

**ASCOTT RESIDENCE TRUST  
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS  
AND DISTRIBUTION STATEMENT  
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**ASCOTT RESIDENCE TRUST**  
**2014 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

**Summary of Group Results**

	4Q 2014 S\$'000	4Q 2013 S\$'000	Better / (Worse) %	YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000	Better / (Worse) %
Revenue	94,956	83,908	13	357,205	316,609	13
Gross Profit	45,704	41,615	10	180,174	161,158	12
Unitholders' Distribution	33,103 <sup>(1)</sup>	26,286 <sup>(1)</sup>	26	125,624 <sup>(2)</sup>	114,845 <sup>(2)</sup>	9
Distribution Per Unit ("DPU") (cents)	2.16	1.33	62	8.20	8.40	(2)
<b><u>For Information Only</u></b>						
DPU (cents) (adjusted for Rights Issue)	2.16	1.73 <sup>(3)</sup>	25	8.20	8.30	(1)
DPU (cents) (adjusted for Rights Issue and one-off items)	1.76	1.56	13	7.61	7.19	6

<sup>(1)</sup> Unitholders' distribution in 4Q 2014 and 4Q 2013 included one-off items of approximately S\$6.1 million and S\$2.5 million respectively.

<sup>(2)</sup> Unitholders' distribution in YTD Dec 2014 and YTD Dec 2013 included one-off items of approximately S\$9.1 million and S\$16.1 million respectively.

<sup>(3)</sup> DPU has been restated based on the number of units as at 31 December 2013 arising from the underwritten and renounceable 1-for-5 Rights Issue, through which 253,749,218 units were issued on 12 December 2013.

**DISTRIBUTION AND BOOK CLOSURE DATE**

Distribution	For 1 January 2014 to 30 June 2014	For 1 July 2014 to 31 December 2014
Distribution Rate	3.937 cents per Unit	4.264 cents per Unit
Book Closure Date	31 July 2014	30 January 2015
Payment Date	25 August 2014	27 February 2015

# **ASCOTT RESIDENCE TRUST**

## **2014 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT**

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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 and Europe. 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 7 cities across five countries (Singapore, China, Indonesia, the Philippines and Vietnam).

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

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

In the year 2013, Ascott Reit acquired Somerset Heping Shenyang, Citadines Biyun Shanghai, Citadines Xinghai Suzhou and a portfolio of 11 rental housing properties in Japan (the “2013 Acquisitions”). On 23 December 2013, Ascott Reit entered into the sale and purchase agreement to acquire the New Cairnhill Serviced Residence following the satisfaction of the conditions under the New Cairnhill Serviced Residence put and call option agreement.

Ascott Reit acquired Infini Garden, a 389-unit rental housing property in Fukuoka, Japan, Somerset Grand Central Dalian, a 195-unit serviced residence property, on 20 March 2014 and 20 June 2014 respectively. On 18 August 2014, Ascott Reit acquired Citadines Gaoxin Xi’an, Citadines Zhuankou Wuhan and Somerset Ampang Kuala Lumpur. On 16 October 2014, Ascott Reit completed the acquisition of Best Western Shinjuku Astina Hotel Tokyo, a 206-unit property. Ascott Reit completed the acquisition of a portfolio of three serviced residence properties located in Greater Sydney, New South Wales, Australia, with an aggregate of 312 apartment units, on 10 December 2014. The nine properties acquired in the year 2014 are collectively termed as the “2014 Acquisitions”.

On 27 October 2014, Ascott Reit issued S\$150.0 million fixed rate perpetual securities. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movements in Unitholders’ Funds. The net proceeds from the issue of the perpetual securities were used for acquisitions and general corporate funding purposes, including the funding of working capital and / or repayment of debts.

As at 31 December 2014, Ascott Reit’s portfolio comprises 90 properties with 10,502 apartment units in 37 cities across 13 countries in Asia Pacific and Europe.

Ascott Reit makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions are paid in Singapore dollar. Since its listing, Ascott Reit has paid 100% of its distributable income. For FY2014, Ascott Reit will continue to do so.

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		4Q 2014 S\$'000	4Q 2013 S\$'000		YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000	
<b>Revenue</b>	A.1	94,956	83,908	13	357,205	316,609	13
Direct expenses	A.2	(49,252)	(42,293)	(16)	(177,031)	(155,451)	(14)
<b>Gross Profit</b>	A.1	45,704	41,615	10	180,174	161,158	12
Finance income		549	503	9	2,123	2,089	2
Other operating income	A.3	5,039	100	n.m.	6,341	328	n.m.
Finance costs	A.4	(11,958)	(15,509)	23	(43,341)	(44,646)	3
Manager's management fees	A.5	(4,632)	(4,054)	(14)	(17,210)	(14,727)	(17)
Trustee's fee	A.5	(103)	(87)	(18)	(384)	(327)	(17)
Professional fees		(881)	(1,040)	15	(2,787)	(2,784)	-
Audit fees	A.5	(575)	(431)	(33)	(2,211)	(2,060)	(7)
Foreign exchange gain / (loss)	A.6	2,789	683	308	(2,505)	7,543	(133)
Other operating expenses		(360)	(291)	(24)	(1,184)	(970)	(22)
Share of loss of associate (net of tax)		(1)	(2)	50	-	(2)	100
<b>Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale</b>		<b>35,571</b>	<b>21,487</b>	<b>66</b>	<b>119,016</b>	<b>105,602</b>	<b>13</b>
Net change in fair value of financial derivatives	A.7	(97)	4,119	(102)	1,291	6,630	(81)
Net change in fair value of serviced residence properties and assets held for sale	A.8	21,540	74,098	(71)	63,030	139,532	(55)
Net divestment expenses	A.9	-	(201)	n.m.	-	(201)	n.m.
Assets written off	A.10	(9,155)	-	n.m.	(16,022)	-	n.m.
<b>Total return for the period / year before tax</b>		<b>47,859</b>	<b>99,503</b>	<b>(52)</b>	<b>167,315</b>	<b>251,563</b>	<b>(33)</b>
Income tax expense	A.11	(12,495)	(10,299)	(21)	(36,943)	(36,209)	(2)
<b>Total return for the period / year after tax</b>		<b>35,364</b>	<b>89,204</b>	<b>(60)</b>	<b>130,372</b>	<b>215,354</b>	<b>(39)</b>
Attributable to:							
Unitholders / perpetual securities holders		33,041	87,398		122,468	208,659	
Non-controlling interests		2,323	1,806		7,904	6,695	
<b>Total return for the period / year</b>		<b>35,364</b>	<b>89,204</b>	<b>(60)</b>	<b>130,372</b>	<b>215,354</b>	<b>(39)</b>

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

	Note	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
		4Q 2014 S\$'000	4Q 2013 S\$'000		YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000	
Total return for the period / year attributable to Unitholders / perpetual securities holders		33,041	87,398		122,468	208,659	
Net effect of non-tax deductible / chargeable items and other adjustments	A.12	1,418	(61,112)		4,512	(93,814)	
<b>Total amount distributable for the period / year</b>		<b>34,459</b>	<b>26,286</b>	<b>31</b>	<b>126,980</b>	<b>114,845</b>	<b>11</b>
<b>Amount distributable</b>							
- Unitholders		33,103	26,286		125,624	114,845	
- perpetual securities holders		1,356	-		1,356	-	
		<b>34,459</b>	<b>26,286</b>	<b>31</b>	<b>126,980</b>	<b>114,845</b>	<b>11</b>
<b>Comprises:</b>							
- from operations		46,189	11,680		63,521	48,665	
- from unitholders' contributions		(13,086)	14,606		62,103	66,180	
		<b>33,103</b>	<b>26,286</b>	<b>26</b>	<b>125,624</b>	<b>114,845</b>	<b>9</b>

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

**A.1 Revenue and Gross profit**

Revenue for 4Q 2014 of S\$95.0 million comprised S\$16.4 million (17% of total revenue) from serviced residences on Master Leases, S\$19.7 million (21%) from serviced residences on management contracts with minimum guaranteed income and S\$58.9 million (62%) from serviced residences on management contracts.

