the 2016 Acquisition, REVPAU for 4Q 2016 decreased by 6% as compared to 4Q 2015 due to weaker performance from China and United Kingdom (arising from depreciation of GBP against SGD).

Gross profit for 4Q 2016 of S\$58.2 million comprised S\$15.2 million (26% of total gross profit) from serviced residences on Master Leases, S\$7.3 million (13%) from serviced residences on management contracts with minimum guaranteed income and S\$35.7 million (61%) from serviced residences on management contracts.

As compared to 4Q 2015, gross profit increased by S\$1.4 million or 3%. On a same store basis, gross profit decreased by S\$2.4 million or 4%.

Please refer to Para 8(a) for a more detailed analysis.

A.2 Direct expenses include the following items:

	GROUP			GROUP		
	4Q 2016	4Q 2015	Better / (Worse)	YTD Dec 2016	YTD Dec 2015	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation and amortisation*	(3,668)	(3,737)	2	(12,941)	(16,634)	22
Staff costs*	(15,339)	(13,955)	(10)	(57,635)	(47,737)	(21)

* Depreciation expense was lower in YTD Dec 2016 due to certain assets being fully depreciated. The increase in staff costs for 4Q 2016 mainly arose due to the 2016 Acquisition. For YTD Dec 2016, staff costs increased due to the 2015 Acquisitions and 2016 Acquisition.

A.3 Other operating income

Other operating income was higher in 4Q 2016 mainly due to reversal of long outstanding security deposits.

A.4 Professional fees

Professional fees was higher in 4Q 2016 as there was reversal of prior year's accrued expenses no longer required in 4Q 2015, which resulted in lower professional fees.

A.5 Foreign exchange gain

The foreign exchange gain recognised in 4Q 2016 was mainly due to unrealised exchange gain on USD denominated shareholder's loans and AUD denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of USD and AUD against SGD as at balance sheet date respectively.

This was partially offset by unrealised exchange loss on USD bank loans in the China subsidiaries' books, as a result of the appreciation of USD against RMB, and unrealised exchange loss on USD shareholders' loan in the Philippines subsidiary's books, as a result of the appreciation of USD against PHP.

A.6 Net change in fair value of financial derivatives

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

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

This relates to the deficit on revaluation of serviced residence properties and assets held for sale recognised in 4Q 2016. The deficit resulted mainly from lower valuation of the Group's serviced residences in United Kingdom and The United States of America (due to higher property tax), partially offset by higher valuation from properties in Japan, Germany and Spain (due to better operating performance). The valuations for the serviced residence properties (except for Fortune Garden Apartments) were carried out on 31 December 2016. Please refer to paragraph 8(c) for more details.

A.8 Profit from divestment

In 4Q 2015, this relates to the profit from divestment of the Salcedo Residences in Philippines.

A.9 Assets written off

In 4Q 2016, this mainly relates to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Ho Chi Minh City, Somerset Grand Hanoi and Ascott Makati.

A.10 Income tax expense

Taxation for 4Q 2016 was lower by S\$14.1 million as compared to the corresponding period last year.

This was mainly due to the reversal of deferred tax liability previously provided on the serviced residence properties due to the fair value deficit recognised in 4Q 2016.

A.11 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	4Q 2016 S\$'000	4Q 2015 S\$'000		YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000	
Depreciation and amortisation	3,668	3,737	2	12,941	16,634	22
Manager's management fee payable / paid partially in units	4,095	4,099	–	15,892	14,768	(8)
Trustee's fees*	15	18	17	59	58	(2)
Unrealised foreign exchange (gain) / loss	(1,743)	6,447	127	4,844	10,671	55
Net change in fair value of financial derivatives (Note A.6)	(977)	110	988	(322)	675	148
Net change in fair value of serviced residence properties and assets held for sale (Note A.7)	8,254	(52,665)	(116)	(29,987)	(84,318)	(64)
Profit from divestment (Note A.8)	–	(6,337)	n.m.	–	(9,924)	n.m.
Operating lease expense recognised on a straight-line basis	1,071	–	n.m.	3,208	–	n.m.
Assets written off (Note A.9)	510	3,594	86	543	3,717	85
Deferred tax expense	(5,120)	8,255	162	4,597	12,636	64
Effect of non-controlling interests arising from the above	(891)	395	326	(1,076)	6,620	116

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

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

	Note	GROUP		REIT	
		31/12/16 S\$'000	31/12/15 S\$'000	31/12/16 S\$'000	31/12/15 S\$'000
Non-Current Assets					
Plant and equipment		51,808	52,506	3,998	4,909
Serviced residence properties	B.1	4,504,416	4,289,711	553,002	563,091
Interest in subsidiaries		–	–	333,396	347,535
Interest in associate		3,505	3,479	3,990	3,958
Deposits	B.2	–	20,250	–	20,250
Financial derivatives	B.3	7,125	–	3,709	–
Deferred tax assets		5,891	3,983	–	–
		4,572,745	4,369,929	898,095	939,743
Current Assets					
Inventories		201	296	–	–
Trade and other receivables	B.4	68,712	49,707	2,293,713	2,270,111
Assets held for sale	B.5	6,549	84,207	–	–
Cash and cash equivalents	B.6	143,074	220,467	5,778	38,150
		218,536	354,677	2,299,491	2,308,261
Total Assets		4,791,281	4,724,606	3,197,586	3,248,004
Non-Current Liabilities					
Interest bearing liabilities	B.8	(1,715,659)	(1,556,773)	(260,323)	(279,064)
Financial derivatives	B.3	(17,745)	(10,313)	(13,935)	(7,098)
Deferred tax liabilities	B.7	(94,078)	(88,851)	–	–
		(1,827,482)	(1,655,937)	(274,258)	(286,162)
Current Liabilities					
Trade and other payables		(132,991)	(136,453)	(930,747)	(747,997)
Interest bearing liabilities	B.8	(146,973)	(258,404)	(35,513)	(201,079)
Financial derivatives	B.3	(104)	(1,222)	(104)	(1,145)
Provision for taxation		(1,468)	(4,014)	–	–
		(281,536)	(400,093)	(966,364)	(950,221)
Total Liabilities		(2,109,018)	(2,056,030)	(1,240,622)	(1,236,383)
Net Assets		2,682,263	2,668,576	1,956,964	2,011,621
Represented by:					
Unitholders' funds	1(d)(i)	2,200,625	2,189,714	1,559,837	1,614,527
Perpetual securities holders	1(d)(i)	397,127	397,094	397,127	397,094
Non-controlling interests	1(d)(i)	84,511	81,768	–	–
Total Equity		2,682,263	2,668,576	1,956,964	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 31 December 2016 was mainly due to the acquisition of Sheraton Tribeca New York Hotel during the year and increase in valuation during the year. 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 and RMB against SGD.

