



A Member of CapitaLand

Ascott Residence Trust

(a unit trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Managed by

Ascott Residence Trust Management Limited

S\$250,000,000

Fixed Rate Perpetual Securities

Issue Price: 100%

The fixed rate perpetual securities (the **Securities**) will be issued in an aggregate principal amount of S\$250,000,000 by DBS Trustee Limited, in its capacity as trustee of Ascott Residence Trust (the **Issuer** or the **Ascott REIT Trustee**). The Securities confer a right to receive distribution payments (each a **Distribution**): (i) in respect of the period from (and including) 30 June 2015 (the **Issue Date**) to (but excluding) 30 June 2020 (the **First Call Date**), at the Initial Distribution Rate (as defined in “*Terms and Conditions of the Securities*” (the **Conditions**)); and (ii) in respect of the period from (and including) the First Call Date and each Reset Date (as defined in the Conditions) falling thereafter to (but excluding) the immediately following Reset Date, at the relevant Reset Distribution Rate (as defined in the Conditions) (each, the **Distribution Rate**). Subject to the provisions of the Securities relating to the ability of Ascott Residence Trust (**Ascott REIT**) to elect not to pay Distributions in whole or in part (see “*Terms and Conditions of the Securities – Distribution – Distribution Discretion*”), Distributions shall be payable semi-annually in arrear on 30 June and 30 December of each year (each a **Distribution Payment Date**). The first payment of Distribution shall be made on 30 December 2015 in respect of the period from (and including) the Issue Date to (but excluding) the first Distribution Payment Date.

The Issuer may, at its sole discretion, elect not to pay a Distribution (or to pay only part of a Distribution) which is scheduled to be paid on a Distribution Payment Date, by giving notice to the Paying Agents (as defined in the Conditions), the Registrar (as defined in the Conditions) and holders of the Securities (the **Holders**) not more than 15 nor less than three Business Days (as defined in the Conditions) prior to a scheduled Distribution Payment Date. The Issuer is not subject to any limit as to the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions under the Securities. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations (as defined in the Conditions) and (except on a *pro-rata* basis) its Parity Obligations (as defined in the Conditions) and the redemption and repurchase of its Junior Obligations and (except on a *pro-rata* basis) its Parity Obligations in the event that it does not pay a Distribution in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount equal to the amount of Distribution which is unpaid in whole or in part (an **Optional Distribution**) by giving notice of such election to the Paying Agents, the Registrar and the Holders not more than 20 nor less than 15 Business Days prior to the relevant payment date specified in such notice. Distributions are non-cumulative. Any non-payment of a Distribution or Optional Distribution in whole or in part in accordance with the Conditions shall not constitute a default for any purpose on the part of the Issuer.

The Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Obligations of the Issuer. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in the Conditions) of Ascott REIT, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Security if, on the day prior to the commencement of the Winding-Up of Ascott REIT, and thereafter, such Holder were the holder of one notional preferred unit having such right to return of assets in the Winding-Up of Ascott REIT which ranks as follows: (a) junior to the claims of all other present and future creditors of the Issuer which are not Parity Obligations of the Issuer; (b) junior to the claims of all classes of preferred units (if any) of Ascott REIT which are not Parity Obligations of the Issuer; (c) *pari passu* with the claims of the Parity Obligations of the Issuer; and (d) senior to the Junior Obligations of the Issuer (a **Notional Preferred Unit**), on the further assumption that the amount that such Holder of a Security was entitled to receive under the Conditions in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount of the relevant Security together with Distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the Issuer has given notice to the Holders of the Securities in accordance with the Conditions.

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may, at its option, redeem the Securities in whole, but not in part, on the First Call Date or on any Distribution Payment Date thereafter at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable). The Issuer may also, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption if: (A) as of the date fixed for redemption, the Issuer has become obliged, or will in the Distribution Payment Period (as defined in the Conditions) immediately following the date fixed for redemption become obliged to pay Additional Amounts (as defined in the Conditions) as provided or referred to in Condition 7 (*Taxation*) as a result of (i) any amendment to, or change in, the laws (or any rules or regulations or practice related thereto or thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or practice related thereto by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or (iii) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or practice related thereto that differs from the previous generally accepted position which is issued or announced on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; (B) as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of Moody's Investors Service Limited (**Moody's**) (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of Moody's) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency); (C) as of the date fixed for redemption or in the Distribution Payment Period immediately following the date fixed for redemption, as a result of any changes or amendments to the Relevant Accounting Standard (as defined herein), the Securities must not or must no longer be recorded as “equity” of Ascott REIT pursuant to the Relevant Accounting Standard; (D) immediately before giving the notice of redemption to the Holders, the Registrar and the Paying Agents the aggregate principal amount of the Securities outstanding is less than 20% of the aggregate principal amount originally issued; and (E) as a result of any change in, or amendment to, the Property Funds Appendix (as defined herein), or any change in the application or official interpretation of the Property Funds Appendix, as of the date fixed for redemption, the Securities count, or will in the Distribution Payment Period immediately following the date fixed for redemption count, towards the Aggregate Leverage (as defined herein) under the Property Funds Appendix.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the **SGX-ST**) for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries or associated companies or the Securities. This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Please see the selling restrictions set out under the section “*Subscription and Sale*” on page 106 of this Offering Circular.

Investing in the Securities involves risks. Please see “Risk Factors” beginning on page 39.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and, subject to certain exceptions, may not be offered or sold within the US. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see “*Subscription and Sale*”. The Securities will be unrated.

The entire issue of the Securities will be held by The Central Depository (Pte) Limited (**CDP**) in the form of a global certificate in registered form (the **Global Certificate**) for persons holding the Securities in securities accounts with CDP. Clearance of the Securities will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (**Depository System**) maintained by CDP. Settlement of over the counter trades in the Securities through the Depository System may only be effected through certain corporate depositors (**Depository Agents**) approved by CDP under the Companies Act, Chapter 50 of Singapore, to maintain securities subaccounts and to hold the Securities in such securities subaccounts for themselves and their clients. See “*Clearance and Settlement*”.

Sole Lead Manager and Bookrunner



Oversea-Chinese Banking Corporation Limited

Offering Circular dated 23 June 2015

NOTICE

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Ascott REIT, the Issuer, Ascott Residence Trust Management Limited, in its capacity as manager of Ascott REIT (the **Manager**), Oversea-Chinese Banking Corporation Limited (the **Sole Lead Manager and Bookrunner**) or the Agents (as defined in the Conditions) to subscribe for or purchase any of the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Securities described in this Offering Circular. This Offering Circular does not constitute an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Ascott REIT, the Manager, the Issuer, Sole Lead Manager and Bookrunner and the Agents do not represent that this Offering Circular may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirement in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Ascott REIT, the Manager, the Issuer, the Sole Lead Manager and Bookrunner or the Agents which is intended to permit a public offering of the Securities or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see “*Subscription and Sale*”.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated by reference in this Offering Circular. For a description of all documents which are deemed to be incorporated by reference in this Offering Circular, see “*Documents Incorporated by Reference*”. This Offering Circular shall be read and construed on the basis that such documents are incorporated in, and form part of, this Offering Circular.

The Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, this Offering Circular contains all information which is material in the context of Ascott REIT and the offering of the Securities with respect to Ascott REIT and its subsidiaries (the **Subsidiaries**, and together with Ascott REIT, the **Group**) and the Securities. Where information contained in this Offering Circular includes extracts from summaries of information and data from various private and public sources, the Issuer accepts responsibility for accurately reproducing such summaries and data in this Offering Circular in its proper form and context.

No person has been or is authorised to give any information or to make any representation concerning Ascott REIT, the Issuer, the Manager, the Group and the Securities other than as contained herein and/or incorporated by reference in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorised by Ascott REIT, the Issuer, the Manager, Sole Lead Manager and Bookrunner or the Agents. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of Ascott REIT, any of its Subsidiaries or the Group since the date hereof or create any implication that the information contained herein and/or incorporated by reference in this Offering Circular is correct as at any date subsequent to the date hereof.

No representation or warranty, express or implied, is made or given by the Sole Lead Manager and Bookrunner or the Agents as to the accuracy, completeness or sufficiency of the information contained and/or incorporated by reference in this Offering Circular, and nothing contained and/or incorporated by reference in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Sole Lead Manager and Bookrunner or the Agents. The Sole Lead Manager and Bookrunner and the Agents have not independently verified any of the information contained and/or incorporated by reference in this Offering Circular and can give

no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by Ascott REIT, any member of the Group, the Issuer, the Manager, the Sole Lead Manager and Bookrunner or the Agents that any recipient of this Offering Circular should purchase the Securities.

Each potential purchaser of the Securities should determine for itself the relevance of the information contained and/or incorporated by reference in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. Accordingly, notwithstanding anything herein, neither the Sole Lead Manager and Bookrunner nor any of its officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Offering Circular or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained and/or incorporated by reference in or referred to in this Offering Circular or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Offering Circular or such other document or information (or such part thereof).

This Offering Circular and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale or offer of the Securities. This Offering Circular and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**) and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the Sole Lead Manager and Bookrunner as aforesaid or for any other purpose. Recipients of this Offering Circular shall not reissue, circulate or distribute this Offering Circular or any part thereof in any manner whatsoever.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, Ascott REIT, its subsidiaries or associated companies or the Securities.

In making an investment decision, investors must rely on their own examination of Ascott REIT, the Manager, the Group and the Conditions, including the merits and risks involved, as well as the trust deed dated 19 January 2006 constituting Ascott REIT (as amended) (the **Ascott REIT Trust Deed**). See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on the Sole Lead Manager and Bookrunner or any person affiliated with the Sole Lead Manager and Bookrunner in connection with its investigation of the accuracy of such information or its investment decision.

Each investor shall, by virtue of its acquisition or ownership of the Securities, be regarded as consenting to the collection, use and disclosure (whether directly or through a third party) of personal data (if any) as defined in the Personal Data Protection Act 2012 of Singapore of such investor by the Issuer, the Manager, or any affiliate or agent of the Issuer (including the Agents) which is reasonably necessary or desirable to effect or facilitate the processing or administration of the Securities (including the making of a determination of the amounts owed, or the making of any payment to, such investor under the Securities) and purposes incidental thereto.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Ascott REIT and the Group prepare financial statements in accordance with the Statement of Recommended Accounting Practice 7 (**RAP 7**) “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. Accordingly, Ascott REIT and the Group’s financial statements for the 12-month period ended 31 December 2014 contained in this Offering Circular were prepared and presented in accordance with RAP 7. For comparison purposes, Ascott REIT and the Group’s financial statements for the financial year ended 31 December 2013 and 31 December 2012 incorporated by reference in this Offering Circular were also prepared and presented in accordance with RAP 7. RAP 7 prescribes that the accounting policies adopted by Ascott REIT and the Group should generally comply with the principles of the Singapore Financial Reporting Standards (**SFRS**). SFRS reporting practices and accounting principles differ in certain respects from International Financial Reporting Standards. Unless the context otherwise requires, financial information in this Offering Circular is presented on a consolidated basis.

Market data, industry forecasts and industry statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although Ascott REIT believes this information to be reliable, it has not been independently verified by Ascott REIT, the Manager or the Sole Lead Manager and Bookrunner or their respective directors and advisers, and none of Ascott REIT, the Issuer, the Manager, the Sole Lead Manager and Bookrunner, the Agents nor their respective directors and advisers make any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. Investors should not unduly rely on such market data, industry forecasts and industry statistics.

In this Offering Circular, all references to **S\$** or **Singapore dollars** are to Singapore dollars, the lawful currency of the Republic of Singapore and all references to **US\$** refer to United States dollars, the lawful currency of the United States of America. In addition, all references to **GBP** or **British Pound** refer to pounds sterling, all references to **Euro** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, all references to **RMB** or **Renminbi** refer to the lawful currency of the People’s Republic of China, all references to **AUD** or **Australian Dollars** refer to the lawful currency of Australia, all references to **JPY**, **Japanese Yen** or **¥** refer to the lawful currency of Japan, all references to **Philippine Peso** refer to the lawful currency of the Philippines, all references to **Vietnamese Dong** refer to the lawful currency of Vietnam and all references to **MYR** refer to the lawful currency of Malaysia.

The Group’s financial statements are published in Singapore dollars.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included or incorporated by reference in this Offering Circular, including, without limitation, those regarding the respective financial positions of Ascott REIT and the Group, their business strategy, plans and objectives of management for future operations (including their respective development plans and objectives relating to their businesses), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Ascott REIT and the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Ascott REIT's and the Group's present and future business strategies and the environment in which Ascott REIT and the Group will operate in the future. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". These forward-looking statements speak only as of the date of this Offering Circular. Save for its obligations under the Listing Manual of the SGX-ST (the **Listing Manual**), each of Ascott REIT and the Manager expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained or incorporated by reference herein to reflect any change in Ascott REIT's or the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or issued shall be incorporated in, and form part of, this Offering Circular:

- (a) the Group's audited consolidated financial statements for the year ended 31 December 2012; and
- (b) the Group's audited consolidated financial statements for the year ended 31 December 2013;

save that any statement contained therein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in a subsequent document or in this Offering Circular modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

DEFINITIONS

The following definitions have, where appropriate, been used in this Offering Circular:

%	:	Per cent.
2012 Acquisitions	:	Acquisition of Citadines Karasuma-Gojo Kyoto, Ascott Guangzhou, Ascott Raffles Place Singapore and Madison Hamburg in 2012.
2013 Acquisitions	:	Acquisition of Somerset Heping Shenyang, Citadines Biyun Shanghai, Citadines Xinghai Suzhou and a portfolio of 11 rental housing properties in Japan in 2013.
2014 Acquisitions	:	Acquisition of Infini Garden, Somerset Grand Central Dalian, Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan, Citadines Gaoxin Xi'an, Citadines Central Shinjuku Tokyo, Quest Sydney Olympic Park, Quest Mascot and Quest Campbelltown in 2014.
4Q 2014	:	The three months ended 31 December 2014.
4Q 2014 Acquisitions	:	Acquisition of Citadines Central Shinjuku Tokyo, Quest Sydney Olympic Park, Quest Mascot and Quest Campbelltown in 4Q 2014.
Additional Amounts	:	The additional amounts payable by the Issuer pursuant to Condition 7 (<i>Taxation</i>).
ADR	:	Average Daily Rate, determined by dividing Apartment Rental Income by the number of paid occupied nights during the applicable period.
AEI	:	Asset enhancement initiatives.
Agency Agreement	:	The Agency Agreement dated 30 June 2015 between (1) the Issuer, as issuer, (2) the Registrar, as registrar, (3) the Fiscal Agent, as fiscal agent, (4) the Transfer Agent, as transfer agent, and (5) the Calculation Agent, as calculation agent, as amended, varied or supplemented from time to time.
Agents	:	Deutsche Bank AG, Singapore Branch and any additional or successor agent appointed under clause 14 of the Agency Agreement.
Aggregate Leverage	:	The total borrowings and deferred payments of a REIT, or such other definition as may from time to time be provided for under the Property Funds Appendix.
AIM	:	Ascott International Management (2001) Pte Ltd, a wholly-owned subsidiary of the Sponsor.
AIM Japan	:	Ascott International Management Japan Company Limited.
AIMV	:	Ascott International Management (Vietnam) Co., Ltd.
Apartment Rental Income	:	Income from the rental or licensing of Apartment Units under Ascott REIT's portfolio excluding rental income under the Master Leases.
Apartment Units	:	The apartment units which are available for lease or licence in the portfolio.

APMB	:	Ascott Property Management (Beijing) Co., Ltd.
APMS	:	Ascott Property Management (Shanghai) Co., Ltd.
Ascott REIT	:	Ascott Residence Trust, a unit trust constituted on 19 January 2006 under the laws of the Republic of Singapore.
Ascott REIT Trust Deed	:	The trust deed dated 19 January 2006 made between (a) Ascott Residence Trust Management Limited, as manager of Ascott REIT, and (b) DBS Trustee Limited, as trustee of Ascott REIT, as supplemented by a first supplemental deed dated 22 March 2007, a second supplemental deed dated 9 September 2009, a third supplemental deed dated 16 September 2010 and a fourth supplemental deed dated 16 October 2014, and as may be further amended or supplemented from time to time.
Ascott REIT Trustee	:	DBS Trustee Limited, acting in its capacity as trustee of Ascott REIT, or any other person that replaces DBS Trustee Limited as trustee of Ascott REIT under the Ascott REIT Trust Deed.
Ascott Residences	:	Ascott Residences Pte Ltd.
Board	:	Board of Directors of the Manager.
Burton Engineering	:	Burton Engineering Pte Ltd.
Business Day	:	A day, excluding a Saturday and a Sunday and public holidays, on which banks are open for general business (including dealings in foreign currencies) in Singapore.
Calculation Agent	:	Deutsche Bank AG, Singapore Branch and any additional or successor calculation agent appointed from time to time in connection with the Securities.
CapitaLand	:	CapitaLand Limited.
CapitaLand Group	:	CapitaLand and its subsidiaries.
CDP	:	The Central Depository (Pte) Limited.
CIS Code	:	The Code on Collective Investment Schemes issued by the MAS pursuant to section 321 of the SFA, as amended or modified from time to time.
Companies Act	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
Comptroller	:	The Comptroller of Income Tax in Singapore.
Conditions	:	The terms and conditions of the Securities as scheduled to the Agency Agreement, and any reference to a numbered “Condition” is to the correspondingly numbered provision thereof.
Controlling Unitholder	:	A person who (i) holds directly or indirectly, 15.0% or more of the nominal amount of Units; or (ii) in fact exercises control over Ascott REIT, as defined in the Listing Manual.

Deposited Property	:	All the gross assets of Ascott REIT, including all its authorised investments held or deemed to be held upon the trusts under the Ascott REIT Trust Deed.
Depositors	:	Persons holding the Securities in securities accounts with CDP.
Depository Agents	:	Corporate depositors approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients.
Depository System	:	The electronic book-entry clearance and settlement system for the trading of debt securities maintained by CDP.
Distribution	:	The right to receive distribution payments under the Securities.
Distribution Payment Period	:	The period from (and including) the previous Distribution Payment Date or the Issue Date (as the case may be) to (and excluding) the next Distribution Payment Date.
Distribution Rate	:	The rate of Distribution, being either the Initial Distribution Rate or the relevant Reset Distribution Rate.
Divestments	:	The divestment of Somerset Gordon Heights Melbourne and Somerset Grand Cairnhill Singapore in April 2012 and September 2012 respectively.
DPU	:	Distribution per Unit.
EATC(S)	:	East Australia Trading Company (S) Pte Ltd.
EVD	:	Ebola virus disease.
FATCA	:	Sections 1471 through 1474 of the U.S. Internal Revenue Code, as amended or modified from time to time.
Finance Companies	:	The two third party finance companies, namely, Genefim SA and Antin Bail, which are related corporations of Société Générale and BNP Paribas respectively, that lease the Relevant France Properties to the Finance Lessees.
Finance Lease Arrangements	:	The arrangements entered into between the Finance Companies and the Finance Lessees pursuant to which the Finance Lessees have been granted a contractual right to use the Relevant France Properties and a promise of sale at the expiry of the finance leases.
Finance Lessees	:	The Property Holding Companies that lease the Relevant Finance Properties from the Finance Companies.
First Call Date	:	30 June 2020
Fiscal Agent	:	Deutsche Bank AG, Singapore Branch and any additional or successor fiscal agent appointed from time to time in connection with the Securities.
Fitch	:	Fitch, Inc or its successors.
Fixed Spread	:	2.5%

France Properties	:	Citadines City Centre Lille, Citadines City Centre Grenoble, Citadines Suites Louvre Paris, Citadines Trocadéro Paris, Citadines Presqu'île Lyon, Citadines Place d'Italie Paris, Citadines Montmartre Paris, Citadines Tour Eiffel Paris, Citadines Antigone Montpellier, Citadines Castellane Marseille, Citadines Austerlitz Paris, Citadines République Paris, Citadines Maine Montparnasse Paris, Citadines Prado Chanot Marseille, Citadines Les Halles Paris, Citadines Didot Montparnasse Paris and Citadines Croisette Cannes.
FRS	:	Financial Reporting Standards.
FRS 39	:	Financial Reporting Standard 39 – Financial Instruments Recognition and Measurement.
FRS 39 e-Tax Guide	:	An e-Tax Guide “ <i>Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition & Measurement</i> ” published by the IRAS on 16 March 2015.
FY2006	:	For the financial period from 19 January 2006 (date of establishment) to 31 December 2006.
FY2012	:	The financial year ended 31 December 2012.
FY2013	:	The financial year ended 31 December 2013.
FY2014	:	The financial year ended 31 December 2014.
Germany Properties	:	Citadines Kurfürstendamm Berlin, Citadines Arnulfpark Munich and Madison Hamburg.
Global Certificate	:	A global certificate in registered form constituting and representing the entire issue of the Securities.
Greater Sydney Quest Properties	:	Quest Sydney Olympic Park, Quest Mascot and Quest Campbelltown
Group	:	Ascott REIT and its Subsidiaries.
Holders	:	Holders of the Securities.
Hybrid Instruments e-Tax Guide	:	An e-Tax Guide “ <i>Income Tax Treatment of Hybrid Instruments</i> ” published by the IRAS on 19 May 2014.
Influenza A H1N1	:	Swine flu.
Initial Distribution Rate	:	4.68% per annum.
IRAS	:	Inland Revenue Authority of Singapore.
Issue Date	:	30 June 2015
Issuer	:	DBS Trustee Limited, in its capacity as trustee of Ascott Residence Trust.
ITA	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.

Japan Rental Housing Properties	:	The 12 rental housing properties across six cities of Fukuoka, Sapporo, Kyoto, Hiroshima, Saga and Sendai in Japan.
Junior Obligation	:	The ordinary units of Ascott REIT and any class of equity capital in Ascott REIT, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units.
Latest Practicable Date	:	19 June 2015
Listing Manual	:	The listing manual of the SGX-ST, as amended, varied or supplemented from time to time.
Management Fees	:	The base fee and base performance fee payable to the Manager.
Manager	:	Ascott Residence Trust Management Limited, in its capacity as manager of Ascott REIT.
MAS	:	Monetary Authority of Singapore.
Master Leases	:	The 17 master lease agreements between the relevant Property Holding Companies and Citadines SA in relation to the France Properties, the two master lease agreements between the relevant Property Holding Companies and Citadines Betriebsgesellschaft mbH in relation to two of the Germany Properties, the master lease agreement between the relevant Property Holding Company and a local German operator in relation to one of the Germany Properties, one master lease agreement between Ascott REIT and Ascott Singapore Raffles Place Pte. Ltd. in relation to one of the Singapore Properties, the six master leases in relation to six of the Japan Rental Housing Properties and the three master leases in relation to the Greater Sydney Quest Properties.
Master Lessees	:	Citadines SA in relation to the France Properties, Citadines Betriebsgesellschaft mbH in relation to two of the Germany Properties, the local German operator in relation to one of the German Properties, Ascott Singapore Raffles Place Pte. Ltd. in relation to one of the Singapore Properties, the master lessees in relation to six of the Japan Rental Housing Properties and the master lessees in relation to the Greater Sydney Quest Properties.
Master Lessors	:	The Property Holding Companies that lease the relevant Properties to the Master Lessees.
Mekong-Hacota	:	Mekong-Hacota Joint Venture Company Limited.
MERS	:	Middle East Respiratory Syndrome.
MOF	:	Singapore Ministry of Finance.
Moody's	:	Moody's Investors Service Limited or its successors.
New Cairnhill Serviced Residence	:	A serviced residence property with a hotel licence located within a new integrated development comprising 40.0% hotel use and 60.0% residential use to be constructed at lot number 918K of Town Subdivision 27 in Singapore.