Revenue for 4Q 2014 increased by S\$11.1 million or 13% as compared to 4Q 2013. This was mainly contributed by the additional revenue of S\$12.0 million from the 2014 Acquisitions and stronger contribution of S\$0.4 million from the existing properties.

These increases were partially offset by the decrease in revenue of S\$0.9 million from the cessation of operations for Somerset Grand Fortune Garden Property Beijing arising from the ongoing strata sale of units and decrease in revenue of S\$0.4 million due to the expiry of the deed of yield protection for Somerset West Lake Hanoi.

The Group achieved a REVPAU of S\$124 for 4Q 2014, a decrease of 4% as compared to 4Q 2013. The decrease in REVPAU was mainly due to weaker performance from Singapore and Vietnam properties and lower ADR from the China properties acquired in August 2014.

Gross profit for 4Q 2014 of S\$45.7 million comprised S\$14.7 million (32% of total gross profit) from serviced residences on Master Leases, S\$9.0 million (20%) from serviced residences on management contracts with minimum guaranteed income and S\$22.0 million (48%) from serviced residences on management contracts.

As compared to 4Q 2013, gross profit increased by S\$4.1 million or 10%. On a same store basis, gross profit increased by S\$0.8 million or 2%.

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) %
	4Q 2014 S\$'000	4Q 2013 S\$'000		YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000	
Depreciation and amortisation*	(4,739)	(3,595)	(32)	(16,267)	(13,511)	(20)
Staff costs*	(11,470)	(9,376)	(22)	(39,519)	(33,410)	(18)

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

**A.3 Other operating income**

Other operating income for 4Q 2014 was higher as it included a reversal of provision for licensing related matters previously provided for a serviced residence in China and reversal of prior year's accrued expenses no longer required.

**A.4 Finance costs**

Finance costs was higher in 4Q 2013 as it included unwinding costs on interest rate swaps and interest rate caps due to early refinancing of the secured borrowings due in 2014 / 2015 with the proceeds from the rights issue.

**A.5 Manager's management fees / Trustee's fee / Audit fees**

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

**A.6 Foreign exchange gain**

The foreign exchange gain recognised in 4Q 2014 was mainly due to realised exchange gain on repayment of foreign currency bank loans with the proceeds from the issue of the perpetual securities (pending its deployment to fund the acquisitions in December 2014).

**A.7 Net change in fair value of financial derivatives**

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

**A.8 Net change in fair value of serviced residence properties and assets held for sale**

This relates to the surplus on revaluation of serviced residence properties and assets held for sale, mainly from the properties in China, Belgium and United Kingdom. The valuations of the serviced residence properties and assets held for sale (except for the four properties acquired in 4Q 2014) were carried out on 31 December 2014. Please refer to Para 8(c) for more details.

**A.9 Net divestment expenses**

Net divestment expenses recognised in 4Q 2013 relates to the expenses incurred in connection with the divestment of strata units in Somerset Grand Fortune Garden Property Beijing.

**A.10 Assets written off**

The assets written off in 4Q 2014 were in relation to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Xu Hui Shanghai, Somerset Olympic Tower Tianjin, Citadines St Catherine Brussels and Citadines Toison d'Or Brussels.

**A.11 Income tax expense**

Taxation for 4Q 2014 was higher by S\$2.2 million as compared to the corresponding period last year, despite a lower total return before tax. This was mainly due to higher corporate tax provided on higher operating profit achieved (excluding net change in fair value of serviced residence properties and assets held for sale, and assets written off).

**A.12 Net effect of non-tax deductible / (chargeable) items and other adjustments include the following:**

	GROUP		Better / (Worse) %	GROUP		Better / (Worse) %
	4Q 2014 S\$'000	4Q 2013 S\$'000		YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000	
Depreciation and amortisation	4,739	3,595	(32)	16,267	13,511	(20)
Manager's management fee payable / paid partially in units	3,564	3,140	(14)	13,251	11,553	(15)
Trustee's fees*	16	21	24	59	62	5
Unrealised foreign exchange loss	1,099	1,015	(8)	10,739	3,798	(183)
Net change in fair value of financial derivatives	97	689	86	(1,291)	954	235
Net change in fair value of serviced residence properties and assets held for sale (Note A.8)	(21,540)	(74,098)	(71)	(63,030)	(139,532)	(55)
Net divestment expenses (Note A.9)	-	201	n.m.	-	201	n.m.
Assets written off (Note A.10)	9,155	-	n.m.	16,022	-	n.m.
Deferred tax expense	3,491	4,414	21	11,707	16,777	30
Effect of non-controlling interests arising from the above	429	(185)	(332)	345	(1,105)	(131)

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

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

	Note	GROUP		REIT	
		31/12/14 S\$'000	31/12/13 S\$'000	31/12/14 S\$'000	31/12/13 S\$'000
<b>Non-Current Assets</b>					
Plant and equipment		54,100	53,242	6,307	8,108
Serviced residence properties	B.1	3,724,036	3,177,020	558,693	556,392
Interest in subsidiaries		-	-	297,603	241,718
Interest in associate		3,152	3,030	3,638	3,516
Financial derivatives	B.2	-	929	-	929
Deposits		20,250	20,250	20,250	20,250
Deferred tax assets		3,382	3,673	-	-
		<b>3,804,920</b>	<b>3,258,144</b>	<b>886,491</b>	<b>830,913</b>
<b>Current Assets</b>					
Assets held for sale		87,403	87,033	-	-
Inventories		286	365	-	-
Trade receivables		13,202	11,718	1,234	1,456
Other receivables and deposits		23,172	20,219	1,972,348	1,702,219
Financial derivatives	B.2	353	-	353	-
Cash and bank balances	B.3	192,556	204,518	50,618	91,654
		<b>316,972</b>	<b>323,853</b>	<b>2,024,553</b>	<b>1,795,329</b>
<b>Total Assets</b>		<b>4,121,892</b>	<b>3,581,997</b>	<b>2,911,044</b>	<b>2,626,242</b>
<b>Non-Current Liabilities</b>					
Interest bearing liabilities	B.4	(1,301,564)	(1,146,833)	(460,996)	(470,218)
Financial derivatives	B.2	(14,120)	(11,271)	(10,429)	(10,017)
Deferred tax liabilities		(77,244)	(67,854)	-	-
		<b>(1,392,928)</b>	<b>(1,225,958)</b>	<b>(471,425)</b>	<b>(480,235)</b>
<b>Current Liabilities</b>					
Trade payables		(7,933)	(4,366)	(51)	(15)
Other payables		(110,601)	(107,842)	(598,023)	(393,544)
Interest bearing liabilities	B.4	(249,348)	(50,251)	(12,959)	-
Financial derivatives	B.2	(15)	(954)	(12)	(938)
Provision for taxation		(7,831)	(5,496)	(70)	(263)
		<b>(375,728)</b>	<b>(168,909)</b>	<b>(611,115)</b>	<b>(394,760)</b>
<b>Total Liabilities</b>		<b>(1,768,656)</b>	<b>(1,394,867)</b>	<b>(1,082,540)</b>	<b>(874,995)</b>
<b>Net Assets</b>		<b>2,353,236</b>	<b>2,187,130</b>	<b>1,828,504</b>	<b>1,751,247</b>
Represented by:					
Unitholders' funds	1(d)(i)	2,106,078	2,093,080	1,679,153	1,751,247
Perpetual securities holders	1(d)(i)	149,351	-	149,351	-
Non-controlling interests	1(d)(i)	97,807	94,050	-	-
<b>Total Equity</b>		<b>2,353,236</b>	<b>2,187,130</b>	<b>1,828,504</b>	<b>1,751,247</b>

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

**B.1 Serviced residence properties**

The increase in the Group's serviced residences as at 31 December 2014 was mainly due to the acquisition of nine properties during the year and increase in valuation of the serviced residence properties on 31 December 2014, partially offset by foreign currency differences arising from translating the Group's overseas serviced residences as a result of the weakening of foreign currencies, particularly EUR, against Singapore dollar.