B.2 Deposits

The non-current deposits balance as at 31 December 2015 solely relates to the 5% deposit paid for Ascott Orchard Singapore. As at 31 December 2016, the non-current asset has been reclassified to trade and receivables under "Current Assets" as the acquisition of Ascott Orchard Singapore is expected to be completed by 2017.

B.3 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 cross currency swaps.

B.4 Trade and other receivables

The increase in trade and other receivables as at 31 December 2016 was mainly due to the reclassification of the deposit paid for Ascott Orchard Singapore from Non-Current Assets. Please refer to paragraph B.2 above.

B.5 Assets held for sale

The decrease in the assets held for sale as at 31 December 2016 was mainly due to the sale of strata units in Fortune Garden Apartments during the period. As at 31 December 2016, there are five remaining strata units, all of which sale and purchase agreements have been signed but titles have not been transferred.

B.6 Cash and cash equivalents

The decrease in the Group's cash and cash equivalents as at 31 December 2016 was mainly due to acquisition of Sheraton Tribeca New York Hotel, distribution paid to unitholders and perpetual securities holders and interest payments, partially offset by cash generated from operations, proceeds from issue of new units and net proceeds from borrowings.

B.7 Deferred tax liabilities

The increase in the Group's deferred tax liabilities as at 31 December 2016 was mainly due to the deferred tax liability provided on the fair value surplus recognised for serviced residence properties during the period.

B.8 Interest bearing liabilities

	GROUP		REIT	
	31/12/16	31/12/15	31/12/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less or on demand				
- Secured	111,609	257,123	-	199,754
- Unsecured	35,647	1,551	35,647	1,551
Less: Unamortised transaction costs	(283)	(270)	(134)	(226)
	146,973	258,404	35,513	201,079
Amount repayable after one year				
- Secured	925,112	823,077	236,395	177,917
- Unsecured	804,613	746,227	27,590	104,304
Less: Unamortised transaction costs	(14,066)	(12,531)	(3,662)	(3,157)
	1,715,659	1,556,773	260,323	279,064
Total	1,862,632	1,815,177	295,836	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

Through proactive capital management strategy, the Group's gearing lowered from 41.0% as at 30 September 2016 to 39.8% as at 31 December 2016. This was 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 4.3 times. S\$1,547.3 million or 82% of the Group's borrowings are on fixed interest rates with S\$39.2 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, 8 percent falls due in 2017, 12 percent falls due in 2018, 7 percent falls due in 2019, 15 percent falls due in 2020 and the balance falls due after 2020.

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	
	4Q 2016	4Q 2015	YTD Dec 2016	YTD Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating Activities				
Total return for the period / year before tax	32,828	86,441	179,515	215,751
<u>Adjustments for:</u>				
Depreciation and amortisation	3,668	3,737	12,941	16,634
(Gain) / loss on disposal of plant and equipment	(78)	100	(86)	81
Assets written off	510	3,594	543	3,717
Operating lease expense recognised on a straight-line basis	1,071	–	3,208	–
Finance costs	12,693	13,567	50,045	49,856
Finance income	(371)	(385)	(1,799)	(1,603)
Provision for doubtful debts addition	166	–	283	22
Manager's management fees payable / paid partially in units	4,095	4,099	15,892	14,768
Unrealised foreign exchange (gain) / loss	(1,743)	6,447	4,844	10,671
Net change in fair value of financial derivatives	(977)	110	(322)	675
Net change in fair value of serviced residence properties and assets held for sale	8,254	(52,665)	(29,987)	(84,318)
Profit from divestment	–	(6,337)	–	(9,924)
Share of results of associate	(3)	–	6	(7)
Operating profit before working capital changes	60,113	58,708	235,083	216,323
Changes in working capital	24,707	(9,906)	(12,447)	(14,772)
Cash generated from operations	84,820	48,802	222,636	201,551
Income tax paid	(5,305)	(4,200)	(22,510)	(24,058)
Cash flows from operating activities	79,515	44,602	200,126	177,493
Investing Activities				
Acquisition of plant and equipment	(4,648)	(1,229)	(16,694)	(11,546)
Acquisition of serviced residence properties, net of cash acquired	–	(2,779)	(214,046)	(418,835)
Proceeds from divestment of serviced residence properties	–	8,421	–	58,137
Capital expenditure on serviced residence properties	(21,687)	(12,319)	(40,670)	(35,235)
Proceeds on disposal of assets held for sale	15,677	5,134	74,512	9,054
Interest received	371	385	1,799	1,603
Proceeds from sale of plant and equipment	120	23	291	154
Cash flows used in investing activities	(10,167)	(2,364)	(194,808)	(396,668)
Balance carried forward	69,348	42,238	5,318	(219,175)