Notional Preferred Unit	:	One notional preferred unit in Ascott REIT having such right to return of assets in the Winding-Up of Ascott REIT which ranks as follows: <ul style="list-style-type: none"> (a) junior to the claims of all other present and future creditors of the Issuer which are not Parity Obligations of the Issuer; (b) junior to the claims of all classes of preferred units (if any) of Ascott REIT which are not Parity Obligations of the Issuer; (c) <i>pari passu</i> with the claims of the Parity Obligations of the Issuer; and (d) senior to the Junior Obligations of the Issuer.
NTUC	:	National Trades Union Congress.
Optional Distribution	:	An optional amount equal to the amount of Distribution which is unpaid in whole or in part.
Optional Payment Notice	:	The notice given by the Issuer electing not to pay a Distribution (or to pay only part of a Distribution) which is scheduled to be paid on a Distribution Payment Date.
Pan-Asian Region	:	Countries in the Asia and Asia Pacific region.
Parity Obligation	:	Any instrument or security (including without limitation any preferred units) issued, entered into or guaranteed by the Issuer (i) which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> with a Notional Preferred Unit and/or other Parity Obligations and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.
Paying Agent	:	The Agent, the Registrar and any additional or successor paying agent appointed under clause 14 of the Agency Agreement.
Properties	:	The properties set out as “Properties” on pages 89 to 96 of this Offering Circular.
Property Companies	:	The companies indicated as “Property Companies” in the charts on pages 79 to 81 of this Offering Circular.
Property Funds Appendix	:	The guidelines for REITs issued by the MAS as Appendix 6 to the CIS Code.
Property Holding Companies	:	The companies indicated as “Property Holding Companies” in the charts on pages 79 to 81 of this Offering Circular.
PT Ascott International	:	PT Ascott International Management Indonesia.
Qualifying Income	:	Interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost.
RAP 7	:	The Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

Registrar	:	Deutsche Bank AG, Singapore Branch and any additional or successor registrar appointed from time to time in connection with the Securities.
REIT	:	Real estate investment trust.
Relevant Accounting Standard	:	SFRS or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of Ascott REIT.
Relevant France Properties	:	Citadines Castellane Marseille, Citadines Austerlitz Paris, Citadines République Paris, Citadines Maine Montparnasse Paris and Citadines Didot Montparnasse Paris.
Reset Date	:	Each successive date falling every five calendar years after the First Call Date.
Reset Distribution Rate	:	The Swap-Offer Rate with respect to the First Call Date or the relevant Reset Date (as the case may be) plus the Fixed Spread per annum.
REVPAU	:	Revenue per available unit in Ascott REIT's portfolio, determined by dividing Apartment Rental Income by the number of available nights in the applicable period.
Rights Issue	:	The underwritten and renounceable 1-for-5 rights issue undertaken by Ascott REIT in December 2013.
S\$ or \$ and cents	:	Singapore dollars and cents respectively.
SARS	:	Severe Acute Respiratory Syndrome.
S&P	:	Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. or its successors.
Scotts Philippines	:	Scotts Philippines, Inc.
Securities	:	The fixed rate perpetual securities to be issued by the Issuer.
Securities Act	:	United States Securities Act of 1933, as amended or modified from time to time.
SFA	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
SFO	:	Securities and Futures Ordinance (Cap. 571) of Hong Kong, as amended or modified from time to time.
SFRS	:	Singapore Financial Reporting Standards.
SGX-ST	:	Singapore Exchange Securities Trading Limited.
Singapore Properties	:	Ascott Raffles Place Singapore, Citadines Mount Sophia Property Singapore and Somerset Liang Court Property Singapore.
Soderetour UK	:	Soderetour UK Limited.
Sole Lead Manager and Bookrunner	:	Oversea-Chinese Banking Corporation Limited.

Sponsor	:	The Ascott Limited (formerly known as The Ascott Group Limited) or The Ascott Limited and its subsidiaries, as the case may be.
SR Management Agreements	:	The separate serviced residence management agreements executed for each of the Properties between the SR Management Companies and Ascott REIT.
SR Management Companies	:	The management companies indicated as “SR Management Companies” in the table on pages 66 to 67 of this Offering Circular.
Subscription Agreement	:	The Subscription Agreement dated 23 June 2015 between (1) the Issuer, as issuer and (2) Oversea-Chinese Banking Corporation Limited, as the sole lead manager and bookrunner, as amended, varied or supplemented from time to time.
Subsidiaries	:	The subsidiaries of Ascott REIT.
Swap-Offer Rate	:	The rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the rate appearing under the column headed “Ask” for a maturity of 5 years which appears on the Bloomberg Screen TPIS Page under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the day that is two business days preceding the relevant Reset Date, provided that, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum.
Tax Ruling	:	The tax ruling dated 16 November 2005 issued by the IRAS on the taxation of Ascott REIT and the Unitholders, as the same may be modified, amended, supplemented, revised or replaced from time to time.
Tokyo Rental Housing Properties	:	The 19 rental housing properties in Tokyo managed under the Asyl Court, Gala, Joy City, Zesty and Roppongi Residences brands.
Transfer Agent	:	Deutsche Bank AG, Singapore Branch and any additional or successor transfer agent appointed from time to time in connection with the Securities.
UK Properties	:	Citadines Barbican London, Citadines South Kensington London, Citadines Trafalgar Square London and Citadines Holborn – Covent Garden London.
Unit	:	An undivided interest in Ascott REIT as provided for in the Ascott REIT Trust Deed.
United States or U.S.	:	United States of America.
Unitholders	:	The holders from time to time of the Units.
UK	:	The United Kingdom.
Sq m	:	Square metres.

Vietnam Properties JVA	:	A joint venture arrangement between Ascott REIT (through its shareholding interests in each of the Vietnam Property Companies) and the unrelated third-party shareholders in each of the Vietnam Property Companies.
Vietnam Property Companies	:	Saigon Office and Serviced Apartment Company Limited, Mekong-Hacota and Hanoi Tower Center Company Limited.
Vietnam Property Holding Companies	:	EATC(S), Ascott Residences and Burton Engineering.
Winding-Up	:	Bankruptcy, termination, winding up, liquidation or similar proceedings.
YTD March 2014	:	The three months ended 31 March 2014.
YTD March 2015	:	The three months ended 31 March 2015.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Offering Circular shall be a reference to Singapore time unless otherwise stated. Any reference in this Offering Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Offering Circular shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and the financial information contained, incorporated by reference or referred to elsewhere in this Offering Circular. The meanings of terms not defined in this summary can be found elsewhere in this Offering Circular.

Ascott REIT is a serviced residence REIT established with the objective of investing 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.

Comprising an initial asset portfolio of 12 strategically located properties with 2,068 apartment units in five countries in the Pan-Asian Region, Ascott REIT was listed on the Main Board of the SGX-ST on 31 March 2006 with an initial asset size of approximately S\$856.0 million. As at the Latest Practicable Date, Ascott REIT's portfolio has more than quadrupled in size to reach S\$4.1 billion, comprising 90 Properties with 10,500 Apartment Units⁽¹⁾ in 37 cities across 13 countries in Asia Pacific and Europe. Ascott REIT has been assigned a "Baa3" issuer rating by Moody's.

Competitive Strengths of Ascott REIT

- Geographically diversified portfolio of high quality serviced residence properties in strategic locations across key international gateway cities in both Asia Pacific and Europe.
- Strong brand recognition and operational synergies with the Sponsor, the world's largest international serviced residence owner-operator with more than 30-year industry track record.
- Stability of income from the extended-stay business model, as well as properties under Master Leases and SR Management Agreements which provide minimum guaranteed income.
- Strong acquisition track record, with asset size having more than quadrupled to S\$4.1 billion since its initial listing.
- Managed by an experienced and professional management team.

Strategies

The Manager aims to deliver stable and growing distributions to Unitholders through the following strategies:

- Active asset management, including but not limited to:
 - developing yield management and marketing strategies to maximise REVPAU;
 - improving operating efficiencies and economies of scale;
 - capitalising on AEI to create real estate value and maintain the quality of portfolio; and
 - reconstituting portfolio through divesting properties which have reached the optimal stage of their life cycle and/or where the property cycle is optimal;
- Growth by acquisition, both from the Sponsor and third parties; and
- Disciplined and prudent capital and risk management to maintain a strong balance sheet and financial flexibility to support growth.

Note:

- (1) Number of Apartment Units excludes the Apartment Units which are expected to be contributed by the New Cairnhill Serviced Residence upon the completion of its construction.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the selected consolidated financial information of the Group as at and for the periods indicated.

The selected consolidated financial information as at and for the year ended 31 December 2014 has been derived from the Group's audited financial statement for the year ended 31 December 2014 included in this Offering Circular and should be read together with those financial statements and the accompanying notes thereto. The selected consolidated financial information as at and for the years ended 31 December 2012 and 31 December 2013 has been derived from the Group's audited financial statements for the years ended 31 December 2012 and 31 December 2013 respectively incorporated by reference in this Offering Circular and should be read together with those financial statements and the accompanying notes thereto. The selected consolidated financial information for the three-month periods ended 31 March 2014 and 31 March 2015 has been derived from the Group's 2015 First Quarter Unaudited Financial Statement Announcement included in this Offering Circular. The Group has prepared the unaudited financial statements on the same basis as its audited financial statements. The Group's historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full financial year or for any future period.

The Group's financial statements are reported in Singapore dollars.

The Group's audited financial statements for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and unaudited financial statements for the three-month period ended 31 March 2015 contained and/or incorporated by reference in this Offering Circular were prepared and presented in accordance with RAP 7.

Consolidated Statements of Total Return

	Audited			Unaudited	
	FY2012	FY2013	FY2014	YTD March 2014	YTD March 2015
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross revenue	303,841	316,609	357,205	80,365	90,013
Direct expenses	(144,694)	(155,451)	(177,031)	(41,196)	(46,898)
Gross profit	159,147	161,158	180,174	39,169	43,115
Finance income	2,038	2,089	2,123	696	409
Other income	2,112	328	6,341	1,033	33
Audit fees	(1,757)	(2,060)	(2,211)	(542)	(599)
Finance costs	(42,343)	(44,646)	(43,341)	(9,026)	(11,848)
Manager's management fees	(14,129)	(14,727)	(17,210)	(3,761)	(4,282)
Professional fees	(1,912)	(2,784)	(2,787)	(514)	(547)
Trustee's fees	(311)	(327)	(384)	(90)	(100)
Foreign exchange gain/(loss)	3,827	7,543	(2,505)	2,935	(2,804)
Other operating expenses	(1,149)	(970)	(1,184)	(216)	(202)
Net income before share of results of associate	105,523	105,604	119,016	29,684	23,175
Share of results of associate (net of tax)	24	(2)	–	(6)	2
Net income	105,547	105,602	119,016	29,678	23,177
Net change in fair value of serviced residence properties and assets held for sale	100,030	139,532	63,030	–	–
Net change in fair value of financial derivatives	4,677	6,630	1,291	244	1,443
Net divestment expenses	(9,683)	(201)	–	–	–
Assets written off	(621)	–	(16,022)	(504)	(29)
Total return for the year before income tax	199,950	251,563	167,315	29,418	24,591
Income tax expense	(27,367)	(36,209)	(36,943)	(5,374)	(5,693)
Total return for the year	172,583	215,354	130,372	24,044	18,898
Total return attributable to:					
Unitholders/ perpetual securities holders	162,354	208,659	122,468	22,375	17,164
Non-controlling interests	10,229	6,695	7,904	1,669	1,734
	172,583	215,354	130,372	24,044	18,898
Unitholders' Distribution	99,698	114,845	125,624	26,654	27,017
Earnings per Unit (cents) – basic and diluted					
– As announced	14.30	16.17	7.92	1.47	1.00
– Adjusted for Rights Issue	14.02 ⁽¹⁾	16.17	7.92	1.47	1.00
Distribution per Unit (cents)					
– As announced	8.76	8.40	8.20	1.75	1.76
– Adjusted for Rights Issue	8.55 ⁽¹⁾	8.30	8.20	1.75	1.76

Note:

(1) The figures have been restated for the effect of the Rights Issue.

Consolidated Balance Sheets

	Audited			Unaudited
	31 Dec 2012	31 Dec 2013	31 Dec 2014	31 Mar 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Serviced residence properties	2,785,147	3,177,020	3,724,036	3,750,712
Plant and equipment	50,327	53,242	54,100	54,253
Associate	2,932	3,030	3,152	3,319
Financial derivative assets	4	929	–	–
Deferred tax assets	2,583	3,673	3,382	2,793
Deposits	–	20,250	20,250	20,250
	2,840,993	3,258,144	3,804,920	3,831,327
Current assets				
Assets held for sale	–	87,033	87,403	87,403
Inventories	476	365	286	365
Trade and other receivables	35,858	31,937	36,374	41,288
Financial derivative assets	–	–	353	1,796
Cash and cash equivalents	125,181	204,518	192,556	157,202
	161,515	323,853	316,972	288,054
Total assets	3,002,508	3,581,997	4,121,892	4,119,381
Non-current liabilities				
Financial liabilities	1,003,056	1,146,833	1,301,564	1,128,790
Financial derivative liabilities	18,757	11,271	14,120	7,496
Deferred tax liabilities	47,329	67,854	77,244	76,314
	1,069,142	1,225,958	1,392,928	1,212,600
Current liabilities				
Trade and other payables	110,727	112,208	118,534	121,774
Financial liabilities	167,765	50,251	249,348	427,767
Financial derivative liabilities	645	954	15	4,351
Provision for taxation	13,259	5,496	7,831	6,783
	292,396	168,909	375,728	560,675
Total liabilities	1,361,538	1,394,867	1,768,656	1,773,275
Net assets	1,640,970	2,187,130	2,353,236	2,346,106
Represented by:				
Unitholders' funds	1,547,373	2,093,080	2,106,078	2,089,970
Perpetual securities holders	–	–	149,351	151,200
Non-controlling interests	93,597	94,050	97,807	104,936
Net assets	1,640,970	2,187,130	2,353,236	2,346,106
Units in issue ('000)	1,142,819	1,522,495	1,535,023	1,537,732
Net asset value per Unit (S\$)	1.35	1.37	1.37	1.36

YTD March 2015 versus YTD March 2014

Gross Revenue

For YTD March 2015, revenue increased by S\$9.6 million or 12% as compared to YTD March 2014. This was mainly contributed by the additional revenue of S\$12.5 million from the 2014 Acquisitions.

These increases were partially offset by the decrease in revenue of S\$2.5 million from the existing properties and decrease in revenue of S\$0.4 million due to the expiry of the deed of yield protection for Somerset West Lake Hanoi.

REVPAU

REVPAU decreased from S\$124 in YTD March 2014 to S\$114 in YTD March 2015 mainly due to weaker performance from Singapore and Vietnam properties and lower ADR from the China properties acquired in 2014. On a same store basis, excluding the acquisitions, REVPAU decreased by 2%.

Gross Profit

In line with the increase in revenue, gross profit for YTD March 2015 increased by S\$3.9 million or 10%. On a same store basis, gross profit decreased by S\$1.0 million or 3%.

Unitholders' Distribution

Ascott REIT achieved Unitholders' distribution of S\$27.0 million for YTD March 2015, 1% higher as compared to YTD March 2014. DPU for YTD March 2015 was 1.76 cents, 1% higher than the DPU of 1.75 cents for YTD March 2014.

FY2014 versus FY2013

Gross Revenue

Revenue for FY2014 increased by S\$40.6 million or 13% as compared to FY2013. The increase in revenue was mainly due to the additional revenue of S\$37.2 million from the 2013 Acquisitions and the 2014 Acquisitions.

The increase was partially offset by the 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, revenue increased by S\$8.8 million mainly due to stronger underlying performance from the Group's serviced residences in the UK, Belgium and Japan and appreciation of EUR and GBP against SGD.

REVPAU

REVPAU decreased by S\$4 or 3% in FY2014, mainly attributed to weaker performance from Singapore and Philippines and lower ADR from the properties acquired in 2014. On a same store basis (excluding the 2013 Acquisitions, the 2014 Acquisitions and contribution from Somerset Grand Fortune Garden Property Beijing), REVPAU increased by 3%.

Gross Profit

In line with the increase in revenue, gross profit for FY2014 increased by S\$19.0 million or 12% as compared to FY2013.

Unitholders' Distribution

Ascott REIT achieved unitholders' distributions of S\$125.6 million for FY2014, S\$10.8 million or 9% higher as compared to FY2013. The increase was mainly attributed to the 2013 Acquisitions and the 2014 Acquisitions and

stronger performance from the existing properties. DPU for FY2014 was 8.20 cents, 2% lower than FY2013. Excluding the effects from the Rights Issue in December 2013 and one-off items (mainly pertaining to realised exchange gain arising from repayment of foreign currency bank loans), the DPU for FY2014 would have been 7.61 cents and 6% higher than the adjusted DPU for FY2013 of 7.19 cents.

FY2013 versus FY2012

Gross Revenue

For FY2013, revenue increased by S\$12.8 million or 4% as compared to FY2012. The increase in revenue was mainly due to an additional contribution of S\$19.0 million from the 2012 Acquisitions and S\$15.5 million from the 2013 Acquisitions. The increase was partially offset by the decrease in revenue of S\$16.0 million from the Divestments and lower revenue of S\$5.7 million from the existing properties.

On a same store basis, FY2013 revenue decreased mainly due to weaker performance from the Group's serviced residences in Japan (arising from depreciation of Japanese Yen against S\$) and the Philippines.

REVPAU

REVPAU decreased from S\$145 in FY2012 to S\$132 in FY2013, mainly due to the divestment of Somerset Grand Cairnhill Singapore, which had a relatively higher ADR, weaker performance from the Philippines and Japan (arising from depreciation of Japanese Yen against S\$) and lower ADR from the China properties acquired in June 2013.

Gross Profit

In line with the increase in revenue, gross profit for FY2013 increased by S\$2.1 million or 1% as compared to FY2012.

Unitholders' Distribution

Ascott REIT achieved Unitholders' distribution of S\$114.8 million for FY2013, S\$15.1 million or 15% higher as compared to FY2012. DPU for FY2013 was 8.40 cents, 4% lower than FY2012. Excluding the effects of the Rights Issue in December 2013, the DPU for FY2013 would have been 9.03 cents. The increase was mainly attributed to the 2012 Acquisitions and the 2013 Acquisitions, as well as realised exchange gain arising from repayment of foreign currency bank loans using the placement proceeds and Rights Issue proceeds. The increase was partially offset by the decrease in distributable income from the Divestments.

Change in fair value of Ascott REIT's Properties

As at 31 December 2014, independent full valuations for the Group's portfolio (except for the 4Q 2014 Acquisitions and Somerset Ampang Kuala Lumpur) were carried out by Jones Lang LaSalle Property Consultants Pte Ltd. For the 4Q 2014 Acquisitions, 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. Pursuant to the launch of the strata sale of the units at Somerset Grand Fortune Garden Property Beijing, these units have been classified as assets held for sale and the valuation of Somerset Grand Fortune Garden Property Beijing was based on the direct comparison and investment approaches. The valuation method used was consistent with that used for the 31 December 2013 valuation.

As at 31 December 2014, the Group's portfolio of serviced residence properties (including assets held for sale) was revalued at S\$3,811.4 million, resulting in a surplus of S\$63.0 million which was recognised in the Consolidated Statement of Total Return in FY2014. The surplus was mainly due to higher valuation of the Group's serviced residences in China, UK, Belgium and Japan. The net impact on the Consolidated Statement of Total Return was S\$49.3 million (net of tax and non-controlling interests).

As at 31 December 2013, the Group's portfolio (including the assets held for sale) was revalued at S\$3,264.1 million, resulting in a surplus of S\$139.5 million which was recognised in the consolidated statement of total return in FY2013. The surplus was mainly due to higher valuation of the Group's serviced residences in China, France, UK and Japan. The net impact on the consolidated statement of total return was S\$116.6 million (net of tax and non-controlling interests).

As at 31 December 2012, the Group's portfolio was revalued at S\$2,785.1 million, resulting in a surplus of S\$100.0 million which was recognised in the consolidated statement of total return in FY2012. The surplus was mainly due to the gain of S\$87.1 million recognised from the revaluation of Somerset Grand Cairnhill Singapore based on the sale consideration of S\$359.0 million and higher valuation of the Group's serviced residences in Japan and UK, partially offset by lower valuation from the Group's serviced residences, mainly in France. The net impact on the consolidated statement of total return was S\$91.5 million (net of tax and non-controlling interests).

SUMMARY OF THE OFFERING

The following is a summary of the Conditions. For a more complete description of the Securities, see the Conditions. Terms used in this summary and not otherwise defined shall have the meanings given to them in the Conditions.

Issuer	DBS Trustee Limited, in its capacity as trustee of Ascott REIT.
Issue	S\$250,000,000 fixed rate perpetual securities.
Status of the Securities	<p>The Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank <i>pari passu</i> and without any preference among themselves and with any Parity Obligations of the Issuer.</p> <p>Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up of Ascott REIT, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Security if, on the day prior to the commencement of the Winding-Up of Ascott REIT, and thereafter, such Holder were the holder of one Notional Preferred Unit, on the further assumption that the amount that such Holder of a Security was entitled to receive under the Conditions in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount of the relevant Security together with Distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the Issuer has given notice to the Holders of the Securities in accordance with the Conditions.</p>
Set-off	<p>Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Securities, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with, the Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of Ascott REIT's Winding-Up or administration, the liquidator or, as appropriate, administrator of Ascott REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of Ascott REIT) and accordingly any such discharge shall be deemed not to have taken place.</p>
Issue Price	100%
Form and Denomination	<p>The Securities will be issued in registered form in the denomination of S\$250,000. Upon issue, the Securities will be constituted and represented by the Global Certificate which will be deposited with CDP as authorised depository. The Global Certificate will be exchangeable for definitive certificates only in the limited circumstances described in the Global Certificate.</p>

Securities which are constituted and represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.

Distributions

Subject to Condition 4(d) (*Distribution – Distribution Discretion*), the Securities confer a right to receive Distributions from the Issue Date at the applicable Distribution Rate in accordance with Condition 4 (*Distribution*). Subject to Condition 4(d) (*Distribution – Distribution Discretion*), Distributions shall be payable on the Securities semi-annually in arrear on each Distribution Payment Date, being 30 June and 30 December of each year. The first payment of a Distribution shall be 30 December 2015 in respect of the period from (and including) the Issue Date to (but excluding) the first Distribution Payment Date.

Distribution Rate

The Distribution Rate applicable to the Securities shall be:

- (i) in respect of the period from (and including) the Issue Date to (but excluding) the First Call Date, the Initial Distribution Rate; and
- (ii) in respect of the period from (and including) the First Call Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the relevant Reset Distribution Rate.

Distribution Discretion

The Issuer may, at its sole discretion, elect not to pay a Distribution (or to pay only part of a Distribution) which is scheduled to be paid on a Distribution Payment Date by giving an Optional Payment Notice to the Paying Agents, the Registrar and the Holders (in accordance with Condition 14 (*Notices*)) not more than 15 nor less than three Business Days prior to a scheduled Distribution Payment Date.

Optional Distribution

If the Issuer elects not to pay a Distribution in whole or in part, the Issuer is not under any obligation to pay that or any other Distributions that have not been paid in whole or in part. Such unpaid Distributions or part thereof are non-cumulative and do not accrue interest.

The Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution by complying with the notice requirements in Condition 4(d)(v) (*Distribution – Distribution Discretion – Optional Distribution*). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to Condition 4(d) (*Distribution – Distribution Discretion*).

The Issuer may, at its sole discretion, pay an Optional Distribution (in whole or in part) at any time by giving notice of such election to the Paying Agents, the Registrar and the Holders (in accordance with Condition 14 (*Notices*)) not more than 20 nor less than 15 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice).

Any partial payment of an Optional Distribution by the Issuer shall be shared by the Holders of all outstanding Securities on a *pro-rata* basis.

Restrictions in the Case of a Non-Payment

An Optional Distribution in respect of a prior Distribution may be paid on the same day as a scheduled Distribution and/or any distributions or any other payment with respect to the Issuer's Junior Obligations.

If, on any Distribution Payment Date, payments of all Distribution scheduled to be made on such date are not made in full by reason of Condition 4(d) (*Distribution – Distribution Discretion*), the Issuer shall not:

- (a) declare or pay any distributions or make any other payment on, and will procure that no distribution or other payment is made on, any of its Junior Obligations or (except on a *pro-rata* basis) its Parity Obligations; or
- (b) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Obligations or (except on a *pro-rata* basis) its Parity Obligations,

unless and until either a redemption of all the outstanding Securities in accordance with Condition 5 (*Redemption and Purchase*) has occurred, the next scheduled Distribution has been paid in full, or an Optional Distribution equal to the amount of a Distribution payable with respect to the most recent Distribution Payment Period that was unpaid in full or in part, has been paid in full, or an Extraordinary Resolution (as defined in the Agency Agreement) by Holders has permitted such payment.

Expected Issue Date

30 June 2015

Maturity Date

There is no fixed redemption date.

Redemption at the Option of the Issuer

The Issuer may, at its option, redeem the Securities in whole, but not in part, on the First Call Date or on any Distribution Payment Date thereafter at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable).

Upon the expiry of such notice referred to above, the Issuer shall be bound to redeem the Securities in accordance with Condition 5(b) (*Redemption and Purchase – Redemption at the option of the Issuer*).

Redemption for Tax Reasons

The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, as of the date fixed for redemption, the Issuer has become obliged, or will in the Distribution Payment Period immediately following the date fixed for redemption become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of:

- (a) any amendment to, or change in, the laws (or any rules or regulations or practice related thereto or thereunder) of Singapore

or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

- (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or practice related thereto by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
- (c) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or practice related thereto that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Redemption upon a Ratings Event

The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of Moody's (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of Moody's) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency).

Redemption for Accounting Reasons

The Issuer may at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, as of the date fixed for redemption or in the Distribution Payment Period immediately following the date fixed for redemption, as a result of any changes or amendments to the Relevant Accounting Standard, the Securities must not or must no longer be recorded as "equity" of Ascott REIT pursuant to the Relevant Accounting Standard.

**Redemption in the case of
Minimal Outstanding Amount**

The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 20% of the aggregate principal amount originally issued. Upon expiry of such notice, referred to in Condition 5(f) (*Redemption and Purchase – Redemption in the case of minimal outstanding amount*) the Issuer shall be bound to redeem the Securities in accordance with Condition 5(f) (*Redemption and Purchase – Redemption in the case of minimal outstanding amount*).

**Redemption upon a Regulatory
Event**

The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable) if, as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, as of the date fixed for redemption, the Securities count, or will in the Distribution Payment Period immediately following the date fixed for redemption, count towards the Aggregate Leverage under the Property Funds Appendix.