## B.2 Financial derivatives

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

## B.3 Cash and bank balances

The decrease in the Group's cash and bank balances as at 31 December 2014 was mainly due to acquisition of serviced residence properties and plant and equipment, partially offset by net proceeds from borrowings and issuance of perpetual securities.

## B.4 Interest bearing liabilities

	GROUP		REIT	
	31/12/14	31/12/13	31/12/14	31/12/13
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Amount repayable in one year or less or on demand</b>				
- Secured	99,445	50,319	12,959	-
- Unsecured	150,000	-	-	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(97)	(68)	-	-
	249,348	50,251	12,959	-
<b>Amount repayable after one year</b>				
- Secured	948,517	812,984	464,790	445,291
- Unsecured	362,075	338,635	-	27,285
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(9,028)	(4,786)	(3,794)	(2,358)
	1,301,564	1,146,833	460,996	470,218
<b>Total</b>	<b>1,550,912</b>	<b>1,197,084</b>	<b>473,955</b>	<b>470,218</b>

### 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 31 December 2014, the Group's gearing was 38.5 percent, well below the 60 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 3.0 percent per annum, with an interest cover of 4.3 times. S\$1,243.2 million or 80 percent of the Group's borrowings are on fixed interest rates with S\$166.0 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, 16 percent falls due in 2015, 17 percent falls due in 2016, 9 percent falls due in 2017, 14 percent falls due in 2018, and the balance falls due after 2018.

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

## 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>GROUP</b>			
	<b>4Q</b>	<b>4Q</b>	<b>YTD Dec</b>	<b>YTD Dec</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating Activities</b>				
Total return for the period / year before tax	47,859	99,503	167,315	251,563
<u>Adjustments for:</u>				
Depreciation and amortisation	4,739	3,595	16,267	13,511
Loss on disposal of assets held for sale	-	106	-	106
Net divestment expenses	-	201	-	201
Loss / (gain) on disposal of plant and equipment	135	(7)	224	24
Assets written off	9,155	-	16,022	-
Finance costs	11,958	15,509	43,341	44,646
Finance income	(549)	(503)	(2,123)	(2,089)
Provision for doubtful debts addition / (reversal)	56	29	(14)	148
Manager's management fees payable / paid partially in units	3,564	3,140	13,251	11,553
Foreign exchange loss - unrealised	1,099	1,015	10,739	3,798
Net change in fair value of financial derivatives	97	(4,119)	(1,291)	(6,630)
Net change in fair value of serviced residence properties and assets held for sale	(21,540)	(74,098)	(63,030)	(139,532)
Share of loss of associate	1	2	-	2
<b>Operating profit before working capital changes</b>	<b>56,574</b>	<b>44,373</b>	<b>200,701</b>	<b>177,301</b>
Changes in working capital	(6,997)	10,166	(25,766)	2,300
<b>Cash generated from operations</b>	<b>49,577</b>	<b>54,539</b>	<b>174,935</b>	<b>179,601</b>
Income tax paid	(3,935)	(4,370)	(22,384)	(27,617)
<b>Cash flows from operating activities</b>	<b>45,642</b>	<b>50,169</b>	<b>152,551</b>	<b>151,984</b>
<b>Investing Activities</b>				
Acquisition of plant and equipment	(2,856)	(1,283)	(9,802)	(9,915)
Acquisition of serviced residence properties, net of cash acquired	(190,815)	-	(428,357)	(159,025)
Capital expenditure on serviced residence properties	(17,102)	(11,290)	(30,225)	(32,300)
Proceeds on disposal of assets held for sale	1,243	-	5,457	-
Expenses incurred for divestment of serviced residence properties and assets held for sale	-	(201)	-	(1,088)
Interest received	549	503	2,123	2,089
Deposit paid for acquisition of an investment property	-	(20,250)	-	(20,250)
Proceeds from sale of plant and equipment	7	60	180	138
<b>Cash flows from investing activities</b>	<b>(208,974)</b>	<b>(32,461)</b>	<b>(460,624)</b>	<b>(220,351)</b>
<b>Financing Activities</b>				
Distribution to unitholders	-	-	(116,468)	(106,970)
Dividend paid to non-controlling shareholders	(182)	(178)	(3,228)	(3,687)
Interest paid	(13,508)	(18,177)	(41,851)	(45,115)
Payments on finance lease	(857)	(925)	(3,676)	(3,545)
Proceeds from issue of new units	-	253,749	-	403,750
Payment of issue expenses	-	(4,044)	-	(6,076)
Proceeds from bank borrowings	201,071	51,965	545,670	351,255
Proceeds from issue of medium term notes	127,614	-	212,657	63,585
Proceeds from issue of perpetual securities, net of transaction costs	148,498	-	148,498	-
Repayment of bank borrowings	(257,626)	(215,727)	(443,525)	(504,662)
<b>Cash flows from financing activities</b>	<b>205,010</b>	<b>66,663</b>	<b>298,077</b>	<b>148,535</b>
<b>Increase / (decrease) in cash &amp; cash equivalents</b>	<b>41,678</b>	<b>84,371</b>	<b>(9,996)</b>	<b>80,168</b>
<b>Cash and cash equivalents at beginning of the period / year</b>	<b>151,303</b>	<b>121,619</b>	<b>204,518</b>	<b>125,181</b>
Effect of exchange rate changes on balances held in foreign currencies	(425)	(1,472)	(1,966)	(831)
<b>Cash and cash equivalents at end of the period / year</b>	<b>192,556</b>	<b>204,518</b>	<b>192,556</b>	<b>204,518</b>