1(c) Consolidated Statement of Cash Flows

	GROUP		GROUP	
	4Q 2016	4Q 2015	YTD Dec 2016	YTD Dec 2015
Balance brought forward	69,348	42,238	5,318	(219,175)
Financing Activities				
Distribution to Unitholders	–	–	(126,458)	(124,711)
Distribution to perpetual securities holders	(9,627)	(9,626)	(19,253)	(13,366)
Dividend paid to non-controlling interests	(1,939)	(110)	(4,345)	(3,382)
Interest paid	(15,653)	(18,477)	(49,272)	(48,628)
Payments for acquisition of ownership interests in subsidiaries with no change in control	–	(1,536)	–	(31,552)
Payment of finance lease	(746)	(702)	(2,954)	(2,799)
Proceeds from bank borrowings	83,497	154,442	689,283	450,702
Proceeds from issue of medium term notes	–	200,000	120,000	280,672
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	–	–	(17)	(2,774)
Repayment of medium term notes	–	(150,000)	–	(150,000)
Repayment of bank borrowings	(153,076)	(205,727)	(790,301)	(360,735)
Cash flows (used in) / from financing activities	(97,544)	(31,736)	(84,239)	243,427
(Decrease) / increase in cash and cash equivalents	(28,196)	10,502	(78,921)	24,252
Cash and cash equivalents at beginning of the period / year	174,743	210,981	220,467	192,556
Effect of exchange rate changes on balances held in foreign currencies	(3,473)	(1,016)	1,528	3,659
Cash and cash equivalents at end of the period / year	143,074	220,467	143,074	220,467

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

	Note	GROUP		GROUP	
		4Q 2016 S\$'000	4Q 2015 S\$'000	YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000
Unitholders' Contribution					
Balance as at beginning of period / year		1,447,019	1,421,662	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		4,095	3,887	19,863	14,265
- payment of manager's acquisition fees in units		–	2,903	–	2,903
Issue expense		513	–	(922)	–
Distribution to Unitholders		–	–	(95,766)	(64,820)
Balance as at end of period / year		1,451,627	1,428,452	1,451,627	1,428,452
Operations					
Balance as at beginning of period / year		873,582	735,817	805,254	707,167
Total return for the period / year attributable to Unitholders / perpetual securities holders		29,747	68,051	143,312	165,183
Total return attributable to perpetual securities holders		(4,840)	(4,839)	(19,253)	(13,430)
Change in ownership interests in subsidiaries with no change in control		(357)	6,225	(540)	6,225
Transfer between reserves		–	–	51	–
Distribution to Unitholders		–	–	(30,692)	(59,891)
Balance as at end of period / year		898,132	805,254	898,132	805,254
Foreign Currency Translation Reserve					
Balance as at beginning of period / year		(159,676)	(13,714)	(36,260)	(64,084)
Change in ownership interests in subsidiaries with no change in control		–	(7,215)	–	(7,215)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		6,266	(15,331)	(117,150)	35,039
Balance as at end of period / year		(153,410)	(36,260)	(153,410)	(36,260)
Capital Reserve					
Balance as at beginning of period / year		1,957	2,008	2,008	2,008
Transfer between reserves		–	–	(51)	–
Balance as at end of period / year		1,957	2,008	1,957	2,008
Hedging Reserve					
Balance as at beginning of period / year		(13,821)	(13,716)	(9,740)	(15,117)
Effective portion of change in fair values of cash flow hedges		16,140	3,976	12,059	5,377
Balance as at end of period / year		2,319	(9,740)	2,319	(9,740)
Unitholders' Funds	1(b)(i)	2,200,625	2,189,714	2,200,625	2,189,714

⁽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	
		4Q 2016 S\$'000	4Q 2015 S\$'000	YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000
<u>Perpetual Securities</u>					
Balance as at beginning of period / year		401,914	401,749	397,094	149,351
Issue of perpetual securities		–	–	–	250,000
Issue expenses		–	132	33	(2,321)
Total return attributable to perpetual securities holders		4,840	4,839	19,253	13,430
Distribution to perpetual securities holders		(9,627)	(9,626)	(19,253)	(13,366)
Balance as at end of period / year	1(b)(i)	397,127	397,094	397,127	397,094
<u>Non-controlling Interests</u>					
Balance as at beginning of period / year		80,776	79,729	81,768	97,807
Total return for the period / year		561	1,807	4,452	13,807
Dividend paid to non-controlling interests		(1,939)	(110)	(4,345)	(3,382)
Change in ownership interests in subsidiaries with no change in control		357	1,053	540	(30,330)
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		4,756	(711)	2,096	3,700
Effective portion of change in fair values of cash flow hedges		–	–	–	166
Balance as at end of period / year	1(b)(i)	84,511	81,768	84,511	81,768
Equity	1(b)(i)	2,682,263	2,668,576	2,682,263	2,668,576