Taxation

Where the Securities are recognised as debt securities for Singapore income tax purposes, all payments of principal, Distributions and Optional Distributions in respect of the Securities by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event, where the Securities are recognised as debt securities for Singapore income tax purposes, the Issuer shall pay Additional Amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except in certain limited circumstances, as specified in Condition 7 (*Taxation*).

Where the Securities are recognised as equity securities for Singapore income tax purposes, all payments, or part thereof, of Distributions and Optional Distributions in respect of the Securities by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax in the same manner as distributions on ordinary units of Ascott REIT, and Ascott REIT may be obliged (in certain

circumstances) to withhold or deduct tax at the rate of 10% or 17% under Section 45G of the ITA. In that event, where the Securities are recognised as equity securities for Singapore income tax purposes and tax is withheld or deducted, the Issuer shall not be under any obligation to pay any Additional Amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

Limited Rights to Institute Proceedings

The right to institute Winding-Up proceedings against Ascott REIT is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected not to pay that Distribution in whole or in part, to the extent of the amount so elected to be unpaid, in accordance with Condition 4(d) (*Distribution – Distribution Discretion*).

Proceedings for Winding-Up

If (i) a Winding-Up of Ascott REIT occurs or (ii) the Issuer shall not make payment in respect of the Securities, for a period of 15 Business Days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities and the Holders holding not less than 25% of the aggregate principal amount of the outstanding Securities may institute proceedings for the Winding-Up of Ascott REIT and/or prove in the Winding-Up of Ascott REIT and/or claim in the Winding-Up of Ascott REIT for such payment.

Governing Law

The Securities are governed by, and shall be construed in accordance with, Singapore law.

Rating

The Securities are unrated.

Clearance and Settlement

The Securities will be cleared through CDP. See “*Clearance and Settlement*”.

Selling Restrictions

See “*Subscription and Sale*” for the applicable restrictions on the offer, sale and transfer of the Securities.

Fiscal Agent

Deutsche Bank AG, Singapore Branch.

Paying Agent

Deutsche Bank AG, Singapore Branch.

Registrar

Deutsche Bank AG, Singapore Branch.

Listing

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The Securities will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as the Securities are listed on the SGX-ST.

Use of Proceeds

See “*Use of Proceeds*”.

TERMS AND CONDITIONS OF THE SECURITIES

The following (other than the paragraphs in italics) is the text of the Terms and Conditions of the Securities which will appear on the reverse of each of the definitive certificates evidencing the Securities.

The issue of S\$250,000,000 fixed rate perpetual securities (the **Securities**, which expression includes any further securities issued pursuant to Condition 13 (*Further Issues*)) by DBS Trustee Limited as trustee of Ascott Residence Trust (**Ascott REIT**) (the **Issuer**, which term shall include, where the context so permits, all persons for the time being acting as trustee under the Trust Deed (as defined in Condition 17 (*Definitions*)). The Securities are the subject of a fiscal agency agreement dated on or about 30 June 2015 (as amended or supplemented from time to time, the **Agency Agreement**) between the Issuer and Deutsche Bank AG, Singapore Branch as registrar (the **Registrar**, which expression includes any successor registrar appointed from time to time in connection with the Securities), fiscal agent (the **Fiscal Agent**, which expression includes any successor fiscal agent appointed from time to time in connection with the Securities), transfer agent (the **Transfer Agent**, which expression includes any successor transfer agent appointed from time to time in connection with the Securities) and calculation agent (the **Calculation Agent**, which expression includes any successor calculation agent appointed from time to time in connection with the Securities). The Central Depository (Pte) Limited (**CDP**) depository services application form dated on or about 23 June 2015 (the **Depository Agreement**) has been signed by the Issuer for the provision of depository services by CDP. In connection with the issue of the Securities, a Deed of Covenant (the **Deed of Covenant**) dated on or about 23 June 2015 has also been executed by the Issuer. References herein to the **Paying Agents** shall mean the Fiscal Agent and any additional paying agents (and any successor paying agents appointed from time to time in connection with the Securities) appointed under the Agency Agreement, and references herein to the **Agents** are to the Registrar, the Fiscal Agent, the Transfer Agent, the Calculation Agent and the Paying Agents and any reference to an **Agent** is to any one of them.

The statements in these Terms and Conditions (these **Conditions**) include summaries of, and are subject to, the detailed provisions of the Deed of Covenant and the Agency Agreement. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers – Register*)) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed of Covenant, the Agency Agreement and the provisions of the Depository Agreement applicable to them. Copies of the Deed of Covenant, the Agency Agreement and the Depository Agreement are available for inspection by Holders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. FORM AND DENOMINATION

The Securities are in registered form in the denomination of S\$250,000 (the **Authorised Denomination**).

2. STATUS AND RANKING OF CLAIMS

- (a) *Status of the Securities:* The Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in Condition 17 (*Definitions*)) of the Issuer. The rights and claims of the Holders in respect of the Securities are subordinated as provided in Condition 2(b) (*Status and Ranking of Claims – Ranking of claims in respect of the Securities*).
- (b) *Ranking of claims in respect of the Securities:* Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 17 (*Definitions*)) of Ascott REIT, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Security if, on the day prior to the commencement of the Winding-Up of Ascott REIT, and thereafter, such Holder (as defined in Condition 3(a) (*Register, Title and Transfers – Register*)) were the holder of one notional preferred unit having such right to return of assets in the Winding-Up of Ascott REIT which ranks as follows:
 - (i) junior to the claims of all other present and future creditors of the Issuer which are not Parity Obligations of the Issuer;

- (ii) junior to the claims of all classes of preferred units (if any) of Ascott REIT which are not Parity Obligations of the Issuer;
- (iii) *pari passu* with the claims of the Parity Obligations of the Issuer; and
- (iv) senior to the Junior Obligations of the Issuer

(a **Notional Preferred Unit**),

on the further assumption that the amount that such Holder of a Security was entitled to receive under these Conditions in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount of the relevant Security together with Distributions (as defined in Condition 4(a) (*Distribution – Distribution Calculation*)) accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(d)(iii) (*Distribution – Distribution Discretion – Non-Cumulative and Optional Distribution*)) in respect of which the Issuer has given notice to the Holders in accordance with these Conditions.

- (c) *Set-off*: Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities, and each Holder shall, by virtue of his holding of any Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with, the Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of Ascott REIT's Winding-Up or administration, the liquidator or, as appropriate, administrator of Ascott REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of Ascott REIT) and accordingly any such discharge shall be deemed not to have taken place.

3. REGISTER, TITLE AND TRANSFERS

- (a) *Register*: The Registrar will maintain a register in respect of the Securities (the Register) in accordance with the provisions of the Agency Agreement. In these Conditions, Holder of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (Certificate) will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title*: The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any **previous loss or** theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities or the Agency Agreement under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

The Holder of a Security shall, by virtue of its acquisition or ownership of such Security, (i) be regarded as consenting to the collection, use and disclosure (whether directly or through a third party) of personal data (if any) as defined in the Personal Data Protection Act 2012 of Singapore of such Holder by the Issuer, Ascott Residence Trust Management Limited as manager of Ascott REIT (the **Manager**), or any affiliate or agent of the Issuer (including the Agents) which is reasonably necessary or desirable to effect or facilitate the processing or administration of the Securities (including but not limited to the making of a determination of the amounts owed to or the making of

any payment to the Holder under the Securities and the preparation of documents relating to any meetings of Holders to consider matters relating to the Securities) and purposes incidental thereto, and in order for the Issuer, the Manager, or any affiliate or agent of the Issuer (including the Agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes), (ii) warrant that where the Holder discloses the personal data of the Holder's proxy(ies) and/or representative(s) to the Issuer, the Manager, or any affiliate or agent of the Issuer (including the Agents), the Holder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Issuer, the Manager, or any affiliate or agent of the Issuer (including the Agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agree that the Holder will indemnify the Issuer, the Manager, or any affiliate or agent of the Issuer (including the Agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Holder's breach of warranty.

For so long as any of the Securities are constituted and represented by the Global Certificate (as defined in the Agency Agreement) and the Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Manager, the Agents and any other agent of the Issuer as the Holder of such principal amount of Securities other than with respect to the payment of principal, Distributions and any other amounts in respect of the Securities, for which purpose the holder of the Global Certificate shall be treated by the Issuer, the Manager, the Agents and any other agent of the Issuer as the Holder of such Securities in accordance with and subject to the terms of the Global Certificate (and the expression "Holder" and related expressions shall be construed accordingly). Securities which are constituted and represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.

- (c) *Transfers:* Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are in integral multiples of the Authorised Denomination. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.
- (d) *Registration and delivery of Certificates:* Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured post to the address specified for the purpose by such relevant Holder. In this paragraph, **business day** means a day, excluding a Saturday and a Sunday and public holidays, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) *No charge:* The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Manager, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

- (f) *Closed periods*: Holders may not require transfers effected pursuant to any of these Conditions to be registered during the period of 15 Business Days (as defined in Condition 17 (*Definitions*)) ending on the due date for any payment of principal, Distribution or Optional Distribution in respect of the Securities.
- (g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The Issuer, with the prior written approval of the Registrar, may, without the consent of the Holders, modify the regulations concerning the transfer of Securities. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. DISTRIBUTION

- (a) *Distribution Calculation*: Subject to Condition 4(d) (*Distribution – Distribution Discretion*), the Securities confer a right to receive distributions (each a **Distribution**) from 30 June 2015 (the **Issue Date**) at the applicable Distribution Rate (as defined in Condition 4(b) (*Distribution – Rate of Distribution*)) in accordance with this Condition 4 (*Distribution*). Subject to Condition 4(d) (*Distribution – Distribution Discretion*), Distributions shall be payable on the Securities semi-annually in arrear on 30 June and 30 December of each year (each, a **Distribution Payment Date**). The first Distribution Payment Date shall be 30 December 2015 in respect of the period from (and including) the Issue Date to (but excluding) the first Distribution Payment Date.

Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from the date of redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused. In such latter event, Distribution will continue to accrue at the applicable Distribution Rate (after as well as before any judgment) up to (but excluding) whichever is the earlier of (a) the date on which all sums due in respect of any Security are received by or on behalf of the relevant Holder and (b) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Conditions).

If a Distribution is required to be paid in respect of a Security, it shall be calculated by applying the Distribution Rate to the Authorised Denomination, multiplying the product by the relevant Day Count Fraction (as defined below), and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The **Day Count Fraction** in respect of any period a Distribution is required to be paid in respect of a Security means the actual number of days in the relevant period divided by 365.

Distributions payable under this Condition 4 (*Distribution*) will be paid in accordance with Condition 6 (*Payments*).

For so long as any of the Securities are constituted and represented by the Global Certificate and the Global Certificate is held by CDP, Distribution and Optional Distribution payable on such Securities will be determined based on the aggregate holdings of Securities of each person who is for the time being shown the records of CDP as the holder of a particular amount of such Securities.

- (b) *Rate of Distribution*: The rate of Distribution (**Distribution Rate**) applicable to the Securities shall be:
 - (i) in respect of the period from (and including) the Issue Date to (but excluding) the First Call Date (as defined in Condition 17 (*Definitions*)), the Initial Distribution Rate (as defined in Condition 17 (*Definitions*)); and

- (ii) in respect of the period from (and including) the First Call Date and each Reset Date (as defined in Condition 17 (*Definitions*)) falling thereafter to (but excluding) the immediately following Reset Date, the relevant Reset Distribution Rate (as defined in Condition 17 (*Definitions*)).
- (c) *Calculation of Distribution Rate*: The Calculation Agent will, on the tenth Business Day prior to the First Call Date and each Reset Date, calculate the Reset Distribution Rate, payable in respect of each Security. The Calculation Agent will cause the Reset Distribution Rate determined by it to be notified to the Manager, Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation as soon as practicable after the First Call Date or the relevant Reset Date (as the case may be). Notice thereof shall also promptly be given by the Calculation Agent to the Holders. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Distribution*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Manager, the Agents and the Holders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (d) *Distribution Discretion*:
 - (i) *Optional Payment*: The Issuer may, at its sole discretion, elect not to pay a Distribution (or to pay only part of a Distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an **Optional Payment Notice**) to the Paying Agents, the Registrar and the Holders (in accordance with Condition 14 (*Notices*)) not more than 15 nor less than three Business Days prior to a scheduled Distribution Payment Date.
 - (ii) *No obligation to pay*: Subject to Condition 4(d)(iii) (*Distribution – Distribution Discretion – Non-Cumulative and Optional Distribution*) and Condition 4(d)(v) (*Distribution – Distribution Discretion – Optional Distribution*), the Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date and any failure to pay a Distribution in whole or in part shall not constitute a default of the Issuer in respect of the Securities.
 - (iii) *Non-Cumulative and Optional Distribution*: If the Issuer elects not to pay a Distribution in whole or in part, the Issuer is not under any obligation to pay that or any other Distributions that have not been paid in whole or in part. Such unpaid Distributions or part thereof are non-cumulative and do not accrue interest. The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount equal to the amount of Distribution which is unpaid in whole or in part (an **Optional Distribution**) by complying with the notice requirements in Condition 4(d)(v) (*Distribution – Distribution Discretion – Optional Distribution*). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to this Condition 4(d) (*Distribution – Distribution Discretion*).
 - (iv) *Restrictions in the case of Non-Payment*: If, on any Distribution Payment Date, payments of all Distribution scheduled to be made on such date are not made in full by reason of this Condition 4(d) (*Distribution – Distribution Discretion*), the Issuer shall not:
 - (a) declare or pay any distributions or make any other payment on, and will procure that no distribution or other payment is made on, any of its Junior Obligations or (except on a pro-rata basis) its Parity Obligations; or
 - (b) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Obligations or (except on a pro-rata basis) its Parity Obligations,

unless and until either a redemption of all the outstanding Securities in accordance with Condition 5 (*Redemption and Purchase*) has occurred, the next scheduled Distribution has been

paid in full, or an Optional Distribution equal to the amount of a Distribution payable with respect to the most recent Distribution Payment Period (as defined in Condition 17 (*Definitions*)) that was unpaid in full or in part, has been paid in full, or an Extraordinary Resolution (as defined in the Agency Agreement) by Holders has permitted such payment.

- (v) *Optional Distribution*: The Issuer may, at its sole discretion, pay an Optional Distribution (in whole or in part) at any time by giving notice of such election to the Paying Agents, the Registrar and the Holders (in accordance with Condition 14 (*Notices*)) not more than 20 nor less than 15 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice).

Any partial payment of an Optional Distribution by the Issuer shall be shared by the Holders of all outstanding Securities on a pro-rata basis. An Optional Distribution in respect of a prior Distribution may be paid on the same day as a scheduled Distribution under Condition 4(a) (*Distribution – Distribution Calculation*) and/or any distributions or any other payment with respect to the Issuer's Junior Obligations.

- (vi) *No default*: Notwithstanding any other provision in these Conditions, the non-payment of any Distribution payment in accordance with this Condition 4(d) (*Distribution – Distribution Discretion*) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*)) on the part of the Issuer.

5. REDEMPTION AND PURCHASE

- (a) *No fixed redemption date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 (*Status and Ranking of Claims*) and without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5 (*Redemption and Purchase*).
- (b) *Redemption at the option of the Issuer*: The Issuer may, at its option, redeem the Securities in whole, but not in part, on the First Call Date or on any Distribution Payment Date thereafter at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 5(b) (Redemption at the option of the Issuer), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(b) (Redemption at the option of the Issuer).

- (c) *Redemption for tax reasons*: The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, as of the date fixed for redemption, the Issuer has become obliged, or will in the Distribution Payment Period immediately following the date fixed for redemption become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of:
 - (i) any amendment to, or change in, the laws (or any rules or regulations or practice related thereto or thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or practice related thereto by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
- (iii) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or practice related thereto that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

and such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that, prior to the publication of any notice of redemption pursuant to this Condition 5(c) (Redemption for tax reasons), the Issuer shall deliver to the Fiscal Agent:

- (i) a certificate, signed by two directors of the Issuer or two authorised signatories of the Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(c) (Redemption for tax reasons), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(c) (Redemption for tax reasons).

References in this Condition 5(c) (Redemption for tax reasons) to “independent tax or legal advisers of recognised standing” are not intended to and shall not in the ordinary course exclude any of the Issuer’s, Ascott REIT’s or the Manager’s usual tax or legal advisers, or any such adviser who may have tendered professional services to the Issuer, Ascott REIT or the Manager in connection with the issue and offering of the Securities.

- (d) *Redemption upon a ratings event*: The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days’ notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of Moody’s (as defined in Condition 17 (*Definitions*)) (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of Moody’s) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency), provided that, prior to the publication of any notice of redemption pursuant to this Condition 5(d) (*Redemption upon a ratings event*), the Issuer shall deliver, or procure that there is delivered, to the Fiscal Agent a certificate signed by two directors of the Issuer or two authorised signatories of the Manager stating that the circumstances referred to above prevail and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 5(d) (Redemption upon a ratings event), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(d) (Redemption upon a ratings event).

- (e) *Redemption for accounting reasons:* The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if as of the date fixed for redemption or in the Distribution Payment Period immediately following the date fixed for redemption, as a result of any changes or amendments to SFRS (as defined in Condition 17 (*Definitions*)) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of Ascott REIT (the **Relevant Accounting Standard**), the Securities must not or must no longer be recorded as "equity" of Ascott REIT pursuant to the Relevant Accounting Standard, provided that, prior to the publication of any notice of redemption pursuant to this Condition 5(e) (*Redemption for accounting reasons*), the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate, signed by two directors of the Issuer or two authorised signatories of the Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(e) (*Redemption for accounting reasons*), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(e) (*Redemption for accounting reasons*).

- (f) *Redemption in the case of minimal outstanding amount:* The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 20% of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 5(f) (*Redemption in the case of minimal outstanding amount*), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(f) (*Redemption in the case of minimal outstanding amount*).

- (g) *Redemption upon a regulatory event:* The Issuer may, at its option, redeem the Securities in whole, but not in part, at any time, at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable), if, as a result of any change in, or amendment to, the Property Funds Appendix (as defined in Condition 17 (*Definitions*)), or any change in the application or official interpretation of the Property Funds Appendix, as of the date fixed for redemption, the Securities count, or will in the Distribution Payment Period immediately following the date fixed for redemption count, towards the Aggregate Leverage (as defined in Condition 17 (*Definitions*)) under the Property Funds Appendix, provided that, prior to the publication of any notice of redemption pursuant to this Condition 5(g) (*Redemption upon a regulatory event*), the Issuer shall deliver, or procure that there is delivered to the Fiscal Agent:

- (i) a certificate, signed by two directors of the Issuer or two authorised signatories of the Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

- (ii) an opinion of an independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect.

Upon expiry of any such notice as is referred to in this Condition 5(g) (Redemption upon a regulatory event), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(g) (Redemption upon a regulatory event).

References in this Condition 5(g) (Redemption upon a regulatory event) to “independent legal adviser of recognised standing” are not intended to and shall not in the ordinary course exclude any of the Issuer’s, Ascott REIT’s or the Manager’s usual legal advisers, or any such adviser who may have tendered professional services to the Issuer, Ascott REIT or the Manager in connection with the issue and offering of the Securities.

- (h) *No other redemption*: The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Condition 5(b) (*Redemption and Purchase – Redemption at the option of the Issuer*) to Condition 5(g) (*Redemption and Purchase – Redemption upon a regulatory event*) above.
- (i) *Purchase*: The Issuer or any of Ascott REIT’s Subsidiaries (as defined in Condition 17 (*Definitions*)) may at any time purchase Securities in the open market or otherwise and at any price. Such securities may, at the option of the Issuer or the relevant Ascott REIT Subsidiary, be held, resold or cancelled.
- (j) *Cancellation*: All Securities redeemed by the Issuer shall be cancelled.

6. PAYMENTS

- (a) *Principal*: Payments of principal shall be made in Singapore dollars by Singapore dollar cheque drawn on a bank in Singapore, or, upon application (not later than 15 Business Days before the due date for any such payment) by a Holder of a Security to the Specified Office of the Fiscal Agent, by transfer to a Singapore dollar account and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.
- (b) *Distribution*: Payments of Distribution (including any Optional Distribution) shall be made in Singapore dollars by Singapore dollar cheque drawn on a bank in Singapore, or, upon application (not later than 15 Business Days before the due date for any such payment) by a Holder of a Security to the Specified Office of the Fiscal Agent, by transfer to a Singapore dollar account and (in the case of Distributions or Optional Distributions payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.
- (d) *Payments on business days*: Where payment is to be made by transfer to a Singapore dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by Singapore dollar cheque, the cheque will be mailed (i) (in the case of payments of principal, Distributions and Optional Distributions payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distributions and Optional Distributions payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting

from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, **business day** means any day, other than a Saturday and a Sunday and public holidays, on which banks are open for general business (including dealings in foreign currencies) in Singapore and in the place of the Specified Office of the relevant Paying Agent and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- (f) *Record date*: Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the 15th Business Day before the due date for such payment (the **Record Date**). Where payment in respect of a Security is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. TAXATION

Where the Securities are recognised as debt securities for Singapore income tax purposes, all payments of principal, Distributions and Optional Distributions in respect of the Securities by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event, where the Securities are recognised as debt securities for Singapore income tax purposes, the Issuer shall pay such additional amounts (**Additional Amounts**) as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Security:

- (a) presented for payment by or on behalf of a Holder who is liable for such taxes or duties in respect of such Security by reason of his having some connection with a Tax Jurisdiction (as defined below) other than the mere holding of such Security; or
- (b) presented for payment by, or on behalf of, a Holder who would be able to avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such 30th day assuming that day to have been a day, other than a Saturday and a Sunday and public holidays, on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and in Singapore.

Where the Securities are recognised as equity securities for Singapore income tax purposes, all payments, or part thereof, of Distributions and Optional Distributions in respect of the Securities by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax in the same manner as distributions on ordinary units of Ascott REIT, and Ascott REIT may be obliged (in certain circumstances) to withhold or deduct tax at the rate of 10% or 17% under Section 45G of the Income Tax Act, Chapter 134 of Singapore. In that event, where the Securities are recognised as equity securities for Singapore income

tax purposes and tax is withheld or deducted, the Issuer shall not be under any obligation to pay any Additional Amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

For the avoidance of doubt, nothing in this Condition 7 (*Taxation*) shall apply to any payment of tax by any Holder with respect to its overall net income.

In these Conditions:

Tax Jurisdiction means the Republic of Singapore or any political subdivision or any authority thereof or therein having power to tax; and

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 14 (*Notices*).

Any reference in these Conditions to principal, Distribution or Optional Distribution shall be deemed to include any Additional Amounts in respect of principal, Distribution or Optional Distribution (as the case may be) which may be payable under this Condition 7 (*Taxation*).

8. NON-PAYMENT

- (a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8 (*Non-payment*), the right to institute Winding-Up proceedings against Ascott REIT is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected not to pay that Distribution in whole or in part, to the extent of the amount so elected to be unpaid, in accordance with Condition 4(d) (*Distribution – Distribution Discretion*).
- (b) *Proceedings for Winding-Up*: If (i) a Winding-Up of Ascott REIT occurs or (ii) the Issuer shall not make payment in respect of the Securities for a period of 15 Business Days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities and the Holders holding not less than 25% of the aggregate principal amount of the outstanding Securities may institute proceedings for the Winding-Up of Ascott REIT and/or prove in the Winding-Up of Ascott REIT and/or claim in the Winding-Up of Ascott REIT for such payment.
- (c) *Enforcement*: Without prejudice to Condition 8(b) (*Non-payment – Proceedings for Winding-Up*), Holders holding not less than 25% of the aggregate principal amount of the outstanding Securities may without further notice to the Issuer institute such proceedings against the Issuer as they may think fit to enforce any term or condition binding on the Issuer under the Securities (other than any payment obligation of the Issuer under or arising from the Securities, including, without limitation, payment of any principal or satisfaction of any Distributions in respect of the Securities including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (d) *Extent of Holders' remedy*: No remedy against the Issuer or Ascott REIT, other than as referred to in this Condition 8 (*Non-payment*), shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities.

9. PRESCRIPTION

Claims for principal, Distribution and Optional Distribution on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years (in the case of principal) and five years (in the case of a Distribution or an Optional Distribution) of the appropriate Relevant Date.

10. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses (including taxes and duties) incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. AGENTS

In acting under the Agency Agreement in connection with the Securities, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent, calculation agent and additional or successor paying agents and transfer agent; *provided, however, that* the Issuer shall at all times maintain:

- (a) a fiscal agent;
- (b) a calculation agent; and
- (c) a registrar who will maintain the Register.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

12. MEETINGS OF HOLDERS; MODIFICATION AND WAIVER

- (a) *Meetings of Holders:* The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Securities, including the modification of any provision of these Conditions or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Holders holding not less than one-tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution (as defined in Schedule 4 of the Agency Agreement) will be one or more persons holding or representing not less than one-half of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, one or more persons being or representing Holders of whatever the principal amount of the Securities held or represented; provided, however, that the following proposals: (i) any proposal to change any date fixed for payment of principal, Distribution or Optional Distribution in respect of the Securities (subject to Condition 4(d)(ii) (*Distribution – Distribution Discretion – No obligation to pay*)), (ii) any proposal to reduce the amount of principal, Distribution or Optional Distribution payable (subject to Condition 4(d)(ii) (*Distribution – Distribution Discretion – No obligation to pay*)) on any date in respect of the Securities or to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, (iii) any proposal to effect the exchange or substitution of the Securities for, or the conversion of the Securities into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, (iv) any proposal to change the currency in which amounts due in respect of the Securities are payable, (v) any proposal to amend the subordination provisions of the Securities, (vi) any proposal to change the quorum required at any meeting or the majority required to pass an Extraordinary Resolution, or (vii) any proposal to amend the definition of “Reserved Matter” (as defined in Schedule 4 of the Agency Agreement), may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Holders of not less than 90% of the aggregate principal amount of Securities for the time being outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

- (b) *Modification*: The Issuer may, without the consent of the Holders, modify any of these Conditions for the purpose of curing any ambiguity or of curing or correcting any manifest or proven error contained herein. The Issuer may also, without the consent of the Holders, modify the Agency Agreement (i) for the purpose of curing any ambiguity or of curing or correcting any manifest or proven error contained therein; or (ii) in any other manner which is not prejudicial to the interests of the Holders. Any such modification shall be binding on the Holders and, unless the Fiscal Agent agrees otherwise, any such modification shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

13. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the amount and the first payment of Distribution) so as to form a single series with the Securities.

14. NOTICES

Notices to Holders will be valid if:

- (a) published in a leading English language newspaper having general circulation in Singapore; or
- (b) in any case where the identity and addresses of all the Holders are known to the Issuer, given individually by recorded delivery mail to such addresses,

provided that, for so long as the Securities are listed on Singapore Exchange Securities Trading Limited (the **SGX-ST**) and the rules of the SGX-ST so require, notices to Holders will be valid if published on the website of the SGX-ST at <http://www.sgx.com>. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made or, in the case of delivery pursuant to paragraph (b) above, when received at such addresses.

Until such time as any definitive Certificates are issued, so long as the Global Certificate is issued in the name of CDP, notices to Holders will only be valid if despatched by uninsured post to persons who are for the time being shown in the records of CDP as the holders of the Securities or, if the rules of CDP so permit, delivered to CDP for communication by it to the Holders, provided that for so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notice will be considered valid if published on the website of the SGX-ST at <http://www.sgx.com>. Any such notice shall be deemed to have been given to the Holders on the fourth day after the day of despatch or (as the case may be) on which the said notice was given to CDP or on the date of publication.

15. LIMITATION OF LIABILITIES

Notwithstanding any provision to the contrary in these Conditions, the Deed of Covenant, the Agency Agreement and the Securities, the Holders acknowledge that DBS Trustee Limited (in its capacity as trustee of Ascott REIT) has entered into the Deed of Covenant and the Agency Agreement only in its capacity as trustee of Ascott REIT and not in DBS Trustee Limited's personal capacity and all references to "the Issuer" in these Conditions, the Deed of Covenant, the Agency Agreement and the Securities shall be construed accordingly.

Accordingly, notwithstanding any provision to the contrary in these Conditions, the Deed of Covenant, the Agency Agreement and the Securities, DBS Trustee Limited has assumed all obligations under the Deed of Covenant, the Agency Agreement and the Securities in its capacity as trustee of Ascott REIT and not in its

personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by DBS Trustee Limited under the Deed of Covenant, the Agency Agreement and the Securities is given by DBS Trustee Limited only in its capacity as trustee of Ascott REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Deed of Covenant, the Agency Agreement and the Securities is limited to the assets of Ascott REIT over which DBS Trustee Limited has recourse to under the Trust Deed and shall not extend to the personal assets of DBS Trustee Limited nor any other assets held by DBS Trustee Limited as trustee of any trust (other than Ascott REIT). Any obligation, delegation, matter, act, action or thing required to be done, performed or undertaken by DBS Trustee Limited under the Deed of Covenant, the Agency Agreement and the Securities shall only be in connection with matters relating to Ascott REIT (and shall not extend to DBS Trustee Limited's obligations in respect of any other trust or real estate investment trust of which it is a trustee). Notwithstanding any provision to the contrary in the Deed of Covenant, the Agency Agreement and the Securities, the Holders acknowledge that the obligations of the Issuer under the Securities will be solely the corporate obligations of DBS Trustee Limited in its capacity as trustee of Ascott REIT and not in its personal capacity. Accordingly, there shall be no recourse against the shareholders, directors, officers or employees of DBS Trustee Limited for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Deed of Covenant, the Agency Agreement and the Securities. The foregoing shall not restrict or prejudice the rights or remedies of a Holder under law or equity or relieve or discharge DBS Trustee Limited from any gross negligence, fraud or breach of trust.

For the avoidance of doubt, any legal action or proceedings commenced against DBS Trustee Limited whether in Singapore or elsewhere pursuant to the Deed of Covenant, the Agency Agreement and the Securities shall be brought against DBS Trustee Limited in its capacity as trustee of Ascott REIT and not in its personal capacity.

The provisions of this Condition 15 (*Limitation of Liabilities*) shall apply, *mutatis mutandis*, to any notice, certificate or other document which the Issuer issues under or pursuant to these Conditions, as if expressly set out in such notice, certificate or document.

This Condition 15 (*Limitation of Liabilities*) shall survive the redemption or cancellation of the Securities.

16. GOVERNING LAW

The Securities are governed by, and shall be construed in accordance with, Singapore law.

17. DEFINITIONS

For the purposes of these Conditions:

Additional Amounts has the meaning ascribed to it in Condition 7 (*Taxation*);

Aggregate Leverage means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix;

Business Day means any day, excluding a Saturday and a Sunday and public holidays, on which banks are open for general business (including dealings in foreign currencies) in Singapore;

Distribution Payment Period means the period from (and including) the previous Distribution Payment Date or the Issue Date (as the case may be) to (and excluding) the next Distribution Payment Date;

First Call Date means 30 June 2020;

Fixed Spread means 2.5%;

Initial Distribution Rate means 4.68% per annum;

Junior Obligation means the ordinary units of Ascott REIT and any class of equity capital in Ascott REIT, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units;

Moody's means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors;

Notional Preferred Units has the meaning ascribed to it in Condition 2(b) (*Status and Ranking – Ranking of claims in respect of the Securities*);

Parity Obligation means any instrument or security (including without limitation any preferred units) issued, entered into or guaranteed by the Issuer (i) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a Notional Preferred Unit and/or other Parity Obligations and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof;

person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Property Funds Appendix means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore;

Reset Date means each successive date falling every five calendar years after the First Call Date;

Reset Distribution Rate means the Swap-Offer Rate with respect to the First Call Date or the relevant Reset Date (as the case may be) plus the Fixed Spread per annum;

SFRS means Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council;

Subsidiary means, in relation to Ascott REIT, any company, corporation, trust, fund or other entity (whether or not a body corporate):

- (i) which is controlled, directly or indirectly, by Ascott REIT (through its trustee);
- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by Ascott REIT (through its trustee); or
- (iii) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or (ii) above applies, and for these purposes, any company, corporation, trust, fund, or other entity (whether or not a body corporate) shall be treated as being controlled by Ascott REIT if Ascott REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

Swap-Offer Rate means, the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the rate appearing under the column headed "Ask" for a maturity of 5 years which appears on the Bloomberg Screen TPIS Page under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the day that is two business days preceding the relevant Reset Date, provided that, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum;

Trust Deed means the trust deed dated 19 January 2006 made between (a) Ascott Residence Trust Management Limited, as manager of Ascott REIT, and (b) DBS Trustee Limited, as trustee of Ascott REIT, as supplemented by a first supplemental deed dated 22 March 2007, a second supplemental deed dated 9 September 2009, a third supplemental deed dated 16 September 2010 and a fourth supplemental deed dated 16 October 2014 and as may be further amended or supplemented from time to time; and

Winding-Up means bankruptcy, termination, winding up, liquidation or similar proceedings.

RISK FACTORS

The Group believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are also described below.

The Group believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of Ascott REIT to pay amounts on or in connection with the Securities may occur for other unknown reasons and Ascott REIT makes no representation that the statements below regarding the risks of holding any Securities are exhaustive. There may be additional risks not described below or not presently known to the Group or that the Group currently deems immaterial that turn out to be material. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group's operations could differ materially from those anticipated in these forward-looking statements due to a variety of factors, including the risks described below and elsewhere in this Offering Circular.

Risks associated with the Group's business

Ascott REIT's prospects may be adversely affected by natural disasters or other catastrophes, severe weather conditions or other acts of God

Natural disasters or other catastrophes, severe weather conditions or other acts of God that are beyond Ascott REIT's control may adversely affect the economy, infrastructure and livelihood of the people in those countries or regions. Some countries or regions where Ascott REIT operates face threats of floods, earthquakes, sandstorms, snowstorms, fires and droughts, and epidemics such as SARS, H5N1 avian flu, Influenza A H1N1, MERS or EVD. An outbreak of Influenza A H1N1 virus, SARS, H5N1 avian flu, MERS, EVD or a similar epidemic, or the measures taken by the governments of affected countries, including Singapore, against such an outbreak, could severely disrupt Ascott REIT's business operations and undermine investor confidence, thereby materially and adversely affecting its financial condition or results of operations.

Ascott REIT's business may be affected by changes in general economic and business conditions

Ascott REIT operates in various countries around the world and is exposed to the risks of political unrest, war, acts of terrorism and other instability which can result in disruption to its business or the business of its customers and seizure of or damage to assets.

The Group is subject to the operating risks inherent in the serviced residence and rental housing industry

The Group is subject to the operating risks inherent in the serviced residence and rental housing industry which may adversely affect the results of operations of the Group. These include:

- market conditions in the countries the Ascott REIT operates in, such as an oversupply or reduced demand and adverse changes in rental rates and operating expenses which could affect the profitability of Ascott REIT;
- competition for tenants from the serviced residence and hospitality properties that may affect rental and occupancy levels in Ascott REIT's properties;
- cyclical downturns arising from changes in general and local economic conditions;
- reductions in the amount of longer-term business travel and corporate executives requiring mid-term to long-term accommodation;

- the recurring need for renovation, refurbishment and improvement of serviced residences and rental housing properties;
- availability of financing for operating or capital requirements; and
- other factors, including acts of terrorism, natural disasters, extreme weather conditions, labour shortages and work stoppages or disputes.

The Group operates in an industry which may become intensely competitive, which may have a material adverse effect on its business

The serviced residence and rental housing industry is competitive and may become increasingly so. Each of the Properties is located in an area that includes serviced residences and/or other types of accommodation such as hotels and guest houses owned and/or operated by third parties. The Group competes locally and regionally with existing serviced residences or rental housing properties and serviced residences or rental housing properties that may be developed in the future. An increase in the number of competitive serviced residences or rental housing properties in a particular area could have a material adverse effect on the occupancy rates and contribution to revenue generated by each of the Properties.

The Group may be adversely affected by the illiquidity of real estate investments

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits the ability of the Manager to manage the Group's portfolio in response to changes in economic or other conditions. This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the Group's ability to make expected returns. Moreover, the Group may face difficulties in securing timely and commercially favourable financing through asset-based lending transactions secured by real estate due to its illiquidity.

The Group may experience limited availability of funds

The securities markets are influenced by economic developments and volatility in securities markets in other countries. Investor reaction to developments in one country may have an adverse effect on the market price of securities of companies located in other countries. The slowdown of the worldwide economy may adversely affect market prices in the world's securities markets. Financial markets in the U.S., Europe and Asia have also, in the past, experienced extreme disruption including, among others, volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others.

The Group may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. Factors that could affect the Group's ability to procure financing include the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. The Federal Open Market Committee of the Federal Reserve concluded its "quantitative easing" bond-buying programme in 2014. There remains uncertainty as to how the conclusion of the bond-buying programme will affect interest rates in the near term. Higher interest rates may make it more expensive to secure financing.

Ascott REIT faces risks associated with debt financing

Ascott REIT is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet required payments of principal and interest under such financing and to make payments to Holders. The rights of the Holders to receive payments under the Securities are effectively subordinated to the rights of the existing and future secured creditors of Ascott REIT.

Ascott REIT may also become a party to future indebtedness which is secured by a lien on certain of the properties of Ascott REIT. In the event of a default on the Securities or under any other indebtedness or upon Ascott REIT's bankruptcy, liquidation or reorganisation, any secured indebtedness of third party creditors to Ascott REIT's portfolio would effectively be senior to the Securities to the extent of the value of Ascott REIT's portfolio securing their indebtedness. The Holders would only have a senior unsecured claim against those assets to the extent any remain after satisfying the obligations under secured indebtedness.

Ascott REIT will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, Ascott REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and Ascott REIT's ability to make payments to Holders. Such covenants may also restrict Ascott REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase.

The Group is subject to interest rate fluctuations

As at 31 March 2015, the Group's debt amounted to approximately S\$1,565.2 million, of which approximately 20.0% is on a floating rate basis and the remainder is hedged with interest rate caps, interest rate swaps or on a fixed rate basis. There is no certainty that Ascott REIT will not be affected by adverse movements in interest rates. Consequently, the interest cost to the Group for the floating interest rate debt will be subject to the risks of interest rate fluctuations.

As part of its active capital management strategies, the Group has entered into some hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, its hedging policy may not adequately cover the Group's exposure to interest rate fluctuations. As a result, its operations and/or financial condition could potentially be adversely affected by interest rate fluctuations.

The Group may be involved in legal and/or other proceedings arising from its operations from time to time

The Group may be involved from time to time in disputes with various parties involved in the operation, renovation and lease of the Properties such as contractors, subcontractors, suppliers, construction companies, purchasers and tenants. These disputes may lead to legal or other proceedings, and may cause the Group to incur additional costs and delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that would result in financial losses and cause delay to the construction or completion of its projects.

The Manager is a wholly-owned subsidiary of the Sponsor. There may be potential conflicts of interest between Ascott REIT, the Manager and the Sponsor

The Sponsor, its subsidiaries, related corporations and associates are engaged in the investment in, and the development and operation of, among other things, real estate and real estate-related assets which are used, or predominantly used, as serviced residences and rental housing properties in Singapore and elsewhere. As at the Latest Practicable Date, the Sponsor has an aggregate interest (direct and deemed) of approximately 46.0% of the total number of Units in issue and holds a 100.0% interest in the Manager.

The Sponsor may exercise influence over the activities of the Group through the Manager. As a result, the strategy and activities of the Group may be influenced by the overall interests of the Sponsor. Moreover, the Sponsor may in the future sponsor, manage or invest in other REITs or other vehicles which may also compete directly with the Group. There can be no assurance that conflicts of interest will not arise between the Group and the Sponsor in the future, or that the Group's interests will not be subordinated to those of the Sponsor whether in relation to the future acquisition of additional properties, acquisitions of property-related investments or competition for guests, in Singapore and elsewhere.

There is no assurance that the Group will be able to leverage on the Sponsor's experience in the operation of serviced residences and rental housing properties

In the event (a) that the Sponsor decides to transfer or dispose of its Units and ceases to be a Controlling Unitholder of Ascott REIT, or (b) of the expiry, and non-renewal, of the SR Management Agreements in relation to the Properties, the Group may no longer be able to leverage on the Sponsor's experience in the ownership and operation of serviced residences and rental housing properties, financial strength, market reach and network of contacts in the serviced residence sector to further its growth. Ascott REIT may, in addition, not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This could have a material and adverse impact on the Group's results of operations and financial condition.

Ascott REIT operates substantially through Property Companies and its ability to make payments to Holders through the Ascott REIT Trustee is dependent on the financial position of the Property Companies

Ascott REIT operates substantially through the Property Companies and relies on payments and other distributions from these Property Companies for its income and cash flows. In addition, save for the Singapore Properties, all of the assets of Ascott REIT consist of shareholdings in the Property Holding Companies and Somerset FG Pte. Ltd..

In order to make payments to Holders, the Ascott REIT Trustee will rely on the receipt by Ascott REIT of dividends from these Property Companies to the Property Holding Companies. The ability of the Property Companies to make such payments may be restricted by, among other things, the Property Companies' respective businesses and financial positions, the availability of distributable profits, applicable laws and regulations (which may restrict the payment of dividends by the Property Companies) or the terms of agreements to which they are, or may become, a party to.

There can be no assurance that the Property Companies will have sufficient distributable or realised profits or surplus in any future period to pay dividends or make advances to Ascott REIT. The level of profit or surplus of each Property Company available for distribution by way of dividends to Ascott REIT may be affected by a number of factors, including:

- operating losses incurred by the Property Companies in any financial year;
- losses arising from a revaluation of any of the Properties following any diminution in value of any of the relevant Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the relevant Property Company may make distributions to Ascott REIT;
- accounting standards that require profits generated from investment properties to be net of depreciation;
- charges before such profits are distributed to Ascott REIT;
- changes in accounting standards, taxation regulations, corporation laws and regulations relating hereto; and
- insufficient cash flows received by the Property Companies from the Properties.

The occurrence of these or other factors that affect the ability of the Property Companies to pay dividends or other distributions to Ascott REIT would adversely affect the ability of the Ascott REIT Trustee to make payments to the Holders.

There is no assurance that the other joint venture partners of the Property Companies, which are not wholly-owned, directly or indirectly, or the holding company of the Property Companies will co-operate on matters concerning these companies or honour all their obligations under these joint ventures

Several of the Property Companies are not wholly-owned, directly or indirectly, by the Ascott REIT Trustee, as trustee of Ascott REIT. Accordingly, the Ascott REIT Trustee does not have an unfettered discretion to deal with these Properties through the Property Companies as if these Properties are entirely, directly or indirectly, owned by it.

Under the relevant shareholders' agreements or joint venture agreements (as the case may be) relating to the above-mentioned Properties, certain matters such as making amendments to the joint venture agreements, changing the business or equity capital structure of the Property Companies, issuing of securities by the Property Companies, use of funds, capital borrowings and other credit activities and appointment of key personnel, may require a unanimous or a majority shareholders' approval of the relevant Property Companies being obtained.

As Ascott REIT does not own the entire interests in these Property Companies, there is no assurance that such unanimous/majority approval from the shareholders of the Property Companies can be obtained. The other shareholders of these Property Companies may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, certain matters relating to the Properties, such as those relating to the operation of the Properties and the level of dividends to be declared by the Property Companies, may not be carried out and this may adversely affect Ascott REIT's financial condition and results of operations.

In addition, if the other joint venture partners of the Property Companies or the holding company of the Property Companies are obliged to contribute additional capital or funds to the Property Companies, but lack financial resources at the relevant time to meet these obligations, necessary capital or funds required for development or operations may be delayed or cancelled. This adds to the uncertainty of such collaborations and may adversely affect Ascott REIT's financial condition and results of operations.

The Manager may not be able to implement its investment strategy for Ascott REIT or may change Ascott REIT's investment strategy

There can be no assurance that the Manager will be able to continue to implement its principal investment strategy (including through acquisitions or investments from time to time) successfully or that it will be able to expand Ascott REIT's portfolio any further, or at any specified rate or to any specified size. While the Manager plans its acquisitions or investments based on the outlook and its understanding of the relevant property market and general economic situation, the Manager may not be able to make such acquisitions or investments on favourable terms or within a desired time frame or at all. Ascott REIT will be relying on external sources of funding to expand its portfolio, which may not be available on terms favourable to Ascott REIT. Even if Ascott REIT were able to successfully make additional property investments, there can be no assurance that Ascott REIT will achieve its intended return on such investments. Since the amount of debt that Ascott REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions will largely be dependent on Ascott REIT's ability to raise equity capital. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including serviced residence development companies, private investment funds and other real estate investment funds whose investment policy is also to invest in commercial properties. There can be no assurance that Ascott REIT will be able to compete effectively against such entities and execute its desired principal investment strategy successfully.

Ascott REIT's policies with respect to certain activities including investments and acquisitions will be determined by the Manager. While the Manager has stated its principal investment strategy, the Ascott REIT Trust Deed gives the Manager wide powers of investing in other types of assets, including any real estate and real estate-related assets, as well as listed and unlisted securities, in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

If the Manager is unable to implement its principal investment strategy successfully, Ascott REIT's financial condition, prospects and results of operations may be adversely affected.

There is no assurance that the current rating given in respect of Ascott REIT by Moody's will be maintained or that the rating will not be reviewed, downgraded, suspended or withdrawn in the future

Moody's has assigned a "Baa3" issuer rating in respect of Ascott REIT. The rating assigned by Moody's is based on the views of Moody's only. Future events could have a negative impact on the rating in respect of Ascott

REIT and prospective investors should be aware that there is no assurance that the rating assigned will be maintained or that the rating would not be reviewed, downgraded, suspended or withdrawn as a result of future events or judgement on the part of Moody's.

Any rating changes that could occur may have a negative impact on the market value of the Securities. A downgrade of the rating may lead to the Ascott REIT Trustee being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, resulting in loans at higher interest rates.

The amount Ascott REIT may borrow is limited, which may affect the operations of Ascott REIT

The Property Funds Appendix provides that the aggregate leverage of a REIT may exceed 35.0% of its deposited property so long as it obtains and discloses a credit rating from Moody's, Fitch or S&P (subject to a cap of 60.0% of its deposited property). Ascott REIT has been assigned a "Baa3" issuer rating by Moody's.

As at 31 March 2015, Ascott REIT's outstanding borrowings (excluding interest) were approximately S\$1,565.2 million, including both bank loans and the outstanding medium term notes issued under its existing medium term note programme. As at 31 March 2015, Ascott REIT's gearing was 38.7%, which is within the 60.0% gearing limit allowed by the MAS under the Property Funds Appendix for property trusts in Singapore with a credit rating. A decline in the value of the Deposited Property may also cause the borrowing limit to be exceeded, thus affecting Ascott REIT's ability to make further borrowings.

Ascott REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that Ascott REIT decides to incur additional borrowings in the future, Ascott REIT may face adverse consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements of Ascott REIT's existing asset portfolio or for future acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property may also cause the borrowing limit to be exceeded, thus affecting Ascott REIT's ability to make further borrowings; and
- cash flow shortages (including with respect to distributions) which Ascott REIT might otherwise be able to resolve by borrowing funds.

The Group depends on certain key personnel, and the loss of any key personnel may adversely affect its operations

The Group's operations depend, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may in future leave the Manager and compete with the Manager and the Group. The loss of any of these individuals, or of one or more of the Manager's other key employees could have a material adverse effect on the Group's financial condition and results of operations.

Fluctuations in exchange rates may adversely affect the Group's reported financial results

The Group's current portfolio of Properties is located across eight countries in the Pan-Asian Region, namely Singapore, China, Indonesia, Japan, Malaysia, the Philippines, Vietnam and Australia, and five countries in Europe, namely France, UK, Belgium, Germany and Spain. Accordingly, because of the geographic diversity of the Group's portfolio of Properties, the Group receives income in the local currencies where its Properties are located at the then-applicable exchange rates. As a result, the Group is exposed to fluctuations in foreign currency exchange rates against the Singapore dollar. Such fluctuations can cause fluctuations in the Group's results of operations and could have a material adverse effect on the Group's reported financial results. A weakening of foreign currencies against the Singapore dollar may also result in an increase in Ascott REIT's Aggregate Leverage due to the reduced asset value as a result of the weaker currency and a decline in the Group's net asset value.

Ascott REIT may engage in hedging transactions. Such hedging transactions may not be effective and can limit gains and increase exposure to losses. These hedging transactions could fail to protect, or could even adversely affect, Ascott REIT

Ascott REIT has entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations and manage the currency risks associated with the cash flows generated by the Properties outside Singapore, although there can be no assurance as to the extent or efficacy of any such hedging arrangements. Hedging activities may not have the desired beneficial impact on Ascott REIT's business, financial condition, results of operations and prospects. Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. The Manager will regularly monitor the feasibility of engaging in such hedging transactions while taking into account the cost of such transactions. These costs will increase as the period covered by the hedging increases and during periods of rising and volatile interest rates and/or foreign exchange rates.

Interest rate hedging could fail to protect Ascott REIT or adversely affect Ascott REIT for reasons, *inter alia*, such as:

- available interest rate hedging may not correspond directly with the interest rate risk for which protections are sought;
- the party owing money in the hedging transaction may default on its own obligation to pay;
- the credit quality of the counterparty owning money on the hedge may deteriorate to such an extent that it impairs Ascott REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value.

Such changes, although unrealised, would reduce the NAV of Ascott REIT if it is due to downward adjustments.

Ascott REIT may be unable to comply with the terms and conditions of tax rulings and tax exemptions obtained, or such tax rulings or tax exemptions may be revoked or amended

Ascott REIT has obtained various tax rulings and tax exemptions from the IRAS and the MOF, including the tax transparency ruling and exemptions on foreign-sourced income received in Singapore in respect of its overseas Properties. These tax rulings and tax exemptions are subject to stipulated terms and conditions based on the facts presented to the IRAS and the MOF at the time of such applications and include the requirement that Ascott REIT distribute at least 90.0% of its taxable income. There can be no assurance that Ascott REIT will be able to comply with these terms and conditions on an ongoing basis or ensure that the facts presented to the IRAS or the MOF do not change over time. There can also be no assurance that the IRAS or the MOF will not review, amend or revoke the tax rulings and the tax exemptions, either in whole or in part, either arising from a change in the tax laws or their interpretations or a change in policy. Non-compliance with the terms and conditions imposed on Ascott REIT by the IRAS and the MOF may affect Ascott REIT's tax transparent status, its ability to distribute its taxable income free of tax deduction at source and may also cause Ascott REIT to pay income tax on its taxable income which may result in Ascott REIT facing liquidity constraints.