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

	Note	GROUP		GROUP	
		4Q 2014 S\$'000	4Q 2013 S\$'000	YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000
<b>Unitholders' Contribution</b>					
<b>Balance as at beginning of period / year</b>		1,470,968	1,295,077	1,547,895	1,187,024
Issue of new units					
- equity placement on 6 February 2013		-	-	-	150,001
- rights issue on 12 December 2013		-	253,749	-	253,749
- payment of manager's management fees in units		3,501	3,113	12,821	11,275
- payment of manager's acquisition fees in units		1,635	-	2,478	3,063
Issue expenses		-	(4,044)	-	(6,076)
Distribution to Unitholders		-	-	(87,090)	(51,141)
<b>Balance as at end of period / year</b>		<b>1,476,104</b>	<b>1,547,895</b>	<b>1,476,104</b>	<b>1,547,895</b>
<b>Operations</b>					
<b>Balance as at beginning of period / year</b>		675,826	528,791	615,777	463,359
Total return for the period / year attributable to Unitholders / perpetual securities holders		33,041	87,398	122,468	208,659
Accrued distribution for perpetual securities		(1,356)	-	(1,356)	-
Change in ownership interests in subsidiary with no change in control		(154)	(347)	(154)	(347)
Transfer to capital reserve		(190)	(65)	(190)	(65)
Distribution to Unitholders		-	-	(29,378)	(55,829)
<b>Balance as at end of period / year</b>		<b>707,167</b>	<b>615,777</b>	<b>707,167</b>	<b>615,777</b>
<b>Foreign Currency Translation Reserve</b>					
<b>Balance as at beginning of period / year</b>		(74,871)	(69,723)	(61,641)	(90,420)
Translation differences relating to financial statements of foreign subsidiaries		10,787	8,082	(2,443)	28,779
<b>Balance as at end of period / year</b>		<b>(64,084)</b>	<b>(61,641)</b>	<b>(64,084)</b>	<b>(61,641)</b>
<b>Capital Reserve</b>					
<b>Balance as at beginning of period / year</b>		1,818	1,753	1,818	1,753
Transfer from operations		190	65	190	65
<b>Balance as at end of period / year</b>		<b>2,008</b>	<b>1,818</b>	<b>2,008</b>	<b>1,818</b>
<b>Hedging Reserve</b>					
<b>Balance as at beginning of period / year</b>		(13,934)	(11,572)	(10,769)	(14,343)
Change in fair value of financial derivatives		(1,183)	5,611	(4,348)	11,158
Net change in fair value of cash flow hedges reclassified to total return		-	(4,808)	-	(7,584)
<b>Balance as at end of period / year</b>		<b>(15,117)</b>	<b>(10,769)</b>	<b>(15,117)</b>	<b>(10,769)</b>
<b>Unitholders' Funds</b>	<b>1(b)(i)</b>	<b>2,106,078</b>	<b>2,093,080</b>	<b>2,106,078</b>	<b>2,093,080</b>
<b>Perpetual Securities</b>					
<b>Balance as at beginning of period / year</b>		-	-	-	-
Issue of perpetual securities		150,000	-	150,000	-
Issue expenses		(2,005)	-	(2,005)	-
Accrued distribution for securities holders		1,356	-	1,356	-
<b>Balance as at end of period / year</b>	<b>1(b)(i)</b>	<b>149,351</b>	<b>-</b>	<b>149,351</b>	<b>-</b>

	Note	GROUP		GROUP	
		4Q 2014 S\$'000	4Q 2013 S\$'000	YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000
<b>Non-controlling Interests</b>					
<b>Balance as at beginning of period / year</b>		95,060	94,436	94,050	93,597
Total return for the period		2,323	1,806	7,904	6,695
Dividend paid to non-controlling shareholders		(182)	(178)	(3,228)	(3,687)
Translation differences relating to financial statements of foreign subsidiaries		606	(2,014)	(919)	(2,555)
<b>Balance as at end of period / year</b>	<b>1(b)(i)</b>	<b>97,807</b>	<b>94,050</b>	<b>97,807</b>	<b>94,050</b>
<b>Equity</b>	<b>1(b)(i)</b>	<b>2,353,236</b>	<b>2,187,130</b>	<b>2,353,236</b>	<b>2,187,130</b>

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

	Note	REIT		REIT	
		4Q 2014 S\$'000	4Q 2013 S\$'000	YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000
<b>Unitholders' Contribution</b>					
<b>Balance as at beginning of period / year</b>		1,470,968	1,295,077	1,547,895	1,187,024
Issue of new units		-	-	-	150,001
- equity placement on 6 February 2013		-	-	-	253,749
- rights issue on 12 December 2013		-	253,749	-	-
- payment of manager's management fees in units		3,501	3,113	12,821	11,275
- payment of manager's acquisition fees in units		1,635	-	2,478	3,063
Issue expenses		-	(4,044)	-	(6,076)
Distribution to Unitholders		-	-	(87,090)	(51,141)
<b>Balance as at end of period / year</b>		<b>1,476,104</b>	<b>1,547,895</b>	<b>1,476,104</b>	<b>1,547,895</b>
<b>Operations</b>					
<b>Balance as at beginning of period / year</b>		184,669	203,560	212,960	225,835
Total return for the period / year attributable to Unitholders / perpetual securities holders		31,318	9,400	32,405	42,954
Accrued distribution for perpetual securities		(1,356)	-	(1,356)	-
Distribution to Unitholders		-	-	(29,378)	(55,829)
<b>Balance as at end of period / year</b>		<b>214,631</b>	<b>212,960</b>	<b>214,631</b>	<b>212,960</b>
<b>Hedging Reserve</b>					
<b>Balance as at beginning of period / year</b>		(11,575)	(11,079)	(9,608)	(15,071)
Change in fair value of financial derivatives		(7)	1,471	(1,974)	5,463
<b>Balance as at end of period / year</b>		<b>(11,582)</b>	<b>(9,608)</b>	<b>(11,582)</b>	<b>(9,608)</b>
<b>Unitholders' Funds</b>	<b>1(b)(i)</b>	<b>1,679,153</b>	<b>1,751,247</b>	<b>1,679,153</b>	<b>1,751,247</b>
<b>Perpetual Securities</b>					
<b>Balance as at beginning of period / year</b>		-	-	-	-
Issue of perpetual securities		150,000	-	150,000	-
Issue expenses		(2,005)	-	(2,005)	-
Accrued distribution for perpetual securities		1,356	-	1,356	-
<b>Balance as at end of period / year</b>	<b>1(b)(i)</b>	<b>149,351</b>	<b>-</b>	<b>149,351</b>	<b>-</b>
<b>Equity</b>	<b>1(b)(i)</b>	<b>1,828,504</b>	<b>1,751,247</b>	<b>1,828,504</b>	<b>1,751,247</b>

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

	REIT			
	4Q 2014 '000	4Q 2013 '000	YTD Dec 2014 '000	YTD Dec 2013 '000
<b>Balance as at beginning of period / year</b>	1,530,851	1,266,314	1,522,495	1,142,819
<b>Issue of new units :</b>				
- equity placement on 6 February 2013	-	-	-	114,943
- rights issue on 12 December 2013	-	253,749	-	253,749
- partial payment of manager's management fees	2,841	2,432	10,507	8,424
- payment of manager's acquisition fee	1,331	-	2,021	2,560
<b>Balance as at end of period / year</b>	<b>1,535,023</b>	<b>1,522,495</b>	<b>1,535,023</b>	<b>1,522,495</b>

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2013.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2014. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

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

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

	GROUP		GROUP	
	4Q 2014 S\$'000	4Q 2013 S\$'000	YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000
Total return for the period / year attributable to Unitholders / perpetual securities holders	33,041	87,398	122,468	208,659
Less: Accrued distribution for perpetual securities	(1,356)	-	(1,356)	-
<b>Total return for the period / year attributable to Unitholders</b>	<b>31,685</b>	<b>87,398</b>	<b>121,112</b>	<b>208,659</b>

	4Q 2014	4Q 2013	YTD Dec 2014	YTD Dec 2013
<b>Earnings per unit (EPU)</b>				
Number of units on issue at end of period ('000)	1,535,023	1,522,495	1,535,023	1,522,495
Weighted average number of units for the period ('000)	1,533,461	1,348,556	1,528,636	1,290,502
<b>EPU (cents) – Basic and Diluted</b> (based on the weighted average number of units for the period)	2.07 <sup>(1)</sup>	6.48 <sup>(1)</sup>	7.92 <sup>(1)</sup>	16.17 <sup>(1)</sup>

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

**Note 1:** The computation of EPU included the net change in fair value of serviced residence properties, net of tax and non-controlling interests. Valuations of the serviced residence properties were conducted by independent valuers in Dec 2014 and Dec 2013. Excluding these effects, the EPU for 4Q 2014 would be 1.09 cents and the EPU for 4Q 2013 would be 1.67 cents respectively, and the EPU for YTD Dec 2014 and YTD Dec 2013 would be 4.70 cents and 7.13 cents respectively.