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

	Note	REIT		REIT	
		4Q 2016 S\$'000	4Q 2015 S\$'000	YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000
Unitholders' Contribution					
Balance as at beginning of period / year		1,447,019	1,421,662	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		4,095	3,887	19,863	14,265
- payment of manager's acquisition fees in units		-	2,903	-	2,903
Issue expenses		513	-	(922)	-
Distribution to Unitholders		-	-	(95,766)	(64,820)
Balance as at end of period / year		1,451,627	1,428,452	1,451,627	1,428,452
Operations					
Balance as at beginning of period / year		67,219	181,982	192,507	214,631
Total return for the period / year attributable to Unitholders / perpetual securities holders		49,715	15,364	(30,468)	51,197
Total return attributable to perpetual securities holders		(4,840)	(4,839)	(19,253)	(13,430)
Distribution to Unitholders		-	-	(30,692)	(59,891)
Balance as at end of period / year		112,094	192,507	112,094	192,507
Hedging Reserve					
Balance as at beginning of period / year		(4,846)	(7,865)	(6,432)	(11,582)
Effective portion of change in fair values of cash flow hedges		962	1,433	2,548	5,150
Balance as at end of period / year		(3,884)	(6,432)	(3,884)	(6,432)
Unitholders' Funds	1(b)(i)	1,559,837	1,614,527	1,559,837	1,614,527
Perpetual Securities					
Balance as at beginning of period / year		401,914	401,749	397,094	149,351
Issue of perpetual securities		-	-	-	250,000
Issue expenses		-	132	33	(2,321)
Total return attributable to perpetual securities holders		4,840	4,839	19,253	13,430
Distribution to perpetual securities holders		(9,627)	(9,626)	(19,253)	(13,366)
Balance as at end of period / year	1(b)(i)	397,127	397,094	397,127	397,094
Equity	1(b)(i)	1,956,964	2,011,621	1,956,964	2,011,621

(1) Refer to footnote on page 12.

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

	REIT			
	4Q 2016 '000	4Q 2015 '000	YTD Dec 2016 '000	YTD Dec 2015 '000
Balance as at beginning of period / year	1,651,335	1,543,154	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	2,136	3,203	9,948	11,334
- payment of manager's acquisition fee	-	2,379	-	2,379
Balance as at end of period / year	1,653,471	1,548,736	1,653,471	1,548,736

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			
	4Q 2016 S\$'000	4Q 2015 S\$'000	YTD Dec 2016 S\$'000	YTD Dec 2015 S\$'000
	Total return for the period / year attributable to Unitholders / perpetual securities holders	29,747	68,051	143,312
Less: Total return for the period attributable to perpetual securities holders	(4,840)	(4,839)	(19,253)	(13,430)
Total return for the period / year attributable to Unitholders	24,907	63,212	124,059	151,753

	4Q 2016	4Q 2015	YTD Dec 2016	YTD Dec 2015
Earnings per Unit (EPU)				
Number of units on issue at end of period ('000)	1,653,471	1,548,736	1,653,471	1,548,736
Weighted average number of units for the period ('000)				
– Basic	1,652,867	1,547,251	1,628,226	1,541,410
– Diluted ⁽¹⁾	1,660,958	1,547,251	1,639,722	1,541,410
EPU (cents) (based on the weighted average number of units for the period)				
– Basic ⁽²⁾	1.51	4.09	7.62	9.85
– Diluted	1.50	4.09	7.57	9.85

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 4Q 2016 and 4Q 2015 would be 1.76 cents and 1.27 cents respectively, and the EPU for YTD Dec 2016 and YTD Dec 2015 would be 6.14 cents and 5.73 cents respectively.

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

Distribution per Unit (DPU)	4Q 2016	4Q 2015	YTD Dec 2016	YTD Dec 2015
Number of units on issue at end of period ('000)	1,653,471	1,548,736	1,653,471	1,548,736
DPU (cents)	2.04	2.07	8.27	7.99

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

	GROUP		REIT	
	31/12/16	31/12/15	31/12/16	31/12/15
NAV / NTA per unit (S\$)	1.33*	1.41	0.94	1.04

* The decrease in NAV / NTA per unit as at 31 December 2016 was mainly due to translation differences (mainly arising from depreciation of GBP and RMB against SGD) and the equity placement.

8. **Group Performance Review**

8(a) **Revenue and Gross Profit Analysis – 4Q 2016 vs. 4Q 2015 (Local Currency (“LC”))**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		4Q 2016	4Q 2015	Better/ (Worse)		4Q 2016	4Q 2015	Better/ (Worse)		4Q 2016	4Q 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	5.6	0.1	2	5.2	5.3	(0.1)	(2)	–	–	–
Germany	EUR	1.6	1.4	0.2	14	1.4	1.3	0.1	8	–	–	–
Japan	JPY	133.3	132.8	0.5	-	100.7	103.6	(2.9)	(3)	–	–	–
Singapore	S\$	2.0	2.2	(0.2)	(9)	1.9	2.1	(0.2)	(10)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	1.9	2.1	(0.2)	(10)	0.4	0.6	(0.2)	(33)	59	64	(8)
Spain	EUR	1.1	1.1	–	–	0.5	0.5	–	–	83	83	–
United Kingdom	GBP	7.2	7.0	0.2	3	3.4	3.3	0.1	3	122	119	3
Management contracts												
Australia	AUD	7.2	7.2	–	–	3.0	3.3	(0.3)	(9)	156	156	–
China	RMB	74.6	81.8	(7.2)	(9)	22.9	22.4	0.5	2	399	432	(8)
Indonesia	USD	3.1	3.3	(0.2)	(6)	1.1	1.2	(0.1)	(8)	81	86	(6)
Japan	JPY	1,226.7	1,220.0	6.7	1	685.8	674.2	11.6	2	13,159	12,881	2
Malaysia	MYR	4.2	5.1	(0.9)	(18)	1.1	1.1	–	–	221	270	(18)
Philippines	PHP	202.8	202.1	0.7	–	50.4	69.6	(19.2)	(28)	3,807	3,685	3
Singapore	S\$	5.7	5.7	–	–	2.0	1.4	0.6	43	175	176	(1)
United States of America	USD	18.6	10.6	8.0	75	5.4	4.0	1.4	35	256	278	(8)
Vietnam	VND ¹	170.3	163.8	6.5	4	94.5	89.3	5.2	6	1,551	1,594	(3)