Ascott REIT does not own the trademarks used by the Properties

Ascott REIT's operation of certain Properties relies on certain trademarks, including "Ascott", "Somerset" and "Citadines", in each case with the associated logos and other relevant trademarks.

AIM has registered the "Ascott" and "Somerset" trademarks under the laws of each jurisdiction where the applicable Properties are located. Pursuant to a licence agreement dated 6 March 2006 entered into by and between the Ascott REIT Trustee and AIM, Ascott REIT has been granted a non-exclusive right to use and sub-licence to Subsidiaries of Ascott REIT in connection with the business of Ascott REIT, the trademarks "Ascott", "Somerset" and associated logos as well as other trademarks owned by AIM and/or which AIM has the right and authority to licence as may be further agreed, in consideration of Ascott REIT paying a one-time nominal fee.

The licence granted by AIM to Ascott REIT may be terminated in the event, *inter alia*, that the Manager ceases to be the manager of Ascott REIT or upon material breach of any of the provisions of the licence agreement.

In connection with the Properties in respect of which the “Citadines” trademarks are used, the relevant owners of such Properties have entered into licence agreements with Citadines SA (which owns the “Citadines” trademarks and/or their sub-licences) for use of the “Citadines” trademarks.

Loss of the right to use the trademarks “Ascott”, “Somerset” or “Citadines” or, in each case, the associated logos, and other relevant trademarks, may have a material adverse effect on Ascott REIT’s reputation, goodwill, business, prospects and results of operations.

Risks associated with the Properties

Ascott REIT is exposed to risks associated with changes in applicable tax laws, changes in the application of treaty benefits under relevant double taxation agreements and tax treaties and cessation of preferential tax benefits for its Properties

The income and gains derived by Ascott REIT, directly or indirectly, from its Properties, may be exposed to various types of taxes in Singapore, Australia, China, Indonesia, Japan, Malaysia, the Philippines, Vietnam and various countries in Europe. These include, but are not limited to, income tax, withholding tax, capital gains tax and other taxes specifically imposed for the ownership of such assets, and the level of taxation in each of these countries is subject to changes in law and regulations. Such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. All of these factors may adversely affect Ascott REIT’s financial condition and results of operations.

In addition, the application of treaty benefits under relevant double taxation agreements and tax treaties, such as the application of reduced withholding tax rates or preferential tax rates on interest and/or dividend income received by the relevant subsidiaries of Ascott REIT, may be subject to certain conditions. There can be no assurance that the relevant subsidiaries of Ascott REIT will, on an ongoing basis, be able to meet the requisite conditions to benefit from the reduced withholding tax rates or preferential tax rates provided under such double taxation agreements or tax treaties. Where reduced withholding tax rates or preferential tax rates are not applicable, this would reduce Ascott REIT’s income.

The proportionate distributions received by Ascott REIT from Somerset Chancellor Court, Somerset Ho Chi Minh City and Somerset Grand Hanoi will be diluted in the future

Somerset Chancellor Court is owned by Saigon Office and Serviced Apartment Company Limited, a 67.0% subsidiary of EATC(S). Somerset Ho Chi Minh City is owned by Mekong-Hacota, a 66.4% subsidiary of Ascott Residences. Somerset Grand Hanoi is owned by Hanoi Tower Center Company Limited, a 76.0% subsidiary of Burton Engineering. The Vietnam Property Holding Companies are wholly-owned by the Ascott REIT Trustee, as trustee of Ascott REIT. The remaining shareholding interests in the Vietnam Property Companies are owned by unrelated third parties. Ascott REIT’s interests in the Vietnam Property Companies are held under the terms of a Vietnam Properties JVA with each of these unrelated third parties.

Under the terms of the Vietnam Properties JVAs, the net profits of each of the Vietnam Property Companies, after the fulfilment of certain statutory financial obligations and the payment of other amounts due, are to be distributed to the shareholders of Vietnam Property Companies in certain proportions during different periods in accordance with the terms of the relevant Vietnam Properties JVA and/or the applicable investment licence under which the Vietnam Property Companies operate.

In relation to EATC(S), Ascott REIT is entitled to 67.0% of the distributed profits during the period for which loan capital injected by Ascott REIT and interest is outstanding thereon. Ascott REIT’s entitlement to the distributed profits will fall to 60.0% following the repayment of loan capital and interest and further decrease to 40.0% from the 31st to 48th year from the date of issue of the investment licence. In relation to Ascott Residences, Ascott REIT owns 66.4% of the legal capital in Mekong-Hacota. From the 19th year of the date of issue of the investment licence, the unrelated joint venture partner in Mekong-Hacota has a right to acquire

approximately 0.9% of the legal capital in Mekong-Hacota every year until it owns 43.0% of the legal capital in Mekong-Hacota (in the 32nd year), whereupon the legal capital of Mekong-Hacota owned by Ascott Residences will have fallen to 57.0%. Consequently, the distributed profits that Ascott REIT is entitled to receive will decrease from the 19th year to the 32nd year. In relation to Burton Engineering, Ascott REIT is entitled to 76.0% of the distributed profits in the first 25 years after fulfilling all financial obligations to the Government of Vietnam and other obligations. From the 26th to 35th year, Ascott REIT is entitled to 70.0% of the distributed profits. From the 36th to the 45th year, Ascott REIT is entitled to 50.0% of the distributed profits.

The decreasing proportion of distributed profits that each of the Vietnam Property Holding Companies is entitled to for the duration of the relevant Vietnam Properties JVAs will adversely affect Ascott REIT's financial condition and results of operations.

Where Ascott REIT only owns a portion of the strata lots of a subdivided development with common property, there is no assurance that the other subsidiary proprietors of such subdivided development will co-operate with Ascott REIT on matters concerning the common property of this subdivided development

Ascott REIT owns, and may acquire, a portion (and not all) of the strata lots of a subdivided development with common property. All the subsidiary proprietors of such subdivided development, who constitute the management corporation of the subdivided development, jointly own the common property in the subdivided development as tenants-in-common in proportion to the share values attributable to their respective strata lots. If Ascott REIT does not own all of the total share value of strata lots comprising the subdivided development, it cannot deal with the common property in the subdivided development as if the subdivided development is entirely owned by it. The other subsidiary proprietors of such subdivided development may vote against resolutions concerning the common property of such Properties and hence prevent such resolutions from being passed. If such resolutions are not passed, enhancement works involving the common property of the subdivided development cannot be carried out by the management corporation of the subdivided development. This may affect the ability of the subdivided development to attract guests which may adversely affect the results of operation and financial condition of Ascott REIT.

The President of the Republic of Singapore may, as head lessor, re-enter the Singapore Properties upon breach of terms and conditions of the State lease

Citadines Mount Sophia Property Singapore is held under a registered State lease, with the President of the Republic of Singapore as head lessor. The Somerset Liang Court Property Singapore was leased under the registered State lease to the Urban Redevelopment Authority, which was subsequently sub-leased to Ascott REIT. The State lease contains terms and conditions commonly found in State leases in Singapore, including the lessor's right to re-enter the Singapore Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the lease.

The future market value of the Properties may differ from the valuations determined by independent valuers

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions.

A valuer's determination of the appraised value of any property does not guarantee a sale of such property at its appraised value at present or in the future. The price at which Ascott REIT may sell any of the new properties acquired in the future may be lower than the price paid for that property.

In addition, there can be no assurance that there will be no downward revaluation of the Properties in the future. In addition, Ascott REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on Ascott REIT's financial results as revaluation losses will be charged to Ascott REIT's statements of total return in the financial years where there is a significant decrease in the valuation of any of the Properties. A downward revaluation of any of these properties may also result in an increase in Ascott REIT's Aggregate Leverage.

The due diligence exercise on the Properties, tenancies, building and equipment may not have identified all defects, breaches of laws and regulations and other deficiencies

The Manager believes that reasonable due diligence investigations with respect to the Properties were, and with respect to future acquisitions will be, conducted prior to their acquisition. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair, maintenance or replacement (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair, maintenance expenses, the payment of damages or to other obligations to third parties) or be affected by breaches of laws and regulations.

Statutory or contractual representations, warranties and indemnities given by any seller of properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Costs or liabilities arising from such defects or deficiencies may require significant capital expenditures or obligations to third parties and may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on Ascott REIT's earnings and cash flows.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on Ascott REIT's earnings and cash flows. The costs of maintaining the Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the Properties age. The business and operation of the Properties may be disrupted as a result of asset enhancement works and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such asset enhancement works. In addition, statutory or contractual representations, warranties and indemnities given by any seller of real estate properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The Group may suffer material losses in excess of insurance proceeds

The Group maintains insurance policies for the Properties in line with general market practices and legal requirements. However, the Properties could suffer physical damage caused by fire or other causes or the Group may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk, terrorist acts and losses caused by the outbreak of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, the Group's insurance policies for the Properties cover acts of terrorism but do not cover acts of war or outbreak of contagious diseases. The Japanese properties within Ascott REIT's portfolio are not insured against earthquakes, save for the Properties held under Tokyo Rental Housing Properties. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that Property. The Group would also remain liable for any debt or other financial obligation related to that Property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. Such an event would adversely affect Ascott REIT's financial condition and results of operations.

Ascott REIT does not have legal title to certain Properties in France that are subject to finance leases

The Relevant France Properties are subject to finance leases entered into with Finance Companies. Under French law, a finance lease is a contract by which a financing company that owns the property grants the lessee a long-term lease on the property, with an option to purchase the property at the end of the term. The Finance Companies remain the owner of the Relevant France Properties during the term of the lease and the lessee only has an occupancy right, with an option to become the owner at the end of the term. Ascott REIT accordingly does not have legal title to the Relevant France Properties that are subject to finance leases and would thus not have the usual rights and benefits of a property owner, including the right to retain the fixtures added during the term of the lease, right to deal with or sublet the property freely and the benefit of any builders' guarantee and

warranty in relation to the said Properties in France. In addition, should Ascott REIT be in breach of any terms or conditions of the relevant finance lease or if payment is not promptly made in relation to the relevant finance lease, that relevant finance lease may be terminated. In the event where the relevant Finance Company is in liquidation and it is necessary for the liquidation proceedings that the lease be terminated and where such termination would not prejudice the lessee, the relevant finance lease may be terminated. In the event of such termination, Ascott REIT's financial condition and results of operations may be adversely affected.

Any breach by (a) the Master Lessees and the Sponsor of their obligations under the Master Leases or (b) the SR Management Companies and the Sponsor of their obligations under the SR Management Agreements may have an adverse effect on Ascott REIT

Some of Ascott REIT's Properties, such as the properties located in France, Germany, Singapore, Japan and Australia, are under Master Lease arrangements with Master Lessees. Net rental payments in respect of such properties will depend on the ability of the Master Lessees to make rental payments. A downturn in the business of the Master Lessees may weaken their financial condition and result in the Master Lessees' failure to make timely rental payments or default under the Master Leases. Any non-payment of rent by the Master Lessees or failure by the Sponsor to pay and satisfy the Ascott REIT Trustee and/or the Master Lessor of outstanding sums which are due to the Master Lessor under the Master Leases, may have an adverse effect on the financial condition of Ascott REIT and its level of distributable income. In addition, any failure by the SR Management Companies to pay the relevant Property Holding Companies the minimum guaranteed income in accordance with the terms of certain of the SR Management Agreements, or failure by the Sponsor to pay and satisfy the Ascott REIT Trustee and/or the relevant Property Holding Companies of outstanding sums owing by the SR Management Companies to the relevant Property Holding Companies, may have an adverse effect on the financial condition of Ascott REIT and its level of distributable income.

Failure by the Master Lessees to maintain the relevant Properties in a good state of tenantable repair and condition could have an adverse impact on the physical condition of the relevant Properties, rendering them unattractive to existing end-users and potential end-users. The performance of the Master Lessees' other businesses could also have an impact on their ability to make rental payments to Ascott REIT. Factors that affect the ability of the Master Lessees to meet their obligations include, but are not limited to, their financial position and the local economies in which they have business operations.

The Master Lessees may not renew a number of the Master Leases

There is no assurance that the Master Lessee(s) will renew their respective Master Lease(s) upon the expiry of the term of such Master Lease(s).

If a Master Lease expires or is terminated, Ascott REIT may not be able to find a suitable purchaser or a suitable replacement master lessee or tenant, as a result of which Ascott REIT may lose the source of revenue from the Property. In any event, it may not be possible to replace the relevant Master Lessee immediately upon the termination of the Master Lease and this may lead to temporary vacancy of the Property. The failure to renew or termination of any of these Master Leases may have an adverse effect on the financial condition of Ascott REIT and its level of distributable income.

Risks relating to the countries in which the Properties are located

The Group is subject to risks relating to the economic, political, legal or social environments of the countries in which the Properties are located

The Group is subject to risks associated with countries where certain Properties are located and which have, at various times in the past, been adversely affected by volatile economic, political and social conditions. The business, prospects, profitability and asset values of the Properties may be materially and adversely affected by factors such as, among other things:

- unexpected changes in laws and regulations and uncertainty in connection with the application and/or implementation of existing laws and regulations;

- the ability of the Manager to deal with multiple and diverse regulatory regimes;
- potentially adverse tax consequences;
- uncertain protection for intellectual property rights;
- fluctuations in exchange rates between S\$ and the relevant foreign currency;
- the risk of nationalisation and expropriation of the Group's assets;
- imposition or tightening of foreign exchange controls or restrictions on repatriation of dividends or profits;
- social unrest or political instability; and
- adverse economic, political and other conditions.

In particular, the interpretation or application of laws and regulations in the countries in which the Properties are located may be uncertain and subject to rapid and unforeseen changes. The Group or the Manager has no control over such conditions and developments and cannot provide any assurance that such conditions and developments will not have a material adverse effect on the operations, financial condition and results of operations of the Properties.

The gross revenue earned from, and the value of, the Properties may be adversely affected by a number of factors

The gross revenue earned from, and the value of, the Properties may be adversely affected by a number of factors, including, among other things:

- a general downturn of the economy affecting occupancy and rental rates;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, serviced residences or rental housing properties, changes in market rental rates and operating expenses for the Group's Properties);
- competition for occupants from other properties which may affect rental levels or occupancy levels of the Group's Properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance;
- legislative actions, such as the enactment of revisions to the laws relating to building standards, town planning, condemnation and redevelopment, which may affect or restrict rights related to relevant Properties in the Group's portfolio; and
- acts of God, natural disasters, earthquakes, volcanic eruptions, floods, wars, military coups, terrorist attacks, riots, outbreaks of infectious diseases, civil unrest and other events beyond the control of the Group and/or the Manager (such as the spread of severe acute respiratory syndrome or other communicable diseases).

The Properties or part thereof may be acquired compulsorily

The Properties or the land on which the properties therein are located in and outside of Singapore may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or public interest.

In the event the Properties or the land on which they are located are compulsorily acquired, the income of the Group may be adversely affected. The owner of a property within the Properties that is compulsorily acquired

may be compensated in accordance with the laws of the respective jurisdiction. If the market value of the land (or part thereof) to be compulsorily acquired is greater than the compensation paid to the Group, the Group's business, financial condition and results of operations could be adversely affected.

Potential liability for environmental problems could result in substantial costs

Ascott REIT is subject to a variety of laws and regulations in countries in which the Properties are located concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard to whether the owner or operator knows of, or is responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. Ascott REIT has not provided for such potential obligations in its consolidated financial statements. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports and investigations with respect to any of the Properties may not reveal all environmental liabilities, whether previous or current owners or operators of such Properties had created any material environmental condition not known to them or whether a material environmental condition exists in any one or more of these properties. There also exists the risk that material environmental conditions, liabilities, or compliance concerns may have arisen or may arise in the future. Future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability.

Ascott REIT cannot provide assurance that more stringent requirements for environmental protection will not be imposed by the relevant governmental authorities in the future. If Ascott REIT fails to comply with existing or future environmental laws and regulations in the jurisdictions of the Properties, or fails to meet societal expectations with regard to environmental issues, Ascott REIT may suffer damage to its reputation or may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on its financial condition, results of operations and prospects.

Risks Relating to the Securities

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;
- understand thoroughly the terms of the Securities; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way

to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Securities are perpetual securities and investors have no right to require redemption

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Holders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities.

The Issuer's obligations under the Securities are subordinated

The Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Obligations of the Issuer. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up of Ascott REIT, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Security if, on the day prior to the commencement of the Winding-Up of Ascott REIT, and thereafter, such holder was the holder of one Notional Preferred Unit, on the further assumption that the amount that such Holder of a Security was entitled to receive under the Conditions in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Security together with Distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the Issuer has given notice to the Holders of the Securities in accordance with the Conditions. In the event of a shortfall of funds on the final and effective Winding-Up of Ascott REIT, there is a real risk that an investor in the Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Securities.

Distributions are discretionary and non-cumulative. Holders may not receive any Distribution payments if the Issuer elects not to pay all or part of a Distribution payment under the Conditions

The Issuer may, at its sole discretion, elect not to pay any scheduled Distribution on the Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations or (except on a *pro-rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations or (except on a *pro-rata* basis) its Parity Obligations in the event that it does not pay a Distribution in whole or in part as provided for in Condition 4(d)(iv) (*Distribution – Distribution Discretion – Restrictions in the case of Non-Payment*). The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay Distributions under the Securities. However, investors should note that Ascott REIT is required under the terms and conditions of the tax rulings and tax exemptions obtained from the IRAS and the MOF to distribute at least 90.0% of its taxable income. See “*Risk Factors – Ascott REIT may be unable to comply with the terms and conditions of tax rulings and tax exemptions obtained, or such tax rulings or tax exemptions may be revoked or amended*”. Distributions are non-cumulative. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of Distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and Distributions which the Issuer has elected not to pay in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a Distribution in whole or in part in accordance with the Conditions shall not constitute a default for any purpose. Any election by the Issuer not to pay a Distribution, in whole or in part, will likely have an adverse effect on the market price of the Securities. In addition, as a result of the discretionary and non-cumulative nature of the Distribution payable in respect of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

The Securities may be redeemed at the Issuer's option on certain dates on or after five years after the Issue Date or upon the occurrence of certain other events

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may, at its option, redeem the Securities in whole, but not in part, on the First Call Date or on any Distribution Payment Date thereafter at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days' notice to the Holders, the Registrar and the Paying Agents (which notice shall be irrevocable).

The Issuer may also, at its option, redeem the Securities in whole, but not in part, at any time at their principal amount, together with the Distribution accrued from (and including) the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) to (but excluding) the date fixed for redemption if:

- as of the date fixed for redemption, (i) the Issuer has become obliged, or will in the Distribution Payment Period immediately following the date fixed for redemption be obliged, to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of (a) any amendment to, or change in, the laws (or any rules or regulations or practice related thereto or thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or practice related thereto by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the Issue Date; or (c) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or practice related thereto that differs from the previous generally accepted position which is issued or announced on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of Moody's (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of Moody's) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency);
- as of the date fixed for redemption or in the Distribution Payment Period immediately following the date fixed for redemption, as a result of any changes or amendments to the Relevant Accounting Standard, the Securities must or must no longer be recorded as "equity" of Ascott REIT pursuant to the Relevant Accounting Standard;
- immediately before giving the notice of redemption to the Holders, the Registrar and the Paying Agents the aggregate principal amount of the Securities outstanding is less than 20.0% of the aggregate principal amount originally issued; and
- as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, as of the date fixed for redemption, the Securities count, or will in the Distribution Payment Period immediately following the date fixed for redemption count, towards the Aggregate Leverage under the Property Funds Appendix.

See "*Terms and Conditions of the Securities – Redemption and Purchase*".

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Holders. This may be disadvantageous to Holders in light of market conditions or the individual circumstances of

the Holder. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

There are limited remedies for non-payment under the Securities

Any scheduled Distribution will not be due if the Issuer elects not to pay that Distribution in whole or in part pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings against Ascott REIT is limited to circumstances where payment has become due and the Issuer fails to make the payment when due for a period of 15 Business Days. The only remedy against the Issuer available to any Holder of Securities for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting proceedings for the Winding-Up of Ascott REIT and/or proving in the Winding-Up of Ascott REIT and/or claiming in the Winding-Up of Ascott REIT in respect of any of the Issuer's payment obligations arising from the Securities. As Ascott REIT is an authorised collective investment scheme, the enforcement of any remedy will be subject to prevailing laws and legislation applicable to collective investment schemes in Singapore.

The Securities contain provisions regarding modification and waivers which may affect the rights of Holders

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. In addition, an Extraordinary Resolution in writing signed by or on behalf of the Holders of not less than 90.0% of the aggregate principal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

The Conditions also provide that the Issuer and the Fiscal Agent may agree, without the consent of the Holders, to any modification of any of the Conditions for the purpose of curing any ambiguity or of curing or correcting any manifest or proven error contained herein. The Issuer and the Fiscal Agent may also agree, without the consent of the Holders, to any modification of the Agency Agreement (i) for the purpose of curing any ambiguity or curing or correcting any manifest or proven error contained therein or (ii) in any other manner which is not prejudicial to the interests of the Holders. Any such modification shall be binding on the Holders and, unless the Fiscal Agent agrees otherwise, any such modification shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

An active trading market for the Securities may not develop

The Securities are a new issue of securities for which there is currently no trading market. Although approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Securities on the SGX-ST, no assurance can be given that an active trading market for the Securities will develop or as to the liquidity or sustainability of any such market, the ability of Holders to sell their Securities or the price at which Holders will be able to sell their Securities. The Sole Lead Manager and Bookrunner are not obliged to make a market in the Securities and any such market-making, if commenced, may be discontinued at any time at the sole discretion of the Sole Lead Manager and Bookrunner. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Securities. Even if an active trading market were to develop, the Securities could trade at prices that may be lower than the initial offering price. Future trading prices of the Securities will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- the Group's operating and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;

- changes in the Group's industry and competition; and
- general market, financial and economic conditions.

Ascott REIT may raise other capital which affects the price of the Securities

Ascott REIT may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which Ascott REIT may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on the final and effective Winding-Up of Ascott REIT or may increase the likelihood of a non-payment of Distributions under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Holders to sell their Securities.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) they are permitted to invest in the Securities, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital regulation or similar rules.

The Securities are structurally subordinated to any and all existing and future liabilities and obligations of Ascott REIT's Subsidiaries

Ascott REIT holds certain assets by way of shareholdings (direct and indirect) in its Subsidiaries. Both the timing and the ability of certain Subsidiaries to pay dividends may be constrained by applicable laws. In the event that Ascott REIT's Subsidiaries do not pay any dividends or do so irregularly, Ascott REIT's cash flows may be adversely affected. As a result of the holding company structure of Ascott REIT, the Securities are structurally subordinated to any and all existing and future liabilities and obligations of Ascott REIT's Subsidiaries, associated companies and joint ventures. Generally, claims of creditors, including trade creditors, and claims of preferred shareholders, if any, of such companies will have priority with respect to the assets and earnings of such companies over the claims of Ascott REIT and its creditors, including the holders of the Securities. The Securities will not be guaranteed.

Holders may be subject to Singapore taxation

The Singapore tax treatment of the Securities as described in the Section "Taxation" is subject to the agreement of the IRAS. An advance ruling application has been submitted to the IRAS to confirm the Singapore tax treatment of the Securities. The application is currently being reviewed by the IRAS. In the event that the IRAS regards the Securities to be an equity instrument for Singapore income tax purposes, consistent with the accounting treatment of the Securities under SFRS, all payments, or part thereof, of Distributions and Optional Distributions in respect of the Securities may be subject to Singapore income tax in the same manner as distributions on ordinary units of Ascott REIT, and Ascott REIT may be obliged (in certain circumstances) to withhold tax at the rate of 10.0% or 17.0% under Section 45G of the ITA. Where tax is withheld or deducted, the Issuer shall not be under any obligation to pay Additional Amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required under Condition 7 (*Taxation*) of the Securities. Holders are thus advised to consult their own professional advisers regarding the risk of payments on the Securities being subject to Singapore withholding tax.

In the event that the IRAS regards the Securities to be debt securities for Singapore income tax purposes, the Securities are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions. However, there is no assurance that such Securities will continue to enjoy the tax concessions granted to "qualifying debt securities" should the relevant tax laws be amended or revoked at any time or should Ascott REIT cease to fulfil the required conditions. For further details of the tax treatment of the Securities, see "Taxation".