	4Q 2014	4Q 2013	YTD Dec 2014	YTD Dec 2013
<b>Distribution per unit (DPU)</b>				
Number of units on issue at end of period ('000)	1,535,023	1,522,495	1,535,023	1,522,495
DPU (cents) – Basic and diluted	2.16	1.33 <sup>(2)</sup>	8.20	8.40 <sup>(2)</sup>

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

**Note 2:** Excluding the effects from the Rights Issue and one-off items, the DPU for 4Q 2013 and YTD Dec 2013 would be 1.56 cents and 7.19 cents respectively.

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

	GROUP		REIT	
	31/12/14	31/12/13	31/12/14	31/12/13
NAV per unit (S\$)	1.37	1.37	1.09	1.15

## 8. GROUP PERFORMANCE REVIEW

### 8(a) Revenue and Gross Profit Analysis – 4Q 2014 vs. 4Q 2013 (Local Currency (“LC”))

		Revenue <sup>1</sup>				Gross Profit <sup>1</sup>				REVPAU Analysis <sup>2</sup>		
		4Q 2014	4Q 2013	Better/ (Worse)		4Q 2014	4Q 2013	Better/ (Worse)		4Q 2014	4Q 2013	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
<b>Master Leases</b>												
Australia	AUD	0.4	-	0.4	n.m.	0.4	-	0.4	n.m.	-	-	-
France	EUR	5.8	5.8	-	-	5.3	5.3	-	-	-	-	-
Germany	EUR	1.4	1.3	0.1	8	1.3	1.3	-	-	-	-	-
Japan	JPY	187.6	54.4	133.2	245	151.3	31.1	120.2	386	-	-	-
Singapore	S\$	2.2	2.1	0.1	5	1.8	1.7	0.1	6	-	-	-
<b>Management contracts with minimum guaranteed income</b>												
Belgium	EUR	2.0	2.2	(0.2)	(9)	0.7	0.4	0.3	75	62	60	3
Spain	EUR	1.1	0.8	0.3	38	0.4	0.3	0.1	33	79	42	88
United Kingdom	GBP	7.1	6.8	0.3	4	3.5	3.0	0.5	17	121	118	3
<b>Management contracts</b>												
Australia	AUD	1.3	0.7	0.6	86	0.6	0.2	0.4	200	158	91	74
China	RMB	79.6	61.5	18.1	29	18.0	20.3	(2.3)	(11)	423	494	(14)
Indonesia	USD	2.9	3.1	(0.2)	(6)	0.6	0.9	(0.3)	(33)	73	82	(11)
Japan	JPY	1,018.2	703.6	314.6	45	567.5	401.0	166.5	42	11,887	10,439	14
Malaysia	MYR	4.8	-	4.8	n.m.	1.5	-	1.5	n.m.	247	-	n.m.
Philippines	PHP	262.4	235.3	27.1	12	85.6	72.8	12.8	18	4,356	4,068	7
Singapore	S\$	6.7	7.2	(0.5)	(7)	2.6	2.9	(0.3)	(10)	205	220	(7)
Vietnam <sup>3</sup>	VND <sup>1</sup>	154.9	168.9	(14.0)	(8)	74.4	92.4	(18.0)	(19)	1,482	1,545	(4)

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

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

<sup>3</sup> Revenue and gross profit for Somerset West Lake in 4Q 2014 have been classified under “Management contracts” category as the deed of yield protection has expired on 31 March 2014. For comparison purpose, the revenue and gross profit for Somerset West Lake for 4Q 2013 have been classified under “Management contracts” category.

8(a) **Revenue and Gross Profit Analysis – 4Q 2014 vs. 4Q 2013 (S\$)**

	<b>Revenue</b>				<b>Gross Profit</b>				<b>REVPAU Analysis<sup>1</sup></b>		
	4Q 2014	4Q 2013	Better/ (Worse)		4Q 2014	4Q 2013	Better/ (Worse)		4Q 2014	4Q 2013	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
<b>Master Leases</b>											
Australia	0.4	-	0.4	n.m.	0.4	-	0.4	n.m.	-	-	-
France	9.3	9.8	(0.5)	(5)	8.6	9.1	(0.5)	(5)	-	-	-
Germany	2.3	2.3	-	-	2.2	2.2	-	-	-	-	-
Japan	2.2	0.7	1.5	214	1.7	0.4	1.3	325	-	-	-
Singapore	2.2	2.1	0.1	5	1.8	1.7	0.1	6	-	-	-
<b>Sub-total</b>	<b>16.4</b>	<b>14.9</b>	<b>1.5</b>	<b>10</b>	<b>14.7</b>	<b>13.4</b>	<b>1.3</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Management contracts with minimum guaranteed income</b>											
Belgium	3.3	3.6	(0.3)	(8)	1.1	0.7	0.4	57	101	102	(1)
Spain	1.8	1.4	0.4	29	0.7	0.5	0.2	40	127	73	74
United Kingdom	14.6	13.8	0.8	6	7.2	5.9	1.3	22	250	239	5
<b>Sub-total</b>	<b>19.7</b>	<b>18.8</b>	<b>0.9</b>	<b>5</b>	<b>9.0</b>	<b>7.1</b>	<b>1.9</b>	<b>27</b>	<b>189</b>	<b>176</b>	<b>7</b>
<b>Management contracts</b>											
Australia	1.4	0.8	0.6	75	0.6	0.2	0.4	200	177	104	70
China	16.6	12.5	4.1	33	3.8	4.1	(0.3)	(7)	88	100	(12)
Indonesia	3.7	3.9	(0.2)	(5)	0.8	1.1	(0.3)	(27)	94	103	(9)
Japan	11.8	8.9	2.9	33	6.6	5.1	1.5	29	139	132	5
Malaysia	1.9	-	1.9	n.m.	0.6	-	0.6	n.m.	96	-	n.m.
Philippines	7.5	6.8	0.7	10	2.5	2.1	0.4	19	124	117	6
Singapore	6.7	7.2	(0.5)	(7)	2.6	2.9	(0.3)	(10)	205	220	(7)
Vietnam	9.3	10.1	(0.8)	(8)	4.5	5.6	(1.1)	(20)	89	93	(4)
<b>Sub-total</b>	<b>58.9</b>	<b>50.2</b>	<b>8.7</b>	<b>17</b>	<b>22.0</b>	<b>21.1</b>	<b>0.9</b>	<b>4</b>	<b>109</b>	<b>115</b>	<b>(5)</b>
<b>Group</b>	<b>95.0</b>	<b>83.9</b>	<b>11.1</b>	<b>13</b>	<b>45.7</b>	<b>41.6</b>	<b>4.1</b>	<b>10</b>	<b>124</b>	<b>129</b>	<b>(4)</b>

<sup>1</sup> 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 were AUD 0.4 million (S\$0.4 million) in 4Q 2014 and contributed by the three serviced residence properties, which were acquired on 10 December 2014.

***France***

Both revenue and gross profit remained at the same level as 4Q 2013.

In SGD terms, revenue and gross profit decreased by S\$0.5 million as compared to 4Q 2013 due to depreciation of EUR against SGD.



### ***Germany***

Revenue increased by EUR 0.1 million or 8% as compared to 4Q 2013 mainly due to higher recovery of costs from lessees. Gross profit remained at the same level as 4Q 2013.

In SGD terms, revenue and gross profit remained at the same level as last year.