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

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

8(a) **Revenue and Gross Profit Analysis – 4Q 2016 vs. 4Q 2015 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	4Q 2016	4Q 2015	Better/ (Worse)		4Q 2016	4Q 2015	Better/ (Worse)		4Q 2016	4Q 2015	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day		%
Master Leases											
Australia	1.9	1.8	0.1	6	1.8	1.6	0.2	13	–	–	–
France	8.6	8.7	(0.1)	(1)	8.0	8.2	(0.2)	(2)	–	–	–
Germany	2.5	2.2	0.3	14	2.2	2.1	0.1	5	–	–	–
Japan	1.8	1.6	0.2	13	1.3	1.2	0.1	8	–	–	–
Singapore	2.0	2.2	(0.2)	(9)	1.9	2.1	(0.2)	(10)	–	–	–
Sub-total	16.8	16.5	0.3	2	15.2	15.2	–	–	–	–	–
Management contracts with minimum guaranteed income											
Belgium	2.9	3.3	(0.4)	(12)	0.6	0.9	(0.3)	(33)	89	100	(11)
Spain	1.8	1.7	0.1	6	0.7	0.7	–	–	127	129	(2)
United Kingdom	12.6	15.0	(2.4)	(16)	6.0	7.1	(1.1)	(16)	215	255	(16)
Sub-total	17.3	20.0	(2.7)	(14)	7.3	8.7	(1.4)	(16)	166	192	(14)
Management contracts											
Australia	7.6	7.3	0.3	4	3.2	3.3	(0.1)	(3)	165	160	3
China	15.3	18.1	(2.8)	(16)	4.7	5.0	(0.3)	(6)	82	96	(15)
Indonesia	4.4	4.7	(0.3)	(6)	1.6	1.7	(0.1)	(6)	112	121	(7)
Japan	16.1	14.2	1.9	13	9.0	7.9	1.1	14	173	150	15
Malaysia	1.4	1.7	(0.3)	(18)	0.4	0.4	–	–	72	89	(19)
Philippines	5.8	6.1	(0.3)	(5)	1.4	2.1	(0.7)	(33)	109	111	(2)
Singapore	5.7	5.7	–	–	2.0	1.4	0.6	43	175	176	(1)
United States of America	25.8	14.6	11.2	77	7.6	5.5	2.1	38	356	383	(7)
Vietnam	10.5	10.3	0.2	2	5.8	5.6	0.2	4	96	100	(4)
Sub-total	92.6	82.7	9.9	12	35.7	32.9	2.8	9	144	136	6
Group	126.7	119.2	7.5	6	58.2	56.8	1.4	3	148	145	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 4Q 2015 due to annual rent increment.

In SGD terms, revenue and gross profit increased by S\$0.1 million and S\$0.2 million respectively due to appreciation of AUD against SGD.

France

Revenue increased by EUR 0.1 million as compared to 4Q 2015 due to higher recovery of costs from lessees, partially offset by negative indexation. Gross profit decreased by EUR 0.1 million due to negative indexation.

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

Germany

Revenue increased by EUR 0.2 million or 14% as compared to 4Q 2015 due to higher variable rent recognised by Madison Hamburg. Gross profit increased by EUR 0.1 million or 8% as compared to 4Q 2015 due to higher revenue.

In SGD terms, revenue increased by S\$0.3 million or 14% and gross profit increased by S\$0.1 million or 5%.

Japan

Revenue increased by JPY 0.5 million as compared to 4Q 2015. Gross profit decreased by JPY 2.9 million or 3% due to higher repair and maintenance expense.

In SGD terms, revenue and gross profit increased by S\$0.2 million or 13% and S\$0.1 million or 8% respectively due to appreciation of JPY against SGD.

Singapore

Revenue decreased by S\$0.2 million or 9% as compared to 4Q 2015 due to weaker corporate demand. Gross profit decreased by S\$0.2 million or 10% due to lower revenue.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by EUR 0.2 million or 10% in 4Q 2016 as compared to 4Q 2015 due to weaker demand post terror attacks in March 2016. REVPAU decreased by 8% from EUR 64 in 4Q 2015 to EUR 59 in 4Q 2016.

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

In SGD terms, revenue decreased by S\$0.4 million or 12% due to weaker underlying performance and depreciation of EUR against SGD. Gross profit, in SGD terms, decreased by S\$0.3 million or 33% as compared to 4Q 2015.

Spain

Revenue and gross profit for 4Q 2016 remained at the same level as 4Q 2015.

In SGD terms, revenue increased by S\$0.1 million or 6% and gross profit remained at the same level as 4Q 2015.

United Kingdom

Revenue increased by GBP 0.2 million or 3% as compared to 4Q 2015 due to stronger corporate demand. REVPAU increased by 3% from GBP 119 in 4Q 2015 to GBP 122 in 4Q 2016.

Gross profit increased by GBP 0.1 million or 3% due to higher revenue.

In SGD terms, revenue and gross profit decreased by S\$2.4 million or 16% and S\$1.1 million or 16% respectively due to depreciation of GBP against SGD.

C. Management contracts

Australia

Revenue remained at the same level as 4Q 2015. Gross profit decreased by AUD 0.3 million or 9% due to higher staff costs and operation and maintenance expense.