U.S. Foreign Account Tax Compliance Withholding

In order to receive payments free of U.S. withholding tax under FATCA, Ascott REIT and the financial institutions through which payments on the Securities are made may be required to withhold at a rate of up to 30.0% on all, or a portion of, payments in respect of the Securities made after 31 December 2016. This withholding does not apply to payments on Securities that are issued prior to the date that is six months after the date on which the final regulations that define “foreign passthru payments” are published unless the Securities are “materially modified” (as that term is used in FATCA) after the end of the grandfathering period or are characterised as equity for U.S. federal income tax purposes. If a series of Securities are eligible for the grandfathering rule and Ascott REIT issues further Securities in such series after the end of the grandfathering period, this could have a negative impact on the grandfathered status of the grandfathered Securities unless such further issuance qualifies as a “qualified reopening” for U.S. federal income tax purposes. Whilst the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. Ascott REIT’s obligations under the Securities are discharged once it has paid CDP or the common depository for the clearing systems (as bearer or registered holder of the Securities) and Ascott REIT has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO ASCOTT REIT, THE SECURITIES AND THE HOLDERS OF THE SECURITIES IS UNCERTAIN AT THIS TIME. EACH HOLDER OF THE SECURITIES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCES.

USE OF PROCEEDS

The offering of the Securities is intended to raise gross proceeds of approximately S\$250.0 million and net proceeds of approximately S\$247.4 million, being the gross proceeds from the offering of the Securities less the estimated amount of underwriting commissions, fees and expenses in connection with the offering of the Securities.

The Manager intends to utilise the net proceeds of approximately S\$247.4 million from the offering of the Securities towards acquisition opportunities (as and when they may arise) or for any other purpose as the Manager may in its absolute discretion deem fit in the interest of Ascott REIT. Pending such deployment, the net proceeds of the offering of the Securities may also be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit. If there are no suitable acquisition opportunities, the net proceeds of the offering of the Securities may be used to reduce some of Ascott REIT's existing debt either in part or in full, by the Manager, at its absolute discretion, on or prior to its maturity.

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the consolidated capitalisation and indebtedness of the Group as at 31 March 2015. The information set out in this table has been extracted from and should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere and/or incorporated by reference in this Offering Circular.

	As at 31 March 2015
	(S\$'000)
Total short-term borrowings	427,767
Total long-term borrowings	1,128,790
Total borrowings⁽¹⁾	1,556,557
Total Unitholders' funds	2,089,970
Total capitalisation⁽²⁾	3,646,527

As at the Latest Practicable Date, there has been no material change in the capitalisation or indebtedness of the Group since 31 March 2015.

Notes:

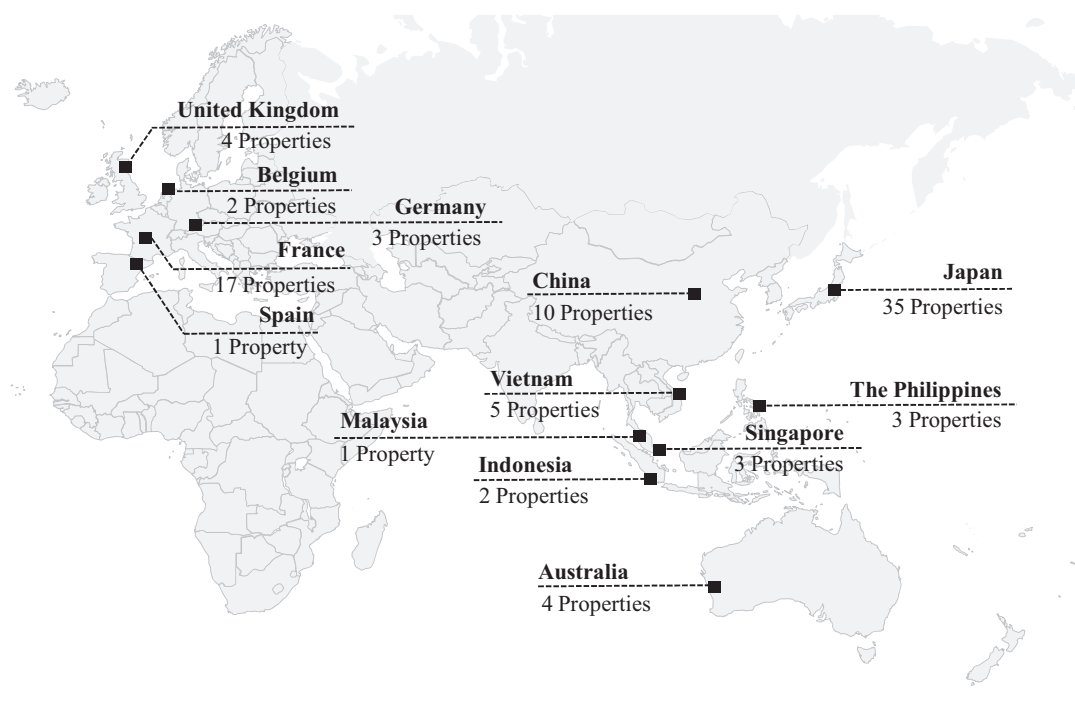
- (1) Net of unamortised fees and expenses incurred for debt raising exercises amounting to S\$8.6 million.
- (2) "Total capitalisation" is defined as borrowings and equity attributable to unitholders of Ascott REIT.

DESCRIPTION OF ASCOTT REIT

1. HISTORY AND BACKGROUND

Ascott REIT is a serviced residence REIT established with the objective of investing 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. Comprising an initial asset portfolio of 12 strategically located properties with 2,068 apartment units in five countries in the Pan-Asian Region, Ascott REIT was listed on the Main Board of the SGX-ST on 31 March 2006 with an initial asset size of approximately S\$856.0 million. As at the Latest Practicable Date, Ascott REIT's portfolio comprises 90 Properties with 10,500 Apartment Units⁽¹⁾ in 37 cities across 13 countries in Asia Pacific and Europe. As at the Latest Practicable Date, the market capitalisation of Ascott REIT is approximately S\$2.0 billion.

Geographical Diversification



The Manager is a direct wholly-owned subsidiary of the Sponsor (which is a wholly-owned subsidiary of CapitaLand Limited, one of the largest listed real estate companies in Asia). The Sponsor is the world's largest international serviced residence owner-operator with close to 40,000 units in over 250 properties in the Asia-Pacific, Europe and the Gulf regions. Headquartered in Singapore, the Sponsor pioneered Pan-Asia's first international-class serviced residence property in 1984. The Sponsor has extensive experience in the ownership and management of serviced residences as well as an established international network of relationships with developers and service providers. The Manager believes that Ascott REIT can leverage on the Sponsor's network to achieve its business objectives and provide Ascott REIT with access to the market and network of contacts in the serviced residence sector.

In 2014, awards won by properties in Ascott REIT's portfolio include:

- 'Best Serviced Residence in Asia-Pacific (1st)' (Business Traveller Asia-Pacific Awards 2014) for Ascott Raffles Place Singapore.

Note:

- (1) Number of Apartment Units excludes the Apartment Units which are expected to be contributed by the New Cairnhill Serviced Residence upon the completion of its construction.

- ‘World’s Leading Serviced Apartments’ (World Travel Awards 2014) for Ascott Raffles Place Singapore.
- ‘Leading Serviced Apartments’ (World Travel Awards 2014) for Ascott Jakarta, Ascott Makati, Ascott Raffles Place Singapore, Citadines Sainte-Catherine Brussels and Citadines Arnulfpark Munich.

In 2014 and YTD March 2015, Ascott REIT’s Properties have been awarded the following:

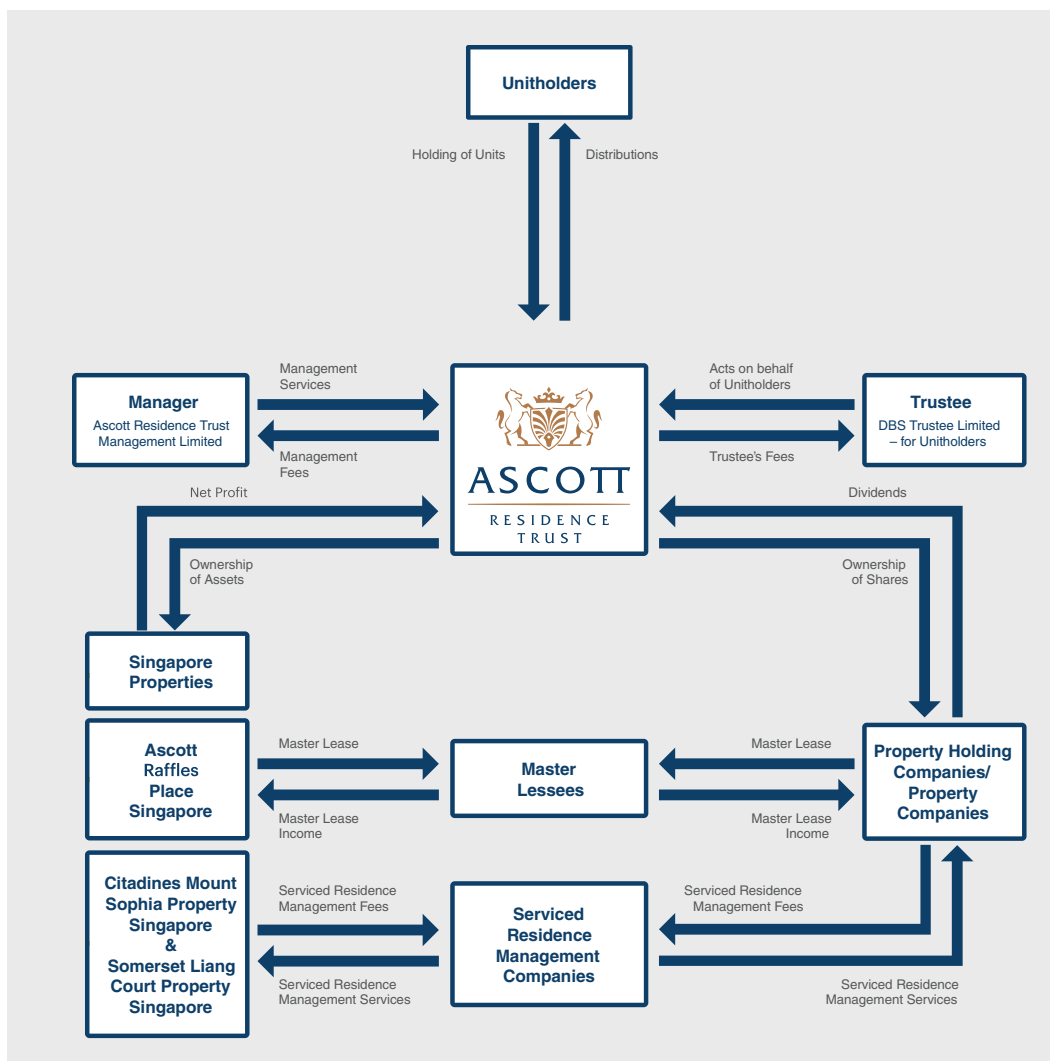
Country	Property	Award
Australia	Citadines St Georges Terrace Perth	<ul style="list-style-type: none"> • Deluxe Accommodation (Silver) at Perth Airport Western Australia Tourism Awards 2014
Belgium	Citadines Sainte-Catherine Brussels	<ul style="list-style-type: none"> • ‘Leading Serviced Apartment’ award at World Travel Awards 2014
China	Ascott Guangzhou	<ul style="list-style-type: none"> • TripAdvisor Certificate of Excellence 2014
	Somerset Heping Shenyang	<ul style="list-style-type: none"> • Ranked 24th in ‘Top 25 Bargain Hotels in China’, TripAdvisor Travellers’ Choice Award 2014 • TripAdvisor Certificate of Excellence 2014
France	Citadines Suites Louvre Paris	<ul style="list-style-type: none"> • Top 25 Luxury Hotels in France, TripAdvisor Travellers’ Choice Award 2015 • TripAdvisor Certificate of Excellence 2014
Germany	Citadines Arnulfpark Munich	<ul style="list-style-type: none"> • ‘Leading Serviced Apartment’ award at World Travel Awards 2014
Indonesia	Ascott Jakarta	<ul style="list-style-type: none"> • ‘Leading Serviced Apartment’ award at World Travel Awards 2014
Japan	Citadines Shinjuku Tokyo	<ul style="list-style-type: none"> • Ranked 11th in ‘Top 25 Hotels for Romance in Japan’, TripAdvisor Travellers’ Choice Award 2015 • Ranked 7th in ‘Top 25 Hotels for Romance in Japan’, TripAdvisor Travellers’ Choice Award 2014 • TripAdvisor Certificate of Excellence 2014
	Citadines Karasuma-Gojo Kyoto	<ul style="list-style-type: none"> • Ranked 17th in ‘Top 25 Hotels in Japan’, TripAdvisor Travellers’ Choice Award 2015 • Ranked 6th in ‘Top 25 Hotels for Romance in Japan’, TripAdvisor Travellers’ Choice Award 2015 • Ranked 6th in ‘Top 25 Hotels for Romance in Japan’, TripAdvisor Travellers’ Choice Award 2015 • Ranked 5th in ‘Top 25 Hotels for Romance in Japan’, TripAdvisor Travellers’ Choice Award 2014 • TripAdvisor Certificate of Excellence 2014

Country	Property	Award
Malaysia	Somerset Ampang Kuala Lumpur	<ul style="list-style-type: none"> • Ranked 21st in ‘Top 25 Hotels in Malaysia’, TripAdvisor Travellers’ Choice Awards 2015 • Ranked 19th in ‘Top 25 Hotels in Malaysia’, TripAdvisor Travellers’ Choice Awards 2014 • Best 3 Serviced Residence in Malaysia, Hospitality Asia Platinum Awards (HAPA) Malaysia Series 2012 – 2015 • TripAdvisor Certificate of Excellence 2014
The Philippines	Ascott Makati	<ul style="list-style-type: none"> • ‘Leading Serviced Apartment’ award at World Travel Awards 2014
Singapore	Ascott Raffles Place Singapore	<ul style="list-style-type: none"> • TripAdvisor Certificate of Excellence 2014 • ‘Best Serviced Residence in Asia-Pacific (1st)’ by Business Traveller Asia-Pacific Awards 2014 • ‘Leading Serviced Apartment’ award at World Travel Awards 2014
UK	Citadines Trafalgar Square London	<ul style="list-style-type: none"> • TripAdvisor Certificate of Excellence 2014
	Citadines South Kensington London	<ul style="list-style-type: none"> • TripAdvisor Certificate of Excellence 2014
Vietnam	Somerset Grand Hanoi	<ul style="list-style-type: none"> • Ranked 4th ‘Top Hotels for Families in Vietnam’, TripAdvisor Travellers’ Choice Awards 2015 • Ranked 3rd ‘Top 10 Hotels for Families in Vietnam’, TripAdvisor Travellers’ Choice Awards 2014 • TripAdvisor Certificate of Excellence 2014
	Somerset Ho Chi Minh City	<ul style="list-style-type: none"> • Ranked 7th ‘Top 10 Hotels for Families in Vietnam’, TripAdvisor Travellers’ Choice Awards 2015 • Ranked 9th ‘Top 10 Hotels for Families in Vietnam’, TripAdvisor Travellers’ Choice Awards 2014 • TripAdvisor Certificate of Excellence 2014
	Somerset Chancellor Court Ho Chi Minh City	<ul style="list-style-type: none"> • Certificate of Labour Medal 2014, 3rd class, Prime Minister, Socialist Republic of Vietnam • Flag for Excellence Collectives 2014, Chairman, Ho Chi Minh City’s People’s Committee • TripAdvisor Certificate of Excellence 2014

2. RATINGS

Ascott REIT was assigned a “Baa3” issuer rating by Moody’s on 13 April 2015, with the corporate family rating being withdrawn. The outlook for the rating is stable. Such rating action by Moody’s implies an improvement of Ascott REIT’s senior unsecured credit quality, which will now be equivalent to its issuer rating of “Baa3”.

3. STRUCTURE OF ASCOTT REIT



A. The Ascott REIT Trustee – DBS TRUSTEE LIMITED

The trustee of Ascott REIT is DBS Trustee Limited. The Ascott REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. The Ascott REIT Trustee has a paid-up share capital of S\$2,500,000 and has a place of business in Singapore at 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982. The Ascott REIT Trustee is a wholly-owned subsidiary of DBS Bank Ltd. The Ascott REIT Trustee was incorporated in 1975 and has been providing trustee services in Singapore for more than 20 years. The Ascott REIT Trustee acts as trustee for collective investment schemes and REITs. In addition, the Ascott REIT Trustee also acts as trustee for private trusts, employee share option schemes and debenture issues.

Powers, Duties and Obligations of the Ascott REIT Trustee

The Ascott REIT Trustee's powers, duties and obligations are set out in the Ascott REIT Trust Deed. The powers and duties of the Ascott REIT Trustee include:

- (a) acting as trustee of Ascott REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Ascott REIT with a related party of the Manager or Ascott REIT are conducted on normal commercial terms, are not prejudicial to the interests of Ascott REIT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- (b) holding the assets of Ascott REIT on trust for the benefit of the Unitholders in accordance with the Ascott REIT Trust Deed; and
- (c) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Ascott REIT.

The Ascott REIT Trustee has covenanted in the Ascott REIT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Unitholders.

In the exercise of its powers, the Ascott REIT Trustee may (on the recommendation of the Manager) and subject to the provisions of the Ascott REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Ascott REIT Trustee may, subject to the provisions of the Ascott REIT Trust Deed, appoint and engage:

- (a) a person or entity to exercise any of its powers or perform its obligations; and
- (b) any real estate agents or managers, including a related party of the Manager, in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Although the Ascott REIT Trustee may borrow money and obtain other financial accommodation for the purposes of Ascott REIT, both on a secured and an unsecured basis, the Manager must not direct the Ascott REIT Trustee to incur a liability if to do so would mean that the total liabilities of Ascott REIT exceed (i) 35.0% (or such other limit as may be permitted by the Property Funds Appendix or specifically permitted by the MAS) of the value of its Deposited Property immediately prior to such borrowing being affected or (ii) 60.0% (or such other limit as may be permitted by the Property Funds Appendix or specifically permitted by the MAS) of the value of its Deposited Property if a credit rating of Ascott REIT has been obtained and disclosed to the public, in accordance with the provisions of the Property Funds Appendix.

The Ascott REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Ascott REIT Trust Deed, the Listing Manual, the SFA, the CIS Code, the Tax Ruling and all other relevant laws. It is responsible for the safe custody of Ascott REIT's assets and must cause Ascott REIT's accounts to be audited. It can also appoint valuers to value the real estate assets and real estate-related assets of Ascott REIT.

The Ascott REIT Trustee is not personally liable to a Unitholder in connection with the office of the Ascott REIT Trustee provided that it has acted in good faith and without fraud, gross negligence, wilful default, breach of trust or breach of the Ascott REIT Trust Deed. Any liability incurred and any indemnity to be given by the Ascott REIT Trustee shall be limited to the assets of Ascott REIT over which the Ascott REIT Trustee has recourse, provided that the Ascott REIT Trustee has acted in good faith and without fraud, gross negligence, wilful default, breach of trust or breach of the Ascott REIT Trust Deed. The Ascott REIT Trust Deed contains certain indemnities in favour of the Ascott REIT Trustee under which it will be indemnified out of the assets of Ascott REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to applicable laws.

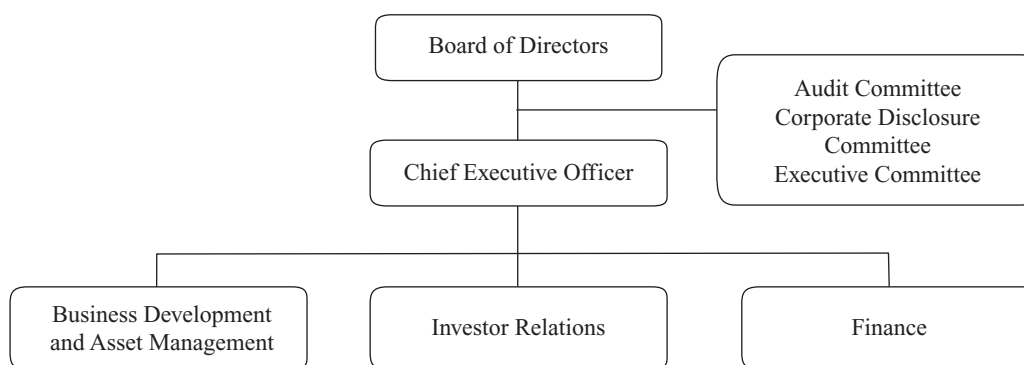
Retirement and Replacement of the Ascott REIT Trustee

The Ascott REIT Trustee may retire or be replaced under the following circumstances:

- (a) The Ascott REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Ascott REIT Trust Deed).

- (b) The Ascott REIT Trustee may be removed by notice in writing to the Ascott REIT Trustee by the Manager:
- (i) if the Ascott REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Ascott REIT Trustee;
 - (ii) if the Ascott REIT Trustee ceases to carry on business;
 - (iii) if the Ascott REIT Trustee fails or neglects after 30 days' written notice from the Manager to carry out or satisfy any material obligation imposed on the Ascott REIT Trustee by the Ascott REIT Trust Deed;
 - (iv) if the Unitholders by extraordinary resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the Ascott REIT Trust Deed, and of which not less than 21 days' notice has been given to the Ascott REIT Trustee and the Manager, shall so decide; or
 - (v) if the MAS directs that the Ascott REIT Trustee be removed.

B. The Manager – ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED



The Manager was incorporated in Singapore under the Companies Act on 22 November 2005 under the name “ART Management Pte. Ltd.” and thereafter changed its name to “ART Management Limited” in connection with its conversion into a public limited company. The Manager subsequently changed its name to “Ascott Residence Trust Management Limited” on 20 January 2006. The Manager is a wholly-owned subsidiary of the Sponsor. The Manager has a paid-up capital of S\$1,000,000 and its registered office is located at 168 Robinson Road #30-01 Capital Tower, Singapore 068912.

Roles and Responsibilities of the Manager

The Manager has general power of management over the assets of Ascott REIT. The Manager’s main responsibility is to manage Ascott REIT’s assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of Ascott REIT and provide recommendations to the Ascott REIT Trustee on the acquisition, divestment or enhancement of assets of Ascott REIT in accordance with Ascott REIT’s stated investment strategy.

Generally, the Manager will provide the following services to Ascott REIT:

- Investment strategy: Formulate and execute Ascott REIT’s investment strategy, including determining the location and other characteristics of Ascott REIT’s property portfolio.
- Acquisitions and sales: Make recommendations to the Ascott REIT Trustee on the acquisition and sale of properties.

- Planning and reporting: Make periodic property plans, including budgets and reports, relating to the performance of Ascott REIT's properties.
- Financing: Formulate plans for equity and debt financing for Ascott REIT's property acquisitions, distribution payments, expense payments and capital expenditure payments.
- Administrative and advisory services: Perform day-to-day administrative services as Ascott REIT's representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened.
- Investor relations: Communicate and liaise with Unitholders and investors, including responding to Unitholders' enquiries.
- Compliance management: Make all regulatory filings on behalf of Ascott REIT, and ensure that Ascott REIT is in compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the Ascott REIT Trust Deed, the Tax Ruling and all relevant contracts.
- Accounting records: Maintain accounting records and prepare or cause to be prepared accounts and annual reports.

Retirement and Removal of the Manager

The Manager shall have the power to retire in favour of a corporation approved by the Ascott REIT Trustee to act as the manager of Ascott REIT.

The Manager may be removed by notice given in writing by the Ascott REIT Trustee if:

- (a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Ascott REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;
- (b) the Manager ceases to carry on business;
- (c) the Manager fails or neglects after 30 days' written notice from the Ascott REIT Trustee to carry out or satisfy any material obligation imposed on the Manager by the Ascott REIT Trust Deed;
- (d) the Unitholders, by a resolution duly passed by a simple majority of Unitholders present and voting at a Unitholders' meeting duly convened and held in accordance with the provisions of the Ascott REIT Trust Deed, with no Unitholder being disenfranchised, shall so decide;
- (e) if the Ascott REIT Trustee is of the opinion, and so states in writing such opinion and the reason therefore, that the Manager has, to the prejudice of Unitholders, failed to comply with any provision of the Ascott REIT Trust Deed, and summons a meeting of Unitholders pursuant to Section 295 of the SFA, and if at such a meeting the Unitholders by extraordinary resolution determine to remove the Manager; or
- (f) the MAS directs the Ascott REIT Trustee to remove the Manager.

The Board of Directors of the Manager

Information on the business and working experience of each of the Directors on the Board is set out in the section entitled "*Management*".

C. The SR Management Companies

The Properties (as set out in the table below) are managed by the SR Management Companies, which are subsidiaries of the Sponsor, pursuant to the SR Management Agreements.