### ***Japan***

Revenue and gross profit increased by JPY 133.2 million and JPY 120.2 million respectively as compared to 4Q 2013. This was mainly attributed to the acquisition of Infini Garden on 20 March 2014.

### ***Singapore***

Revenue and gross profit increased by S\$0.1 million as compared to 4Q 2013. This was mainly due to the refurbishment of Ascott Raffles Place last year.

## **B. Management contracts with minimum guaranteed income**

### ***Belgium***

Revenue and gross profit for 4Q 2013 included a top-up by the property manager of EUR 0.2 million. Excluding the top-up, revenue remained at the same level as last year and gross profit increased by EUR 0.5 million in 4Q 2014 as compared to 4Q 2013. REVPAU increased by 3% from EUR 60 in 4Q 2013 to EUR 62 in 4Q 2014.

Gross profit increased due to lower staff costs, depreciation expense and operation and maintenance expense.

In SGD terms, revenue decreased by S\$0.3 million or 8% due to depreciation of EUR against SGD. Gross profit, in SGD terms, increased by S\$0.4 million or 57% due to lower operating expenses.

### ***Spain***

Revenue and gross profit for 4Q 2014 and 4Q 2013 included a top-up by the property manager of EUR 0.1 million and EUR 0.2 million respectively. Excluding the top-up, revenue and gross profit increased by EUR 0.4 million or 67% and EUR 0.2 million or 200% respectively in 4Q 2014 as compared to 4Q 2013. REVPAU increased by 88% from EUR 42 in 4Q 2013 to EUR 79 in 4Q 2014 due to refurbishment of Citadines Ramblas Barcelona last year.

In SGD terms, revenue and gross profit increased by 29% and 40% respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

### ***United Kingdom***

Revenue increased by GBP 0.3 million or 4% in 4Q 2014 as compared to 4Q 2013. REVPAU increased by 3% from GBP 118 in 4Q 2013 to GBP 121 in 4Q 2014. The increase was mainly due to stronger demand from corporate and leisure sectors.

Gross profit increased by GBP 0.5 million or 17% mainly due to higher revenue and lower staff costs.

In SGD terms, revenue and gross profit increased by 6% and 22% respectively due to stronger underlying performance and appreciation of GBP against SGD.

## **C. Management contracts**

### ***Australia***

Revenue and gross profit increased by AUD 0.6 million and AUD 0.4 million respectively as compared to 4Q 2013. This was mainly due to higher demand for the renovated apartments at Citadines St Georges Terrace and refurbishment of the property last year. REVPAU increased by 74% from AUD 91 in 4Q 2013 to AUD 158 in 4Q 2014.

In SGD terms, revenue and gross profit increased by S\$0.6 million and S\$0.4 million respectively as compared to 4Q 2013. This was mainly due to stronger underlying performance, partially offset by depreciation of AUD against SGD.

### **China**

Revenue increased by RMB 18.1 million or 29% as compared to 4Q 2013, mainly due to contribution from the three properties acquired in 2014. REVPAU decreased by 14% from RMB 494 in 4Q 2013 to RMB 423 in 4Q 2014 due to the newly acquired properties, which had a lower ADR. Gross profit decreased by RMB 2.3 million or 11% due to higher staff costs, operation and maintenance expense and depreciation expense.

Excluding the contribution from the acquisitions and Somerset Grand Fortune Garden Property Beijing (which had commenced strata sale of units since October 2013), both revenue and gross profit decreased by 6% and 22% respectively as compared to 4Q 2013 due to ongoing refurbishment at Somerset Xu Hui Shanghai and Somerset Olympic Tower.

In SGD terms, revenue increased by S\$4.1 million or 33% mainly due to contribution from the acquired properties and appreciation of RMB against SGD. Gross profit, in SGD terms, decreased by S\$0.3 million or 7% due to higher operating expenses.

### **Indonesia**

Revenue decreased by USD 0.2 million or 6% as compared to 4Q 2013 mainly due to weaker demand from corporate accounts. REVPAU decreased by 11% from USD 82 in 4Q 2013 to USD 73 in 4Q 2014. Gross profit decreased by USD 0.3 million or 33% in 4Q 2014 mainly due to lower revenue and higher insurance cost.

In SGD terms, revenue and gross profit decreased by 5% and 27% respectively as compared to 4Q 2013 due to weaker underlying performance, partially offset by appreciation of USD against SGD.

### **Japan**

Revenue and gross profit increased by JPY 314.6 million or 45% and JPY 166.5 million or 42% respectively as compared to 4Q 2013. The increase was mainly due to the contribution from the property acquired in October 2014 and stronger demand from the corporate and leisure sectors. REVPAU increased by 14% from JPY 10,439 in 4Q 2013 to JPY 11,887 in 4Q 2014.

On a same store basis, revenue and gross profit increased by 13% and 16% respectively as compared to 4Q 2013.

In SGD terms, revenue and gross profit increased by S\$2.9 million or 33% and S\$1.5 million or 29% respectively. The increase was mainly due to the contribution from the acquired property and stronger underlying performance, partially offset by depreciation of JPY against SGD.

### **Malaysia**

Revenue and gross profit were MYR 4.8 million (S\$1.9 million) and MYR 1.5 million (S\$0.6 million) respectively in 4Q 2014. This was contributed by Somerset Ampang Kuala Lumpur, which was acquired on 18 August 2014.

### **The Philippines**

Revenue in 4Q 2014 increased by PHP 27.1 million or 12% as compared to 4Q 2013 mainly due to refurbishment of Ascott Makati last year. REVPAU increased by 7% from PHP 4,068 in 4Q 2013 to PHP 4,356 in 4Q 2014.

In line with the increase in revenue, gross profit in 4Q 2014 increased by PHP 12.8 million or 18% as compared to 4Q 2013.

In SGD terms, revenue and gross profit increased by S\$0.7 million or 10% and S\$0.4 million or 19% respectively. This was mainly due to stronger underlying performance, partially offset by depreciation of PHP against SGD.

### **Singapore**

Revenue decreased by S\$0.5 million or 7% in 4Q 2014 as compared to 4Q 2013. REVPAU decreased by 7% from S\$220 in 4Q 2013 to S\$205 in 4Q 2014. The decrease was mainly due to lower corporate accommodation budgets and weaker demand from project groups.

Gross profit decreased by S\$0.3 million or 10% due to lower revenue.

## Vietnam

Revenue and gross profit decreased by VND 14.0 billion or 8% and VND 18.0 billion or 19% respectively in 4Q 2014 as compared to 4Q 2013. The decrease was mainly due to the expiry of the deed of yield protection for Somerset West Lake Hanoi and ongoing refurbishment at Somerset Ho Chi Minh City.

On a same store basis (excluding the yield protection amount for 4Q 2013), revenue decreased by 4%. REVPAU decreased by 4% from VND 1,545,000 in 4Q 2013 to VND 1,482,000 in 4Q 2014. Gross profit decreased by 13% due to lower revenue and higher depreciation expense.

In SGD terms, revenue decreased by S\$0.8 million or 8% and gross profit decreased by S\$1.1 million or 20%.