In SGD terms, revenue increased by S\$0.3 million or 4% due to appreciation of AUD against SGD. Gross profit, in SGD terms, decreased by S\$0.1 million or 3% due to higher operating expenses, mitigated by appreciation of AUD against SGD.

China

Revenue decreased by RMB 7.2 million or 9% as compared to 4Q 2015 mainly due to weaker demand from project groups in the regional cities. REVPAU decreased by 8% from RMB 432 in 4Q 2015 to RMB 399 in 4Q 2016.

Gross profit increased by RMB 0.5 million or 2% due to lower business tax and operating expenses (arising from lower occupancy).

In SGD terms, revenue decreased by S\$2.8 million or 16% due to weaker underlying performance and depreciation of RMB against SGD. Gross profit, in SGD terms, decreased by S\$0.3 million or 6%.

Indonesia

Revenue decreased by USD 0.2 million or 6% as compared to 4Q 2015 due to weaker demand from corporate accounts. REVPAU decreased by 6% from USD 86 in 4Q 2015 to USD 81 in 4Q 2016. Gross profit decreased by USD 0.1 million or 8% due to lower revenue.

In SGD terms, revenue decreased by S\$0.3 million or 6% as compared to 4Q 2015 due to weaker underlying performance and depreciation of USD against SGD. Gross profit, in SGD terms, decreased by S\$0.1 million or 6%.

Japan

Revenue increased by JPY 6.7 million or 1% as compared to 4Q 2015 due to stronger demand from the leisure sectors. REVPAU increased from JPY 12,881 in 4Q 2015 to JPY 13,159 in 4Q 2016. Gross profit increased by JPY 11.6 million or 2% as compared to 4Q 2015 due to higher revenue and lower utility expense.

In SGD terms, revenue and gross profit increased by S\$1.9 million or 13% and S\$1.1 million or 14% respectively due to stronger underlying performance and appreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 0.9 million or 18% as compared to 4Q 2015 due to weaker demand from banking industries. REVPAU decreased by 18% from MYR 270 in 4Q 2015 to MYR 221 in 4Q 2016. Gross profit remained at the same level as 4Q 2015 due to lower revenue, offset by lower depreciation expense.

In SGD terms, revenue decreased by S\$0.3 million or 18% due to weaker underlying performance and depreciation of MYR against SGD. Gross profit, in SGD terms, remained at the same level as 4Q 2015.

The Philippines

Revenue increased by PHP 0.7 million as compared to 4Q 2015 due to renovation of Ascott Makati in 4Q 2015. REVPAU increased by 3% from PHP 3,685 in 4Q 2015 to PHP 3,807 in 4Q 2016. Gross profit decreased by PHP 19.2 million or 28% due to higher depreciation expense (arising from the renovation of Ascott Makati) and higher operating expense.

In SGD terms, revenue and gross profit decreased by S\$0.3 million or 5% and S\$0.7 million or 33% respectively due to depreciation of PHP against SGD.

Singapore

Revenue remained at the same level as 4Q 2015. REVPAU decreased by 1% from S\$176 in 4Q 2015 to S\$175 in 4Q 2016.

Gross profit increased by S\$0.6 million or 43% due to lower non-refundable GST being recognised in 4Q 2016.

The United States of America

Revenue and gross profit increased by USD 8.0 million or 75% and USD 1.4 million or 35% respectively as compared to 4Q 2015. The increase was due to the acquisition of Sheraton Tribeca New York Hotel on 29 April 2016. REVPAU decreased by 8% due to lower average daily rate achieved and lower REVPAU from Sheraton Tribeca New York Hotel.

Excluding the contribution from Sheraton Tribeca New York Hotel, revenue decreased by USD 0.6 million and gross profit decreased by USD 1.3 million as compared to 4Q 2015. REVPAU decreased by 5% from USD 278 in 4Q 2015 to USD 263 in 4Q 2016. This was mainly due to lower average daily rate achieved as a result of keen competition.

In SGD terms, revenue and gross profit increased by S\$11.2 million or 77% and S\$2.1 million or 38% respectively,

Vietnam

Revenue increased by VND 6.5 billion or 4% in 4Q 2016 as compared to 4Q 2015. The increase was mainly due to higher commercial rent, partially offset by ongoing renovation at Somerset Ho Chi Minh City (which is expected to be completed by January 2017). REVPAU decreased by 3% from VND 1,594,000 in 4Q 2015 to VND 1,551,000 in 4Q 2016. Gross profit increased by VND 5.2 billion or 6% due to higher revenue and lower depreciation expense.

In SGD terms, both revenue and gross profit increased by S\$0.2 million due to stronger underlying performance, partially offset by depreciation of VND against SGD.