The SR Management Companies of the respective Properties are set out in the table below:

Property	SR Management Companies
Australia	
Citadines St Georges Terrace Perth	Ascott International Management (Australia) Pty Ltd
Belgium	
Citadines Sainte-Catherine Brussels	Citadines SA
Citadines Toison d'Or Brussels	Citadines SA
China	
Ascott Guangzhou	APMS
Citadines Biyun Shanghai	APMS
Citadines Gaoxin Xi'an	APMS
Citadines Xinghai Suzhou	APMS
Citadines Zhuankou Wuhan	APMS
Somerset Grand Central Dalian	APMB
Somerset Grand Fortune Garden Property Beijing	APMB
Somerset Heping Shenyang	APMB
Somerset Olympic Tower Property Tianjin	APMB
Somerset Xu Hui Shanghai	APMS
Indonesia	
Ascott Jakarta	PT Ascott International
Somerset Grand Citra Jakarta	PT Ascott International
Japan	
Citadines Central Shinjuku Tokyo	AIM Japan
Citadines Karasuma-Gojo Kyoto	AIM Japan
Citadines Shinjuku Tokyo	AIM Japan
Somerset Azabu East Tokyo	AIM Japan
Properties held under Japan Rental Housing Properties	AIM Japan+
Malaysia	
Somerset Ampang Kuala Lumpur	Ascott International Management (Malaysia) Sdn. Bhd.
Philippines	
Ascott Makati	Scotts Philippines
Somerset Millennium Makati	Scotts Philippines
Singapore	
Citadines Mount Sophia Property Singapore	AIM
Somerset Liang Court Property Singapore	AIM
Spain	
Citadines Ramblas Barcelona	Aparthotel Citadines SA
UK	
Citadines Barbican London	Soderetour UK
Citadines Holborn-Covent Garden London	Soderetour UK
Citadines South Kensington London	Soderetour UK
Citadines Trafalgar Square London	Soderetour UK

Property	SR Management Companies
Vietnam	
Somerset Chancellor Court Ho Chi Minh City	AIMV
Somerset Grand Hanoi	AIMV
Somerset Hoa Binh Hanoi	AIMV
Somerset Ho Chi Minh City	AIMV
Somerset West Lake Hanoi	AIMV

Notes:

- +
- Scope of services provided is limited to (a), (d) and (g) below only. Pursuant to the relevant SR Management Agreements, each of the SR Management Companies was appointed to operate, maintain, manage and market the serviced apartment units in the Properties. AIM and/or its affiliates (which includes the SR Management Companies), have also been granted a right of first refusal by Ascott REIT to provide serviced residence management services in relation to new properties acquired by Ascott REIT from the Sponsor on terms to be mutually agreed upon. Seven out of Ascott REIT's 90 Properties (namely, UK, Belgium and Spain) are on SR Management Agreements that provide minimum guaranteed income. The SR Management Companies will provide lease/licence management, marketing and serviced residence management services for the Properties. In particular, the SR Management Companies have each undertaken to provide the following services for the Properties:
- (a) preparation of the annual business plans of the Properties including annual budget and marketing strategy;
 - (b) planning, preparation of, contracting for and execution of advertising and promotion programmes for the Properties;
 - (c) recruitment, training and supervision of all personnel required to properly operate, manage, market and maintain the Properties;
 - (d) supervision, direction and control of the licensing and letting of any part of the Properties (including, without limitation, engaging external marketing and/or sales agents);
 - (e) negotiation of new or renewed lease/licence agreements;
 - (f) assistance in the design and selection of equipment used in connection with communications and data processing systems for the Properties; and
 - (g) generally, the performance, supervision, direction and/or control of all acts reasonably necessary in connection with the operation, management, promotion and marketing and maintenance and repair of the Properties in an efficient and proper manner, including, but not limited to, the making of all payments and disbursements.

D. The Master Leases

30 out of Ascott REIT's 90 Properties are on Master Leases with the Master Lessees.

As at the Latest Practicable Date, certain Master Leases had remaining terms of between two years and 15 years. In addition, some of the Master Leases provide for annual rental revisions pegged to indices representing construction cost, inflation or commercial rental prices according to market practice. Accordingly, the rental revisions may be adjusted upwards or downwards depending on the above factors.

The Master Lessees pay fixed net rental per annum to Ascott REIT. The Master Leases in Europe are subject to annual rental revisions pegged to indices representing constructions cost, inflation or commercial rental prices. The Master Leases in Australia are subject to fixed indexation per annum until the next market review. As at the Latest Practicable Date, these Master Leases in Europe and Australia have an average weighted remaining tenure of about four years.

This will enable Ascott REIT to enjoy greater income stability through Master Leases in respect of the 17 France Properties, the three Germany Properties, one Property in Singapore, six of the Japan Rental Housing Properties and the three Greater Sydney Quest Properties.

4. GROWTH STRATEGIES

Ascott REIT's principal investment strategy 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 in any country in the world.

Any investment made must be aligned to Ascott REIT's acquisition criteria after taking into account other relevant factors such as regulatory, commercial and political factors. Investments may be by way of direct property ownership or through the ownership of legal entities that own these properties.

The Manager aims to deliver stable and growing distributions to Unitholders through the following strategies:

- Active asset management
- Growth by acquisition
- Capital and risk management
- Active Asset Management

The Manager creates value for stakeholders of Ascott REIT by maximising the operating yield of Ascott REIT's property portfolio and by focusing on the operational performance of each Property.

As part of the Manager's focused and profit-oriented approach, the Manager benchmarks the operating results of each Property against market performance and against its previous year's results and planned budgets. The Manager also conducts detailed reviews of Properties that are not achieving their targets, and works closely with the SR Management Companies to develop action plans to improve the operating performance of each of these Properties.

The Manager has in place robust asset management programmes that enable it to actively manage each of the Properties to generate organic growth and strengthen existing relationships with key customers. Through the SR Management Companies, the Manager seeks to optimise occupancy levels and ADR, and maximise REVPAU. As at 31 March 2015, approximately 80.0% of Ascott REIT's serviced residence properties have undergone, or are undergoing, AEI.

The Manager closely monitors the growth potential of each Property and divests Properties that have reached their maximum potential or whose growth prospects are limited by changes in the operating environment.

In 2010, Ascott REIT made its first divestments since its initial listing. The divestment of Ascott Beijing and Country Woods Jakarta unlocked the value of the properties at 66.0% and 60.0% above each property's valuation respectively. The proceeds from the divestments were used to partly fund the yield accretive acquisitions of Citadines Mount Sophia Property Singapore, Somerset Hoa Binh Hanoi as well as 26 European properties in France, UK, Germany, Belgium and Spain. In September 2012, Ascott REIT completed the divestment of Somerset Grand Cairnhill Singapore at 32.0% above the property's valuation. The proceeds from the divestment were deployed into yield accretive acquisitions of Ascott Raffles Place Singapore and Ascott Guangzhou. In October 2013, Ascott REIT announced that it had commenced a strata sale for the divestment of 81 units in Somerset Grand Fortune Garden Property Beijing. As at 31 March 2015, Ascott REIT has successfully sold six units to individual buyers while sales for the remaining 75 units are currently ongoing. The divestment will enable Ascott REIT to unlock the underlying value of its units in Somerset Grand Fortune Garden Property Beijing and reconstitute its portfolio.

Develop yield management and marketing strategies to maximise REVPAU

The profitability of Ascott REIT's portfolio depends primarily on the maximisation of REVPAU. Therefore, the Manager's yield management and marketing strategies are focused on:

- assessing and adjusting apartment rental rates based on occupancy levels and demand; and
- determining the appropriate balance between higher yielding short-stay guests and stability of revenue from long-stay guests.

The Manager works closely with the SR Management Companies to establish and develop relationships with global key accounts, and leverage on the Sponsor's wider networks to improve Ascott REIT's revenue and profitability. The Sponsor enjoys strong brand equity through a series of marketing initiatives across different platforms. Following the enhancements to the Ascott, Citadines and Somerset brand portals, the

Sponsor has introduced new features to the existing corporate booking engine to enhance user experience for contracted corporate clients and travel agents by providing them with easier online access to Ascott REIT properties worldwide.

The Sponsor had continued to strengthen its communication efforts with key accounts and preferred partners to improve revenue and profitability. In 2014, its 30th anniversary global promotion generated positive results for the SR Management Companies and has also created significant brand awareness.

The Sponsor has also taken further steps to build a strong online community through attractive provisions for its online members. Aside from enjoying a 10.0% discount off the Sponsor's best flexible rates all year round, Ascott online members are now entitled to additional benefits such as early check-in, late check-out and complimentary upgrades at participating serviced residences when they make their bookings through the official websites of Ascott The Residence, Citadines Apart'hotel and Somerset Serviced Residence.

The Facebook pages for Ascott The Residence, Citadines Apart'hotel and Somerset Serviced Residence have drawn over 80,000 fans as of December 2014. In addition, the Sponsor has expanded its social media presence with the launch of Pinterest, Instagram as well as WeChat to reach out to more customers. Guests can now make use of the above-mentioned social networking platforms, as well as Twitter, YouTube, Flickr and Weibo to stay updated on the latest news, promotions and opening specials.

The Sponsor's Global Distribution System (GDS) chain code "AZ" continues to enable travel management companies and travel agents access rates and room availability more efficiently. Furthermore, the Sponsor has global promotional partnerships with Citibank and other credit card partners in the form of discounts for cardholders. Separately, residents who are Asia Miles members or Singapore Airlines' KrisFlyer members can earn mileage for their stays at participating residences. Ascott also partners with CapitaMalls Asia Limited to provide CapitaCard members discounts and privileges when they book and stay at Ascott REIT's serviced residences.

In addition, the Sponsor recognises that technology innovation is paramount in the face of changing consumer behaviour today. In July 2014, the Sponsor established an Innovation Department to formalise and drive concerted innovation efforts on creating an innovative organisation culture and formalising a digital strategy, amongst other initiatives to capitalise on technology to improve product and service quality.

Improve operating efficiencies and economies of scale

To minimise direct expenses and increase gross profit margin without compromising on the quality of services, the Manager, together with the SR Management Companies, have identified several areas for cost management. These include:

- direct marketing to tenants to reduce commission expenses;
- centralisation of key functions such as finance and procurement for Properties located within the same city or region; and
- bulk purchases by leveraging on the Sponsor's global portfolio to achieve economies of scale.

Create real estate value and maintain quality of portfolio

The Manager continuously strives to enhance Ascott REIT's assets through planned periodic upgrading, refurbishment and reconfiguration of the Properties in order to achieve a higher level of guest satisfaction as well as to improve the Properties' performance and competitiveness. The improvement in performance is expected to translate into higher real estate value.

Unlocking values

As part of its strategy to reconstitute Ascott REIT's portfolio, the Manager monitors closely and evaluates the Properties to ascertain if any of them may have reached the optimal stage of their life cycle and should

be divested so as to unlock the value of these Properties. The proceeds from the divestment can be then redeployed for other purposes, including investing in higher yielding assets.

A. Growth by Acquisition

As part of its value creation strategy, Ascott REIT explores investment opportunities globally to enhance the quality of its portfolio.

Ascott REIT's primary investment focus is on serviced residences, particularly in countries where it has an established presence. Rental housing is also an integral part of Ascott REIT's extended stay accommodation market, particularly in more stable economies.

To expand Ascott REIT's portfolio and maintain its geographical diversification across growth markets as well as stable economies, the Manager's acquisition strategies are as follows:

Acquisition of assets owned wholly or in part by the Sponsor

Ascott REIT has been granted a right of first refusal in respect of, *inter alia*, the future sale by any Sponsor entity of properties that are used or predominantly used as serviced residences or rental housing properties in the Pan-Asian Region and Europe.

The Sponsor supports Ascott REIT's acquisition strategy through acquiring, retaining and enhancing assets with good income and growth potential, with the view of subsequently divesting the assets to Ascott REIT at the appropriate time.

Acquisition of the Sponsor's properties under development

A number of the Sponsor's properties are currently under development. Upon completion, they offer a pipeline of potential targets for acquisition by Ascott REIT.

Acquisition of assets currently managed and/or leased but not owned by the Sponsor

In addition to managing Ascott REIT's portfolio, the Sponsor also operates and/or manages serviced residences owned by third parties. These assets are complementary to Ascott REIT's current portfolio. Ascott REIT will leverage on the Sponsor's knowledge and relationships with the owners of these properties to acquire these assets should such opportunities become available.

Acquisition of suitable assets from third party owners not managed and/or leased by the Sponsor

Ascott REIT also acquires quality assets from third party owners. Such opportunities arise from:

- divestment of income-producing assets by third party owners in need of capital for new business expansion or investments;
- divestment of assets by owners under financial stress; and
- acquisition of well-located but underperforming assets with the potential for rebranding or asset enhancements for higher returns.

Acquisition criteria

In evaluating acquisition opportunities, Ascott REIT adopts the following criteria:

Yield thresholds

Ascott REIT acquires properties or makes investments with yields that are currently, or have the potential to be, above their cost of capital. Its acquisitions are expected to enhance returns to Unitholders.

Locations

Ascott REIT assesses properties in terms of their micromarket locations as well as their accessibility to major roads, public transportation and proximity to amenities such as entertainment and food and beverage outlets.

Local market characteristics

Ascott REIT acquires properties in markets with positive macroeconomic indicators such as strong economic growth and expanding cross-border business investments and trade. Key considerations are the levels of foreign direct investment, business travel (including intra-country business travel), expatriate population and the resulting demand for serviced residences or rental housing properties.

Value-creation opportunities

Ascott REIT acquires properties with potential for increase in occupancy rates and/or ADRs. The potential for value creation through asset enhancement initiatives such as upgrading, refurbishment and reconfiguration is also assessed.

Building and facilities specifications including the operator of the serviced residences

Ascott REIT acquires properties that comply with approved building specifications and legal and zoning regulations, with due consideration to the size and age of the buildings.

Operator of the serviced residences or rental housing properties

Before a serviced residence or rental housing property is considered for acquisition, the operator must possess a track record in delivering stable cash flows and operations, or demonstrate the potential for achieving stable cash flows.

B. Capital and Risk Management

Ascott REIT optimises its capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix. Either debt or equity or a combination of both is used to fund future acquisitions and asset enhancement projects.

Additionally, Ascott REIT optimises asset yields and provides stable and sustainable Unitholders' returns while maintaining flexibility for future capital expenditure or yield-accretive acquisitions. The Manager's objectives for capital and risk management are as follows:

Maintain strong balance sheet by adopting and maintaining a target gearing range

Ascott REIT maintains its gearing at a comfortable range, well within the borrowing limits allowed under the Property Funds Appendix. Ascott REIT balances the cost of capital and returns to Unitholders by achieving the right combination of debt and equity.

The Property Funds Appendix also provides that the aggregate leverage of a REIT may exceed 35.0% of its deposited property so long as it obtains and discloses a credit rating from Moody's, Fitch or S&P (subject to a cap of 60.0% of its deposited property). Ascott REIT has been assigned a "Baa3" issuer rating by Moody's.

As at 31 March 2015, Ascott REIT's outstanding borrowings (excluding interest) were approximately S\$1,565.2 million, including both bank loans and the outstanding medium term notes issued under its existing medium term note programme. As at 31 March 2015, Ascott REIT's gearing was 38.7%, well within the 60.0% gearing limit allowed by the MAS under the Property Funds Appendix for property trusts in Singapore with a credit rating. For the three-month period ended 31 March 2015, Ascott REIT's interest cover ratio was 3.7 times.

Secure diversified funding sources from both financial institutions and capital markets to seize market opportunities

To finance future acquisitions and refurbishments of properties, Ascott REIT taps into diversified funding sources. This includes bank borrowings and access to debt capital markets through the issuance of bonds and notes, and the issuance of perpetual securities, an alternative form of equity. In August 2014, Ascott REIT tapped the debt capital market by issuing a six-year JPY7.0 billion (approximately S\$77.3 million) fixed rate notes at 1.654% per annum. For the first time ever, the Group successfully issued a ten-year Euro-denominated bond through the issuance of EUR80.0 million (approximately S\$129.6 million) fixed rate notes at 2.75% per annum in December 2014. Furthermore, Ascott REIT made its maiden issuance of S\$150.0 million 5.00% perpetual securities in October 2014.

The Manager also seizes opportunities to raise additional equity capital through the issuance of Units, if there is an appropriate use for such proceeds.

Adopt a proactive interest rate management strategy

The Manager adopts a proactive interest rate management policy by maintaining a target percentage of fixed versus floating interest rates. The Manager also manages risks associated with changes in interest rates on loan facilities while keeping Ascott REIT's ongoing cost of debt competitive.

Ascott REIT's interest rate exposure is managed through the use of interest rate swaps, interest rate caps and fixed rate borrowings. As at 31 March 2015, S\$1,240.4 million or 80.0% of the Group's borrowings are on fixed interest rates with S\$356.3 million due for refinancing in the next 12 months, in line with the maturity dates of the underlying loans.

Manage exposure to foreign exchange fluctuations

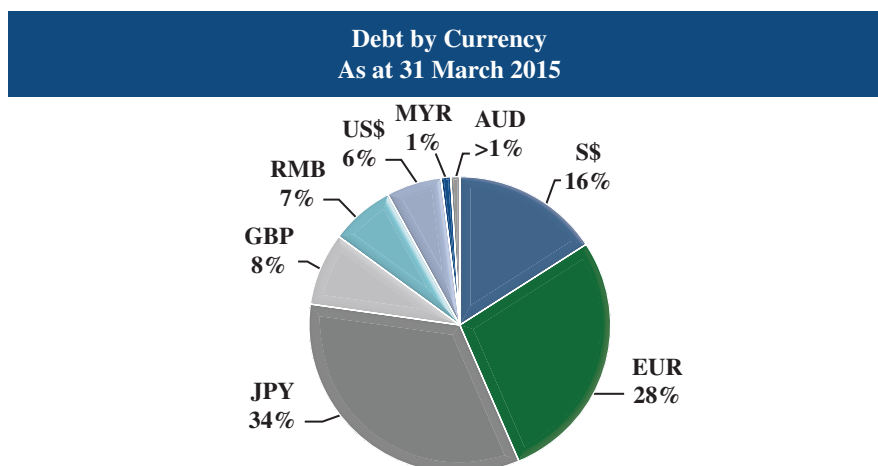
Due to the geographic diversity of Ascott REIT's portfolio, cash flows generated by its assets as well as their capital values are subject to foreign exchange movements.

In managing the currency risks associated with cash flows generated by these assets, the Manager actively monitors foreign exchange rates and enters into hedges, where appropriate.

In view of the volatility for certain currencies, the Manager has also taken a proactive approach in 2015 to enter into forward foreign currency contracts to hedge part of its Unitholders' distribution in British Pound, Euro and Japanese Yen. On a portfolio basis, approximately 42.0% of the estimated foreign currency distribution income for the year ending 31 December 2015 had been hedged.

Currency	Gross Profit Contribution YTD March 2015	Exchange Rate Movement From 31 December 2014 to 31 March 2015
S\$	10.2%	—
Euro	25.0%	-0.1%
JPY	18.5%	2.5%
Vietnamese Dong	12.3%	3.3%
GBP	10.7%	1.0%
RMB	7.4%	2.8%
Philippine Peso	6.2%	4.8%
AUD	5.1%	-1.2%
US\$	3.5%	3.5%
MYR	1.1%	-4.7%
Total	100.0%	1.5%

In managing the currency risks associated with the capital values of the overseas assets, Ascott REIT's borrowings are made in the same currency as the underlying asset as a natural hedging strategy to the extent possible.



Perform rigorous credit risk management

The Manager establishes credit limits for customers and monitors their balances on an ongoing basis. For bookings by individuals, payments are usually made upfront and arrears are checked against lease deposits to minimise losses. Corporate bookings are generally given more credit days and the Manager adopts a strict policy of withdrawing credit terms when payments are outstanding so as to minimise bad debts.

Ensure sufficient cash flows to minimise liquidity risk

The Manager's approach to managing liquidity is to ensure as far as possible that Ascott REIT has sufficient liquidity to meet its liabilities when they mature, under both normal and stressed conditions.

In addition to credit facilities, Ascott REIT has a S\$1 billion Multicurrency Medium Term Note Programme, which was established in 2009. Ascott REIT had also established a US\$2 billion Euro-Medium Term Note Programme in 2011.

Prepare for market uncertainties

The objective of market risk management is to manage and control market risk exposures while optimising returns. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

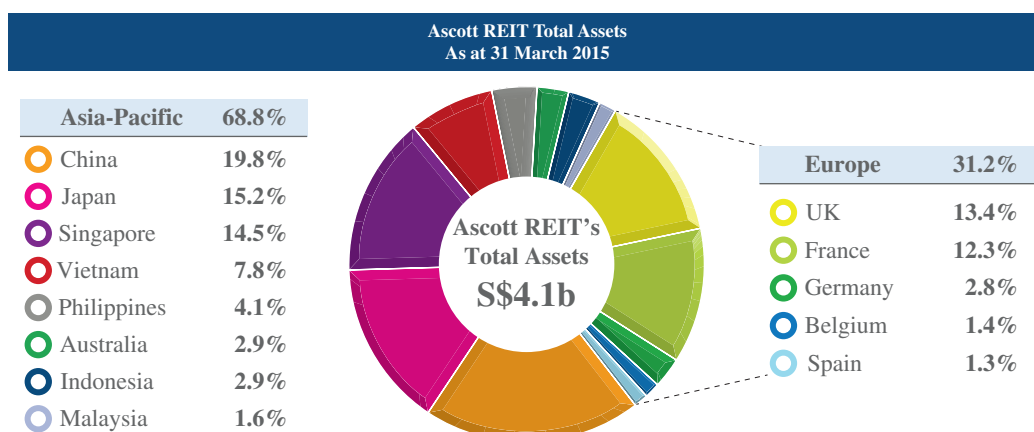
5. COMPETITIVE STRENGTHS

The Manager is of the opinion that the competitive strengths of Ascott REIT are as follows:

A. Geographical Diversification

With serviced residences and rental housing properties located in eight countries in the Pan-Asian Region and five countries in Europe, Ascott REIT is the most geographically diversified Singapore-listed REIT. Overall, Ascott REIT's portfolio provides income stability as there is limited reliance on any particular market and provides diversification across economic and property cycles and income stability.

Geographical diversification by asset value as at 31 March 2015



B. Strategic Location

Ascott REIT's 59 serviced residences and 31 rental housing properties in Europe and the Pan-Asian Region are conveniently located within or in close proximity to central business districts in 37 cities across France, UK, Germany, Belgium, Spain, Australia, China, Indonesia, Japan, the Philippines, Singapore, Malaysia and Vietnam.

The Properties are generally located in major global cities and important regional cities which experience high volume of business and leisure travellers. Each Property is located close to the city centre, tourist attractions or facilities for meetings, incentives, conferences and exhibitions. For example, the France Properties in Paris are located in prime areas of the city near famous landmarks such as the Louvre, the Eiffel Tower, Notre Dame and the Seine River. One of the France Properties is located in Cannes, well known for its annual International Film Festival and is a popular holiday destination. Similarly in London, the UK Properties are located either near business districts or tourist destinations such as Trafalgar Square and the Victorian district of South Kensington. Most of the Properties are also well-served by public transportation and are within walking distance of amenities such as restaurants and supermarkets. The Properties in Asia are also very strategically located, one of which is Somerset Azabu East Tokyo, conveniently located in the Minatoku district, with three subway stations close by providing easy access to the entire city of Tokyo. It is also within walking distance to the Tokyo Tower and the Roppongi entertainment and shopping district. Furthermore, some of the Properties are located in high growth potential cities where there is a limited supply of international-class serviced residences. For example, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an are located in the economic development zones in Wuhan and Xi'an respectively to cater to the rising number of expatriates and business travellers, especially those working in multinational companies based in the development zones.

C. Strong Brand Recognition

Ascott REIT's serviced residences and rental housing properties are managed by the Sponsor, the world's largest international serviced residence owner-operator with more than 30-year industry track record and brand that enjoys worldwide recognition.

Four of Ascott REIT's serviced residences are managed under the Ascott brand, 15 are managed under the Somerset brand and 35 are operated under the Citadines brand. The Sponsor's premier Ascott-branded properties offer top business executives discreet services in an exclusive environment. Citadines provides independent travellers with the flexibility to choose the services they require so they can customise their stay experience. Somerset serviced residences are ideal for executives and their families looking for work/life balance and they offer more recreational facilities such as playgrounds, indoor playrooms and children's swimming pools. All serviced residences are managed by SR Management Companies, with the exception of Madison Hamburg, Quest Sydney Olympic Park, Quest Mascot and Quest Campbelltown, which are managed by third-party operators in their respective brands. The 31 rental housing properties in Japan which Ascott REIT owns are managed under a mixture of local rental housing brands.

As a testament to its quality accommodation and services, the Sponsor and its Properties have been awarded with various excellence awards. Please refer to pages 59 to 61 for the list of awards won by properties in Ascott REIT's portfolio in 2014 and YTD March 2015.

Due to the Sponsor's strong brand reputation and management excellence, Ascott REIT's Properties are recognised globally and are a desired choice of accommodation for business travellers seeking accommodation for extended stays.