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

		Revenue <sup>1</sup>				Gross Profit <sup>1</sup>				REVPAU Analysis <sup>2</sup>		
		YTD Dec 2014	YTD Dec 2013	Better/ (Worse)		YTD Dec 2014	YTD Dec 2013	Better/ (Worse)		YTD Dec 2014	YTD Dec 2013	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
<b>Master Leases</b>												
Australia	AUD	0.4	-	0.4	n.m.	0.4	-	0.4	n.m.			
France	EUR	23.2	23.1	0.1	-	21.5	21.2	0.3	1	-	-	-
Germany	EUR	5.7	5.6	0.1	2	5.1	5.1	-	-	-	-	-
Japan <sup>3</sup>	JPY	661.9	110.0	551.9	502	536.5	77.9	458.6	589			
Singapore	S\$	9.1	9.0	0.1	1	7.3	7.3	-	-	-	-	-
<b>Management contracts with minimum guaranteed income</b>												
Belgium	EUR	7.7	7.1	0.6	8	1.8	1.3	0.5	38	59	53	11
Spain	EUR	4.5	4.1	0.4	10	1.9	1.9	-	-	83	62	34
United Kingdom	GBP	26.9	26.0	0.9	3	11.9	11.2	0.7	6	118	114	4
<b>Management contracts</b>												
Australia	AUD	4.9	4.2	0.7	17	1.8	1.5	0.3	20	150	129	16
China	RMB	271.3	194.4	76.9	40	77.2	63.1	14.1	22	446	522	(15)
Indonesia	USD	12.5	12.3	0.2	2	4.5	3.7	0.8	22	81	81	-
Japan	JPY	3,147.2	2,381.0	766.2	32	1,796.8	1,275.0	521.8	41	10,745	9,422	14
Malaysia	MYR	8.3	-	8.3	n.m.	2.8	-	2.8	n.m.	260	-	n.m.
Philippines	PHP	1,062.9	1,018.5	44.4	4	365.1	360.2	4.9	1	4,468	4,680	(5)
Singapore	S\$	27.1	28.1	(1.0)	(4)	12.5	12.6	(0.1)	(1)	211	218	(3)
Vietnam <sup>4</sup>	VND <sup>1</sup>	631.9	675.4	(43.5)	(6)	338.7	384.8	(46.1)	(12)	1,513	1,550	(2)

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

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

<sup>3</sup> The increase in revenue and gross profit for Japan was mainly due to the acquisition of Infini Garden on 20 March 2014.

<sup>4</sup> Upon the expiry of the deed of yield protection, revenue and gross profit of Somerset West Lake have been classified under "Management contracts" category from April 2014 onwards. For comparison purpose, revenue and gross profit of Somerset West Lake for 1Q 2014 and YTD Dec 2013 have been classified under "Management contracts" category.

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

	Revenue				Gross Profit				REVPAU Analysis <sup>1</sup>		
	YTD Dec 2014	YTD Dec 2013	Better/ (Worse)		YTD Dec 2014	YTD Dec 2013	Better/ (Worse)		YTD Dec 2014	YTD Dec 2013	Better/ (Worse)
	S\$m	S\$m		%	S\$m	S\$m		%	S\$/day	S\$/day	%
<b>Master Leases</b>											
Australia	0.4	-	0.4	n.m.	0.4	-	0.4	n.m.	-	-	-
France	39.0	38.2	0.8	2	36.2	35.5	0.7	2	-	-	-
Germany	9.8	9.3	0.5	5	8.6	8.3	0.3	4	-	-	-
Japan	8.0	1.4	6.6	471	5.9	1.0	4.9	490	-	-	-
Singapore	9.1	9.0	0.1	1	7.3	7.3	-	-	-	-	-
<b>Sub-total</b>	<b>66.3</b>	<b>57.9</b>	<b>8.4</b>	<b>15</b>	<b>58.4</b>	<b>52.1</b>	<b>6.3</b>	<b>12</b>	-	-	-
<b>Management contracts with minimum guaranteed income</b>											
Belgium	12.9	11.7	1.2	10	3.1	2.3	0.8	35	99	87	14
Spain	7.7	6.8	0.9	13	3.2	3.2	-	-	141	102	38
United Kingdom	56.6	50.9	5.7	11	25.2	21.6	3.6	17	246	222	11
<b>Sub-total</b>	<b>77.2</b>	<b>69.4</b>	<b>7.8</b>	<b>11</b>	<b>31.5</b>	<b>27.1</b>	<b>4.4</b>	<b>16</b>	<b>186</b>	<b>166</b>	<b>12</b>
<b>Management contracts</b>											
Australia	5.6	5.0	0.6	12	2.1	1.8	0.3	17	172	157	10
China	55.9	39.1	16.8	43	16.0	12.7	3.3	26	92	105	(12)
Indonesia	15.9	15.5	0.4	3	5.7	4.6	1.1	24	103	101	2
Japan	37.9	31.0	6.9	22	22.2	16.6	5.6	34	129	122	6
Malaysia	3.2	-	3.2	n.m.	1.1	-	1.1	n.m.	101	-	n.m.
Philippines	30.2	30.1	0.1	-	10.4	10.6	(0.2)	(2)	127	138	(8)
Singapore	27.1	28.1	(1.0)	(4)	12.5	12.6	(0.1)	(1)	211	218	(3)
Vietnam	37.9	40.5	(2.6)	(6)	20.3	23.1	(2.8)	(12)	91	93	(2)
<b>Sub-total</b>	<b>213.7</b>	<b>189.3</b>	<b>24.4</b>	<b>13</b>	<b>90.3</b>	<b>82.0</b>	<b>8.3</b>	<b>10</b>	<b>113</b>	<b>121</b>	<b>(7)</b>
<b>Group</b>	<b>357.2</b>	<b>316.6</b>	<b>40.6</b>	<b>13</b>	<b>180.2</b>	<b>161.2</b>	<b>19.0</b>	<b>12</b>	<b>128</b>	<b>132</b>	<b>(3)</b>

<sup>1</sup> REVPAU for Japan refers to serviced residences and excludes rental housing.

For the year ended 31 December 2014 (“YTD Dec 2014”), revenue increased by S\$40.6 million or 13% as compared to the corresponding period last year (“YTD Dec 2013”). The increase in revenue was mainly due to additional contribution of S\$37.2 million from the 2013 Acquisitions and 2014 Acquisitions and higher revenue of S\$8.8 million from the existing properties. The increase was partially offset by decrease in revenue of S\$4.2 million from the cessation of operations for Somerset Grand Fortune Garden Property Beijing arising from the ongoing strata sale of units and decrease of S\$1.2 million due to the expiry of the deed of yield protection for Somerset West Lake Hanoi.

On a same store basis, YTD Dec 2014 revenue increased by S\$8.8 million mainly due to stronger underlying performance from the Group’s serviced residences in United Kingdom, Belgium and Japan and appreciation of EUR and GBP against SGD.

REVPAU decreased from S\$132 in YTD Dec 2013 to S\$128 in YTD Dec 2014, mainly due to weaker performance from Singapore and Philippines and lower ADR from the properties acquired in 2014.

In line with the increase in revenue, gross profit for YTD Dec 2014 increased by S\$19.0 million or 12% as compared to YTD Dec 2013. On a same store basis, gross profit increased by S\$6.2 million or 4%.

(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 2014, independent full valuations for the Group's portfolio (except for the four properties acquired in 4Q 2014 and Somerset Ampang Kuala Lumpur) were carried out by Jones Lang LaSalle Property Consultants Pte Ltd. For the four properties acquired in 4Q 2014, the independent valuations obtained for the acquisition were adopted as at 31 December 2014. The independent full valuation for Somerset Ampang Kuala Lumpur was carried out by C H Williams Talhar & Wong Sdn Bhd (as consultant to Jones Lang LaSalle Property Consultants Pte Ltd) on 31 December 2014.

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 2014 valuation. The valuation of Somerset Grand Fortune Garden Property Beijing was based on the direct comparison and investment approaches.