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

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		YTD Dec 2016	YTD Dec 2015	Better/ (Worse)		YTD Dec 2016	YTD Dec 2015	Better/ (Worse)		YTD Dec 2016	YTD Dec 2015	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
Master Leases												
Australia	AUD	7.2	6.8	0.4	6	6.8	6.4	0.4	6	–	–	–
France	EUR	22.9	23.0	(0.1)	–	21.1	21.2	(0.1)	–	–	–	–
Germany	EUR	6.0	5.8	0.2	3	5.5	5.0	0.5	10	–	–	–
Japan	JPY	533.2	695.6	(162.4)	(23)	412.9	550.3	(137.4)	(25)	–	–	–
Singapore	S\$	8.0	9.3	(1.3)	(14)	7.3	7.9	(0.6)	(8)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	6.5	8.4	(1.9)	(23)	1.4	2.2	(0.8)	(36)	50	65	(23)
Spain	EUR	4.9	4.8	0.1	2	2.3	2.2	0.1	5	95	92	3
United Kingdom	GBP	26.7	27.4	(0.7)	(3)	12.6	12.7	(0.1)	(1)	114	117	(3)
Management contracts												
Australia	AUD	27.5	14.6	12.9	88	11.4	6.2	5.2	84	149	151	(1)
China	RMB	302.1	319.0	(16.9)	(5)	90.7	85.5	5.2	6	402	423	(5)
Indonesia	USD	12.4	12.8	(0.4)	(3)	4.9	4.7	0.2	4	81	85	(5)
Japan	JPY	4,764.6	4,462.1	302.5	7	2,665.4	2,471.1	194.3	8	12,466	12,035	4
Malaysia	MYR	18.7	19.3	(0.6)	(3)	6.1	4.8	1.3	27	247	254	(3)
Philippines	PHP	733.4	931.6	(198.2)	(21)	207.3	314.1	(106.8)	(34)	3,632	3,959	(8)
Singapore	S\$	25.2	25.9	(0.7)	(3)	10.4	10.2	0.2	2	195	201	(3)
United States of America	USD	57.9	15.7	42.2	n.m.	15.5	5.9	9.6	n.m.	236	279	(15)
Vietnam	VND ¹	642.1	633.0	9.1	1	353.8	339.4	14.4	4	1,489	1,539	(3)

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

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

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

	Revenue				Gross Profit				REVPAU Analysis ¹		
	YTD Dec 2016	YTD Dec 2015	Better/(Worse)		YTD Dec 2016	YTD Dec 2015	Better/(Worse)		YTD Dec 2016	YTD Dec 2015	Better/(Worse)
	S\$m		S\$m	%	S\$m		S\$m	%	S\$/day		%
Master Leases											
Australia	7.3	7.1	0.2	3	7.0	6.7	0.3	5	-	-	-
France	35.0	35.1	(0.1)	-	32.2	32.4	(0.2)	(1)	-	-	-
Germany	9.2	9.0	0.2	2	8.4	7.7	0.7	9	-	-	-
Japan	6.7	7.9	(1.2)	(15)	5.2	6.2	(1.0)	(16)	-	-	-
Singapore	8.0	9.3	(1.3)	(14)	7.3	7.9	(0.6)	(8)	-	-	-
Sub-total	66.2	68.4	(2.2)	(3)	60.1	60.9	(0.8)	(1)	-	-	-
Management contracts with minimum guaranteed income											
Belgium	10.0	12.7	(2.7)	(21)	2.1	3.4	(1.3)	(38)	77	99	(22)
Spain	7.6	7.3	0.3	4	3.4	3.3	0.1	3	146	141	4
United Kingdom	50.5	57.4	(6.9)	(12)	23.7	26.7	(3.0)	(11)	216	246	(12)
Sub-total	68.1	77.4	(9.3)	(12)	29.2	33.4	(4.2)	(13)	164	188	(13)
Management contracts											
Australia	28.2	15.0	13.2	88	11.7	6.3	5.4	86	153	156	(2)
China	63.0	69.9	(6.9)	(10)	18.9	18.7	0.2	1	84	93	(10)
Indonesia	17.2	17.6	(0.4)	(2)	6.8	6.4	0.4	6	111	116	(4)
Japan	60.3	50.5	9.8	19	33.7	28.0	5.7	20	158	136	16
Malaysia	6.3	6.8	(0.5)	(7)	2.0	1.7	0.3	18	83	91	(9)
Philippines	21.4	28.1	(6.7)	(24)	6.0	9.5	(3.5)	(37)	106	120	(12)
Singapore	25.2	25.9	(0.7)	(3)	10.4	10.2	0.2	2	195	201	(3)
United States of America	79.9	21.6	58.3	n.m.	21.4	8.1	13.3	n.m.	326	383	(15)
Vietnam	39.8	39.9	(0.1)	-	22.0	21.4	0.6	3	92	97	(5)
Sub-total	341.3	275.3	66.0	24	132.9	110.3	22.6	21	136	122	12
Group	475.6	421.1	54.5	13	222.2	204.6	17.6	9	140	133	5

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

For the year ended 31 December 2016 ("YTD Dec 2016"), revenue increased by S\$54.5 million or 13% as compared to the corresponding period last year ("YTD Dec 2015"). The increase in revenue was mainly due to additional contribution of S\$75.9 million from the 2015 Acquisitions and 2016 Acquisition. The increase was partially offset by decrease in revenue of S\$2.5 million from the divestment of six rental housing properties in 3Q 2015 and decrease in revenue of S\$18.9 million from the existing properties.

On a same store basis, YTD Dec 2016 revenue decreased by S\$18.9 million mainly due to lower revenue from United Kingdom (due to depreciation of GBP against SGD), China (due to weaker demand from project groups in the regional cities) and Philippines (arising from ongoing renovation).

REVPAU increased from S\$133 in YTD Dec 2015 to S\$140 in YTD Dec 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 Dec 2016 increased by S\$17.6 million or 9% as compared to YTD Dec 2015. On a same store basis, gross profit decreased by S\$2.7 million mainly due to lower revenue, partially offset by lower operation and maintenance expense, depreciation expense and other direct expenses.

(c) **Change in value of serviced residence properties and assets held for sale**

The change in value of serviced residence properties will affect the net asset value but has no impact on the unitholders' distribution.

Any increase or decrease in value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of serviced residence properties.

As at 31 December 2016, independent full valuations for the Group's portfolio were carried out by CBRE (except for Somerset Ampang Kuala Lumpur). In determining the fair value of the Group's portfolio, the discounted cash flow approach was used. The valuation method used is consistent with that used for the 30 June 2016 valuation. The independent full valuation for Somerset Ampang Kuala Lumpur as at 31 December 2016 was valued by Raine & Horne International Zaki + Partners Sdn. Bhd. (as consultant to CBRE). The valuation of the remaining units held in Fortune Garden Apartments (formerly known as Somerset Grand Fortune Garden Property Beijing) was based on the selling prices stated in the executed sale and purchase agreements.

The Group's portfolio (including assets held for sale) was revalued at S\$4,511.0 million, resulting in a deficit of S\$8.3 million which was recognised in the Consolidated Statement of Total Return in 4Q 2016. The deficit resulted mainly from lower valuation of the Group's serviced residences in United Kingdom and The United States of America, partially offset by higher valuation from properties in Japan, Germany and Spain. The net impact on the Consolidated Statement of Total Return was S\$4.2 million (net of tax and non-controlling interests).

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 2016, Ascott REIT completed the acquisition of our second property in New York, Sheraton Tribeca New York Hotel, less than a year from its first foray into the United States of America. Including Ascott Orchard Singapore which has started operations in December 2016, and on track for delivery in 2017, Ascott REIT's total assets would have reached S\$5.2 billion. The Group remains on the look out for accretive opportunities in the key gateway cities of Australia, Japan, Europe and United States of America.

The final phase of refurbishment at Somerset Xu Hui Shanghai and the phased refurbishments at Somerset Ho Chi Minh City and Ascott Makati have been completed in 2016. We expect to complete the refurbishment at Citadines Barbican London, Somerset Millennium Makati and Somerset Ho Chi Minh City in 2017. The Group will continue to refurbish Ascott REIT's properties to enhance guest experience and maximise returns to Unitholders.

To date, all of the units in Fortune Gardens Apartments have been sold. Part of the proceeds from the divestment that has been remitted back to Singapore was deployed to repay foreign currency bank loans, resulting in a net realised exchange gain of S\$8.8 million for FY 2016. The remaining proceeds from the sale is expected to be remitted back to Singapore in due course. 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.

In December 2016, the US Federal Reserve raised its target for short-term interest rates by 25 basis points, with further interest rate hikes anticipated in 2017. On the capital management front, Ascott REIT continues to maintain a strong balance sheet, with more than 80% of its total borrowings on fixed interest rates to hedge against the rising interest rate. Ascott REIT's effective interest rate remained stable at 2.4%. The Group has started on the refinancing of the loans that are coming due in FY 2017. Ascott REIT will continue to actively monitor its interest rate and exchange rate exposure and remain vigilant to changes in the macro and credit environment that may impact its financing plans.

Going forward, global economic recovery is likely to remain slow-paced. Notwithstanding, Ascott REIT will continue to focus on creating stable income and returns to Unitholders through its diversified portfolio and extended-stay business model, together with the master leases and management contracts with minimum guaranteed income.

11. **DISTRIBUTIONS**

11(a) **Current financial period**

Any distributions declared for the current financial period? Yes
Period of distribution : Distribution for 1 July 2016 to 31 December 2016

Type	Distribution	Distribution Rate (cents)
Taxable Income		0.521
Tax Exempt Income		0.771
Capital		3.100
Total		4.392

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

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes
Period of distribution : Distribution for 1 July 2015 to 31 December 2015

Type	Distribution	Distribution Rate (cents)
Taxable Income		0.618
Tax Exempt Income		0.631
Capital		2.889
Total		4.138

11(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.

11(d) Book closure date : 2 February 2017

11(e) Date payable : 28 February 2017

12. **If no distribution has been declared/recommended, 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. **Segment Revenue and Results**

	Revenue		Gross Profit	
	YTD Dec 2016	YTD Dec 2015	YTD Dec 2016	YTD Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	33,130	35,191	17,738	18,052
Australia	35,492	22,110	18,638	13,026
Belgium	10,033	12,759	2,079	3,359
China	63,018	69,892	18,903	18,740
France	35,013	35,041	32,210	32,411
Germany	9,230	9,029	8,409	7,697
Indonesia	17,233	17,587	6,772	6,384
Japan	66,971	58,435	38,912	34,233
Malaysia	6,256	6,852	2,044	1,746
Philippines	21,367	28,125	6,038	9,484
Spain	7,627	7,294	3,426	3,344
United Kingdom	50,486	57,371	23,711	26,658
United States of America	79,932	21,542	21,340	8,052
Vietnam	39,802	39,886	21,940	21,384
Group	475,590	421,114	222,160	204,570

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 8 on the review.

17. **Breakdown of Revenue and Total Return**

	YTD Dec 2016	YTD Dec 2015	Better/ (Worse)
	S\$'000	S\$'000	%
(a) Revenue reported for first half year	224,896	188,698	19
(b) Total return after taxation reported for first half year	83,918	62,183	35
(c) Revenue reported for second half year	250,694	232,416	8
(d) Total return after taxation reported for second half year	63,846	116,807	(45)

18. **Breakdown of Total Distributions**

	YTD Dec 2016	YTD Dec 2015
	S\$'000	S\$'000
1 January 2015 to 30 June 2015 - paid	–	59,273
1 July 2015 to 31 December 2015 - paid	–	64,066
1 January 2016 to 30 June 2016 - paid	62,364	–
1 July 2016 to 31 December 2016 - to be paid	72,627	–

19. **Confirmation pursuant to Rule 704(13) of the Listing Manual**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Ascott Residence Trust Management Limited (the "Company"), being the manager of Ascott Reit, confirms that there is no person occupying a managerial position in the Company or in any of its or Ascott Reit's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of Ascott Reit.

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
24 January 2017