The Group's portfolio (including assets held for sale) was revalued at S\$3,811.4 million, resulting in a surplus of S\$21.5 million which was recognised in the Consolidated Statement of Total Return in 4Q 2014. The surplus resulted mainly from higher valuation of the Group's serviced residences in China, Belgium and United Kingdom. The net impact on the Consolidated Statement of Total Return was S\$15.0 million (net of tax and non-controlling interests).

## 9. **OUTLOOK AND PROSPECTS**

2014 marked an exceptionally rewarding year for the Ascott Reit, having completed nine successful acquisitions of aggregate property value of S\$559.1 million, resulting in total asset value of S\$4.1 billion as at 31 December 2014. We will continue to actively look for accretive acquisitions as we seek to entrench our presence in key hospitality markets of Asia Pacific and Europe to further enhance Unitholders' returns.

In addition to actively pursuing growth through acquisitions, the Group continues to drive organic operational growth by putting the existing portfolio through robust asset enhancement programmes to optimise returns for the Unitholders and to meet increasingly sophisticated demands of modern travellers. Somerset Grand Central Dalian, Somerset Olympic Tower Property Tianjin, Somerset Xu Hui Shanghai and Somerset Ho Chi Minh City are currently undergoing refurbishment and are on track to complete in 2015.

The Group adopts a prudent and disciplined approach towards capital management. It will continue to actively seek diversified funding sources and secure long-term financing at an optimal cost. In December 2014, Ascott Reit made its maiden issue of a 10-year unsecured Euro-denominated bonds, part of its many initiatives to extend its debt maturity. As at 31 December 2014, 80% of the total borrowings are on fixed interest rates. The Manager remains vigilant to changes in the macro and credit environment that may impact the Group's financing plans.

The global economic recovery in 2014 has been weaker-than-expected and geopolitical risks continue to remain a concern. In January 2015, the World Bank and the International Monetary Fund lowered their global growth forecasts for 2015 due to disappointing economic prospects in certain geographies. Notwithstanding a challenging operating environment going into 2015, we expect the operational performance of our portfolio to remain healthy through our resilient extended-stay business model. The Group's financial performance for FY 2015 should remain profitable.

## 10. **DISTRIBUTIONS**

### 10(a) **Current financial period**

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 July 2014 to 31 December 2014

Type	Distribution	Distribution Rate (cents)
Taxable Income		0.676
Tax Exempt Income		2.476
Capital		1.112
<b>Total</b>		<b>4.264</b>

### 10(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 2013 to 31 December 2013

Distribution Type	Distribution Rate (cents)
Taxable Income	0.615
Tax Exempt Income	0.269
Capital	2.814
<b>Total</b>	<b>3.698</b>

10(c) Tax rate : **Taxable Income Distribution**

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

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

**Tax-Exempt Income Distribution**

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

**Capital Distribution**

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

10(d) Book closure date : 30 January 2015

10(e) Date payable : 27 February 2015

**11. General mandate for Interested Person Transactions (“IPT”)**

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

**12. SEGMENT REVENUE AND RESULTS**

YTD Dec 2014	Singapore S\$'000	China S\$'000	Vietnam S\$'000	Indonesia S\$'000	Philippines S\$'000	Japan S\$'000	Australia S\$'000
Revenue	36,189	55,846	37,915	15,868	30,240	45,898	6,006
Direct expenses	(16,392)	(39,959)	(17,607)	(10,153)	(19,855)	(17,782)	(3,502)
<b>Gross Profit</b>	<b>19,797</b>	<b>15,887</b>	<b>20,308</b>	<b>5,715</b>	<b>10,385</b>	<b>28,116</b>	<b>2,504</b>

YTD Dec 2014 (continued)	Malaysia S\$'000	France S\$'000	Germany S\$'000	Belgium S\$'000	Spain S\$'000	United Kingdom S\$'000	Total S\$'000
Revenue	3,228	38,957	9,823	12,903	7,692	56,640	357,205
Direct expenses	(2,140)	(2,777)	(1,210)	(9,778)	(4,468)	(31,408)	(177,031)
<b>Gross Profit</b>	<b>1,088</b>	<b>36,180</b>	<b>8,613</b>	<b>3,125</b>	<b>3,224</b>	<b>25,232</b>	<b>180,174</b>

Share of loss of associate (net of tax)	-
Finance income	2,123
Finance costs	(43,341)
Foreign exchange loss	(2,505)
Unallocated net expenses	(17,435)
<b>Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale</b>	<b>119,016</b>
Net change in fair value of financial derivatives	1,291
Net change in fair value of serviced residence properties and assets held for sale	63,030
Assets written off	(16,022)
<b>Total return for the year before tax</b>	<b>167,315</b>
Income tax expense	(36,943)
<b>Total return for the year after tax</b>	<b>130,372</b>
Non-controlling interests	(7,904)
<b>Total return for the year attributable to Unitholders / perpetual securities holders</b>	<b>122,468</b>

12. **SEGMENT REVENUE AND RESULTS**

YTD Dec 2013	Singapore S\$'000	China S\$'000	Vietnam S\$'000	Indonesia S\$'000	Philippines S\$'000	Japan S\$'000	Australia S\$'000
Revenue	37,078	39,140	40,520	15,453	30,060	32,358	5,046
Direct expenses	(17,203)	(26,421)	(17,438)	(10,860)	(19,427)	(14,788)	(3,285)
<b>Gross Profit</b>	<b>19,875</b>	<b>12,719</b>	<b>23,082</b>	<b>4,593</b>	<b>10,633</b>	<b>17,570</b>	<b>1,761</b>

YTD Dec 2013 (continued)	France S\$'000	Germany S\$'000	Belgium S\$'000	Spain S\$'000	United Kingdom S\$'000	Total S\$'000
Revenue	38,239	9,294	11,732	6,813	50,876	316,609
Direct expenses	(2,784)	(969)	(9,450)	(3,570)	(29,256)	(155,451)
<b>Gross Profit</b>	<b>35,455</b>	<b>8,325</b>	<b>2,282</b>	<b>3,243</b>	<b>21,620</b>	<b>161,158</b>

Share of loss of associate (net of tax)	(2)
Finance income	2,089
Finance costs	(44,646)
Foreign exchange gain	7,543
Unallocated net expenses	(20,540)
<b>Net income before changes in fair value of financial derivatives, serviced residence properties and assets held for sale</b>	<b>105,602</b>
Net change in fair value of financial derivatives	6,630
Net change in fair value of serviced residence properties and assets held for sale	139,532
Net divestment expenses	(201)
<b>Total return for the year before tax</b>	<b>251,563</b>
Income tax expense	(36,209)
<b>Total return for the year after tax</b>	<b>215,354</b>
Non-controlling interests	(6,695)
<b>Total return for the year attributable to Unitholders</b>	<b>208,659</b>

13. **BREAKDOWN OF SALES**

	YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000	Better/ (Worse) %
(a) Revenue reported for first half year	168,504	146,591	15
(b) Total return after taxation reported for first half year	78,762	62,985	25
(c) Revenue reported for second half year	188,701	170,018	11
(d) Total return after taxation reported for second half year	51,610	152,369	(66)

14. **BREAKDOWN OF TOTAL DISTRIBUTIONS**

1 January 2013 to 30 June 2013 - paid  
1 July 2013 to 31 December 2013 - paid  
1 January 2014 to 30 June 2014 - paid  
1 July 2014 to 31 December 2014 - to be paid

YTD Dec 2014 S\$'000	YTD Dec 2013 S\$'000
-	58,549
-	56,296
60,173	-
65,451	-

15. **Disclosure of person occupying a managerial position 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

Kang Siew Fong / Regina Tan  
Joint Company Secretaries

22 January 2015