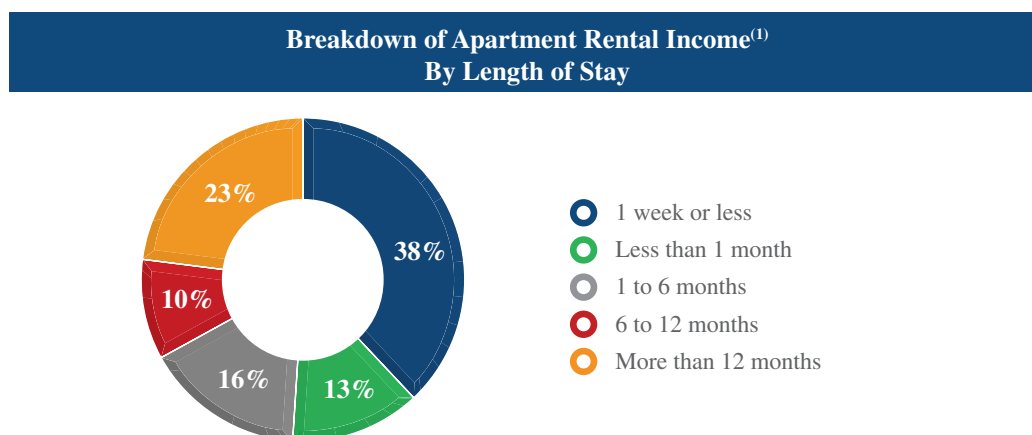
D. Operational Synergies with the Sponsor

The Sponsor operates on a large scale in Asia and Europe and this enhances its ability to attract talent, develop management systems and achieve economies of scale not available to some of its competitors. All owners of properties managed by the Sponsor, including Ascott REIT, benefit from a full range of corporate services such as human resources, corporate sales and marketing, corporate advertising, central reservations system, global sales network, centralised purchasing, building system maintenance and financial administration which are not available to independent owners.

Through its synergistic partnership with the Sponsor, Ascott REIT will be able to further leverage on the Sponsor's competitive advantages in the market through the Sponsor's ability to develop, invest in, operate and manage serviced residences and rental housing properties.

E. Stability of Income

Ascott REIT enjoys stability of income through its extended-stay business model. Ascott REIT's guest base comprises mainly expatriates' relocation, corporate assignments, project groups and extended-stay. Corporate travel, which is driven by long-term macroeconomic factors such as Gross Domestic Product growth and Foreign Direct Investment, is generally more stable than the seasonal nature of tourism travel. Ascott REIT's flexible business model provides short to long-term accommodation. For the quarter ended 31 March 2015, the average length of stay of its Properties on SR Management Agreements is approximately 4 months for the quarter ended 31 March 2015, while the leases of rental housing properties average one to two years.



Note:

(1) Apartment rental income for YTD March 2015; Information for Properties on master leases are not included.

Ascott REIT also enjoys income stability through the Master Leases from the France, Germany, Australia, Japan and Singapore Properties, and the SR Management Agreements that provide minimum guaranteed income from UK, Belgium and Spain. The proportion of gross profit from Properties on Master Leases and Properties on management contracts with minimum income guarantee for YTD March 2015 was 48.0%, providing Ascott REIT with a very stable base of income. Ascott REIT will continue to enjoy this enhanced income stability over an extended period as both the Master Leases and the SR Management Agreements with minimum guaranteed income have average weighted remaining tenures of approximately four years.

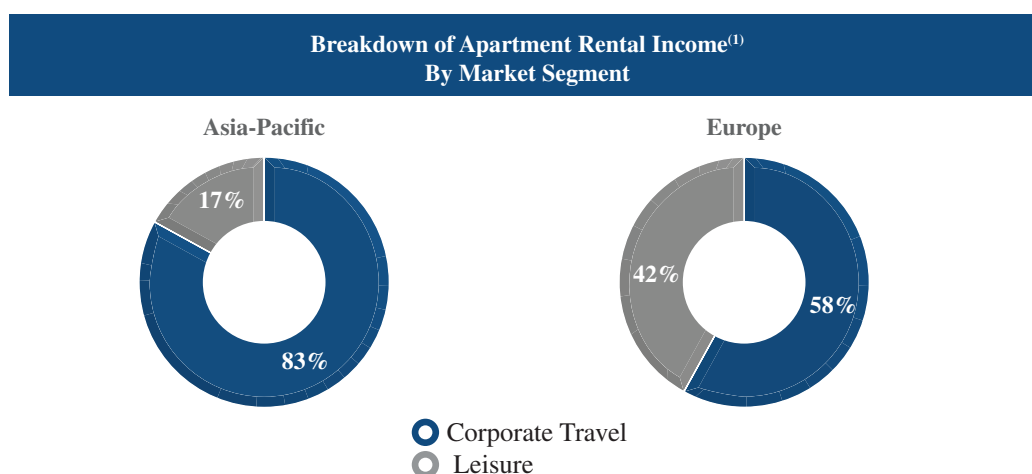
F. Strong Acquisition Track Record

As part of its growth strategy, Ascott REIT continually explores investment opportunities globally to enhance the quality of its portfolio and to maintain its geographical diversification across growth markets as well as stable economies. Over the years, Ascott REIT has demonstrated a strong acquisition track record, having made acquisitions of 82 properties totalling more than S\$3.1 billion in property value since its listing in 2006. Through these acquisitions, Ascott REIT's asset size has more than quadrupled since its initial listing's asset size of S\$856.0 million, representing a compounded annual growth rate for FY2006 to FY2014 of 18.1%. In 2014 alone, Ascott REIT has announced nine acquisitions with an aggregate property value of S\$559.1 million.

G. Strong Guest Base

By offering a combination of serviced residence and rental housing units, Ascott REIT is also able to cater to a wide range of budgets and customer needs. Various apartment sizes are available to guests as the portfolio comprises studio, one-bedroom to three-bedroom and penthouse apartment units.

Ascott REIT's guest base comprises expatriate families, business travellers, corporate executives drawn from prominent domestic and international corporations, a wide range of industry sectors and government bodies. This limits Ascott REIT's reliance on any particular industry or group of clients which provides relative stability to the earnings of Ascott REIT's portfolio.



Note:

(1) Portfolio information relates to Properties on management contracts and rental housing properties only. Information for Properties on Master Leases is not included.

H. Potential Capital Value Upside

Serviced residences may be converted to residential units at a lower cost than hotels and office buildings due to the kitchens and other amenities built into most serviced residence units. This means that, subject to applicable regulations, a serviced residence owner has the option to continue to own such units or, if residential values are sufficiently attractive, to strata-title and sell the units or sell the property to a residential developer who may on-sell the units as private residences.

I. Managed by an Experienced and Professional Management Team

The Manager has experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and Ascott REIT.

Information on the business and working experience of the management team of the Manager is set out below:

Mr (TA) Tay Boon Hwee

Chief Executive Officer and Executive Director

Please refer to page 86 under the heading “Mr (TA) Tay Boon Hwee”.

Mr Gerald Yong

Head of Business Development and Asset Management

Mr Gerald Yong heads the business development and asset management functions at Ascott REIT, and is responsible for overseeing all business development activities including investments, divestments and portfolio management. He is also concurrently the Chief Investment Officer at The Ascott Limited.

Prior to this portfolio, Mr Yong was Senior Vice President for The Ascott Limited and was based in Shanghai for more than four years, overseeing all business development activities including investments, divestments, asset management and management contract deals for the North Asia region. He was also a key member of the team responsible for the listing of Ascott REIT.

Mr Yong holds a Master of Business Administration (Distinction) degree, specialising in Corporate Finance and Finance Markets, from the Imperial College Business School on a full Chevening Scholarship by the UK Foreign and Commonwealth Office. He also obtained an Honours degree in Mechanical Engineering from the National University of Singapore on a full undergraduate scholarship from SembCorp Industries Ltd.

Ms Kang Siew Fong

Vice President, Finance

Ms Kang heads the finance team and is responsible for the performance management and reporting functions at Ascott REIT. Ms Kang has more than 20 years’ experience in the finance profession. Prior to joining the Manager, Ms Kang was with The Ascott Limited for more than 13 years, holding various positions including Vice President, Finance and Vice President, Business Development and Planning. While at The Ascott Limited, she was responsible for all aspects of The Ascott Limited’s financial management and accounting, including preparation of the group consolidated accounts and quarterly reporting of financial results to the SGX-ST, co-ordinating with external auditors, and ensuring compliance with statutory reporting requirements and financial reporting standards. Ms Kang was involved in mergers and acquisitions activities at The Ascott Limited, and the formulation and implementation of its financial policies and practices, budgeting and internal controls. She was also a member of the team responsible for the listing of Ascott REIT.

Ms Kang graduated from the National University of Singapore with a Bachelor of Accountancy degree.

Ms Janine Gui Siew Kheng

Vice President, Corporate Asset Management & Investor Relations

Ms Gui heads the investor relations function at the Manager, and is responsible for conducting effective communication, as well as building and maintaining relations with Unitholders, potential investors and

analysts. She is also responsible for the corporate asset management function of the Ascott REIT portfolio and plays a key role in executing and managing various corporate transactions.

Prior to this role with Ascott REIT, Ms Gui was the Head of Corporate Asset Management in The Ascott Limited where she was responsible for fund origination and fund management, communication with fund investors, corporate finance and merger and acquisition for The Ascott Limited's portfolios. Prior to joining The Ascott Limited, Ms Gui has assumed various positions and functions within the CapitaLand Group and was previously from another real estate company.

Ms Gui holds a Bachelor of Accountancy with Honours degree from the Nanyang Technological University, Singapore.

6. REPATRIATION OF CASH

The distributable income of Ascott REIT is substantially based on the cash operating profits of all the Properties in Ascott REIT's portfolio. There are various avenues by which cash may be repatriated from the Property Companies to Ascott REIT:

- (a) dividend income received by Ascott REIT via the Property Holding Companies;
- (b) repayment of shareholders' loans extended within Ascott REIT, the Property Holding Companies and Property Companies; and
- (c) incurrence of borrowings by Ascott REIT to address constraints in the repatriation of cash and dividends by certain Property Companies. This will be partially offset by the use of the unrepatriated cash to repay third party borrowings at the overseas level such that the overall gearing of Ascott REIT is substantially maintained.

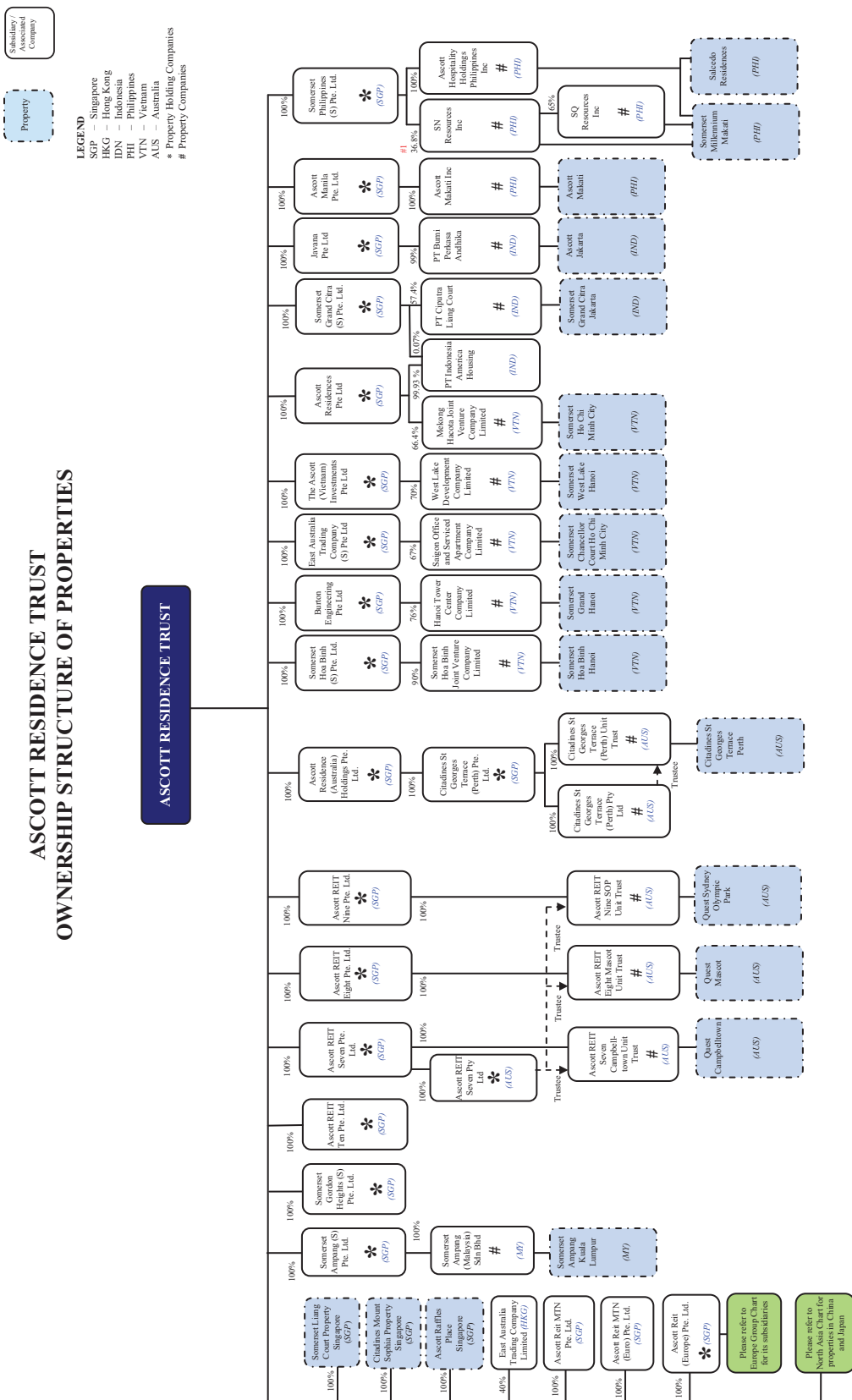
7. PORTFOLIO DETAILS

A. Ascott REIT's Property Portfolio

Please see the section "*Information on the Properties*" of this Offering Circular for further information on Ascott REIT's property portfolio.

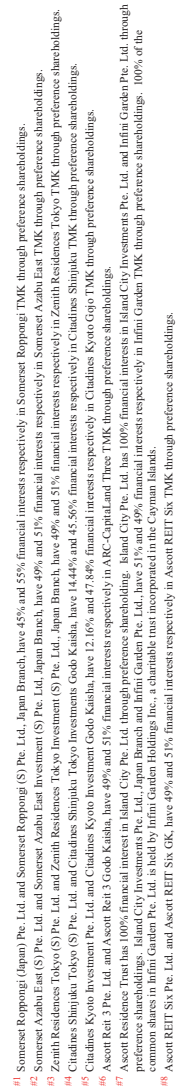
B. Ownership of Ascott REIT's Property Portfolio

**ASCOTT RESIDENCE TRUST
OWNERSHIP STRUCTURE OF PROPERTIES**



Somerset Philippines (S) Pte. Ltd.'s entitlement of retained earnings in SN Resources Inc is 97%, arising from the Pro forma Group's 36.8% equity interest in the issued common shares and 100% equity interest in the issued preference shares.

NORTH ASIA



ASCOTT RESIDENCE TRUST



8. RECENT DEVELOPMENTS

- (i) On 16 October 2014, the Manager announced that the Ascott REIT Trustee had, through its indirectly wholly-owned subsidiary, Ascott REIT Six GK, entered into sale and purchase agreements to acquire the beneficial interest in the trust holding of Best Western Shinjuku Astina Hotel for a purchase consideration of ¥8 billion (equivalent to approximately S\$95.2 million, based on the exchange rate of ¥1.00 = S\$0.0119). Best Western Shinjuku Astina Hotel was acquired from an unrelated third party. The acquisition was completed on 16 October 2014.
- (ii) On 17 October 2014, the Manager announced the pricing of S\$150.0 million in aggregate principal amount of fixed rate perpetual securities. On 27 October 2014, the Manager announced that the fixed rate perpetual securities were issued by the Ascott REIT Trustee.

The fixed rate perpetual securities were issued to raise funds for potential acquisition(s) and general corporate funding purposes, including the funding of working capital and/or repayment of debts. The fixed rate perpetual securities, which were issued in the denomination of S\$250,000, are perpetual and confer a right to receive distribution payments at a rate of 5.0 per cent. per annum with the first distribution rate reset falling on 27 October 2019 and subsequent resets occurring every five years thereafter. The distribution is payable semi-annually in arrears on a discretionary basis and is non-cumulative.

- (iii) On 20 October 2014, the Manager announced that the Ascott REIT Trustee has established the following wholly-owned subsidiaries as part of its ongoing business development:
 - (a) Ascott REIT Seven Pte. Ltd. The principle activity of Ascott REIT Seven Pte. Ltd. is investment holding. The share capital upon incorporation of Ascott REIT Seven Pte. Ltd. is S\$1.00 comprising of 1 ordinary share. The country of incorporation of Ascott REIT Seven Pte. Ltd. is Singapore.
 - (b) Ascott REIT Eight Pte. Ltd. The principle activity of Ascott REIT Eight Pte. Ltd. is investment holding. The share capital upon incorporation of Ascott REIT Eight Pte. Ltd. is S\$1.00 comprising of 1 ordinary share. The country of incorporation of Ascott REIT Eight Pte. Ltd. is Singapore.
 - (c) Ascott REIT Nine Pte. Ltd. The principle activity of Ascott REIT Nine Pte. Ltd. is investment holding. The share capital upon incorporation of Ascott REIT Nine Pte. Ltd. is S\$1.00 comprising of 1 ordinary share. The country of incorporation of Ascott REIT Nine Pte. Ltd. is Singapore.
 - (d) Ascott REIT Seven Pty Ltd. The principle activity of Ascott REIT Seven Pty Ltd is trustee company. The share capital upon incorporation of Ascott REIT Seven Pty Ltd is AUD1.00 (equivalent to approximately S\$1.12) comprising of 1 ordinary share. The country of incorporation of Ascott REIT Seven Pty Ltd is Australia.
- (iv) On 23 October 2014, the Manager announced that Ascott REIT has through its indirectly owned subsidiaries entered into sale and purchase agreements to acquire, a portfolio of 3 serviced residence properties located in Greater Sydney, New South Wales, Australia with an aggregate of 312 apartment units for a purchase consideration of AUD83.0 million (equivalent to approximately S\$93.0 million, based on the exchange rate of AUD1.00 = S\$1.12), fully satisfied in cash. The vendors were the subsidiaries of QSA Group Pty Ltd, an unrelated third party. The acquisition was completed on 10 December 2014.
- (v) On 30 October 2014, the Manager announced that 1,330,546 units in Ascott REIT had been issued to the Manager at S\$1.2289 per Unit. The 1,330,546 Units were issued as payment of the Acquisition Fee (as defined in the Trust Deed) in relation to the completion of the acquisition of interests in:
 - (a) one serviced residence property in Malaysia, being Somerset Ampang Kuala Lumpur; and

- (b) two serviced residence properties in China, being Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an.
- (vi) On 31 October 2014, the Manager announced that Ascott REIT Six GK has completed the transfer of the beneficial interest in the trust holding of the Best Western Shinjuku Astina Hotel to Ascott REIT Six TMK. In conjunction with the transfer, a total of 59,300 preferred shares of Ascott REIT Six TMK have been issued to Ascott REIT Six Pte. Ltd. and Ascott REIT Six GK in the proportions of 49.0% and 51.0% respectively. Ascott REIT Six Pte. Ltd., a wholly-owned subsidiary of Ascott REIT in Singapore holds 100.0% of the total issued and paid up shares in Ascott REIT Six GK and 100.0% of the common voting shares in Ascott REIT Six TMK.
- (vii) On 7 November 2014, the Manager announced that a total of 2,841,121 Units in Ascott REIT have been issued at an issue price of S\$1.2321 per Unit to the Manager as partial payment of the Management Fees for the period from 1 July 2014 to 30 September 2014 (both dates inclusive).

The balance of the Management Fees of S\$1,035,421 (excluding applicable goods and services tax) was paid in cash. The aforesaid Management Fees are computed in accordance with the provisions stipulated in the Ascott REIT Trust Deed.

- (viii) On 19 December 2014, the Manager announced that Ascott Reit MTN (Euro) Pte. Ltd., a wholly-owned subsidiary of the Ascott REIT Trustee, has issued EUR80,000,000 (equivalent to S\$129,208,000, based on the exchange rate of EUR1.00 = S\$1.6151) in principal amount of 2.75% Fixed Rate Notes due 19 December 2024 under its US\$2,000,000,000 Euro-Medium Term Note Programme established in November 2011.
- (ix) On 2 February 2015, the Manager announced that a total of 2,709,539 Units in Ascott REIT have been issued at an issue price of S\$1.286 per Unit to the Manager as partial payment of the Management Fees for the period from 1 October 2014 to 31 December 2014 (both dates inclusive). The balance of the Management Fees of S\$1,041,598 (excluding applicable goods and service tax) was paid in cash. The aforesaid Management Fees are computed in accordance with the provisions stipulated in the Ascott REIT Trust Deed.
- (x) On 23 April 2015, the Manager announced the following changes which took effect from 24 April 2015:
 - (a) the appointment of Mr Tan Beng Hai as Non-Executive Independent Director and member of the Audit Committee of the Manager;
 - (b) the stepping down of Mr S. Chandra Das and Mr Giam Chin Toon @ Jeremy Giam as the Non-Executive Independent Directors and members of the Audit Committee of the Manager;
 - (c) the appointment of Mr Zulkifli Bin Baharudin as member of the Audit Committee of the Manager; and
 - (d) the relinquishment of Mr Zulkifli Bin Baharudin as member of the Corporate Disclosure Committee of the Manager.
- (xi) On 24 April 2015, the Manager announced that the first distribution payment on the fixed rate perpetual securities shall be made on 27 April 2015.
- (xii) On 27 April 2015, the Manager announced that it has transferred 43,376 Units in Ascott REIT from its unitholding to the non-executive directors of the Manager as part payment of directors' fees for the financial year ended 31 December 2014. Non-executive directors (save for directors who are employees of CapitaLand Limited) receive up to 20.0% of directors' fees in Units (subject to rounding adjustments). The remainder of the directors' fees was paid in cash. The directors' fees of

Mr S. Chandra Das and Mr Giam Chin Toon @ Jeremy Giam were paid wholly in cash because they have resigned from the Board of the Manager on 24 April 2015.

- (xiii) On 22 May 2015, the Manager announced that the Ascott REIT Trustee had established a wholly-owned Singapore incorporated subsidiary, Ascott REIT Ten Pte. Ltd., as part of its ongoing business development. The principal activity of Ascott REIT Ten Pte. Ltd. is investment holding. The share capital upon incorporation of Ascott REIT Ten Pte. Ltd. is S\$1.00 comprising one ordinary share.

MANAGEMENT

The Board of Directors of the Manager

The Board is responsible for the overall management and corporate governance of the Manager and Ascott REIT. It provides leadership to the Manager, sets strategic directions and oversees competent management of Ascott REIT. The Board has established a framework for the management of the Manager, including a system of internal controls and a business risk management process. It also sets the disclosure and transparency standards for Ascott REIT and ensures that obligations to the Unitholders and other stakeholders are understood and met.

The Board meets regularly and as and when warranted by particular circumstances as deemed appropriate by the Board members. Board meetings are scheduled in advance and are held at least once quarterly, to review and deliberate on strategic policies of Ascott REIT, significant acquisitions and disposals, financial performance and budget, and announcements of quarterly results. The Board also reviews the risks to the assets of Ascott REIT and acts upon comments from the auditors.

In the discharge of its functions, the Board is supported by special Board committees that provide independent oversight of the management team of the Manager, and which also serve to ensure that there are appropriate checks and balances. These Board committees are the Audit Committee, Corporate Disclosure Committee and Executive Committee. Each of these Board committees operates under delegated authority from the Board. Other committees may be formed as dictated by business imperatives and/or to promote operational efficiency.

As at the Latest Practicable Date, the Board consists of seven members, four of whom are independent directors, two of whom are non-independent and non-executive directors and one is the Chief Executive Officer and executive director.

Information on the business and working experience of each of the Directors on the Board is set out below:

- **Mr Lim Jit Poh**

Chairman and Independent Non-Executive Director

Mr Lim Jit Poh joined the Board on 20 January 2006 as Non-Executive Chairman and was subsequently re-designated as an Independent Director on 23 July 2009. Mr Lim is also the Chairman of the Corporate Disclosure Committee.

Mr Lim is the Group Chairman of ComfortDelGro Corporation Limited, the world's second largest land transport group, as well as the Chairman of SBS Transit Ltd and Vicom Ltd. He is also a director of several unlisted companies under the ownerships of Temasek Holdings Pte. Ltd., the Singapore Labour Foundation and the National Trades Union Congress (NTUC). In addition, he is also a trustee of the Singapore National Employers Federation.

Mr Lim has been recognised with several awards from the Government of Singapore and the NTUC. He was awarded the Public Administration Medal by the Government of Singapore in 1972 as well as four awards by NTUC, namely the Friend of Labour Award in 1986, the Meritorious Service Award in 1990, the Distinguished Service Award in 2000 and the Distinguished Service (Star) Award in 2014. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore.

A former top civil servant and Fulbright scholar, Mr Lim holds a Bachelor of Science degree with honours in Physics from the University of Singapore, and a Master of Education degree from the University of Oregon, United States.

- **Mr Lim Ming Yan**

Deputy Chairman and Non-Independent Non-Executive Director

Mr Lim Ming Yan joined the Board on 23 July 2009 as Non-Executive Director and was subsequently appointed Deputy Chairman on 1 January 2013. He is also the Chairman of the Executive Committee.

Mr Lim is the President and Group Chief Executive Officer of CapitaLand. He is also a director on the board of CapitaLand and director and Deputy Chairman of CapitaCommercial Trust Management Limited (manager of CapitaCommercial Trust), CapitaMall Trust Management Limited (manager of CapitaMall Trust) and CapitaRetail China Trust Management Limited (manager of CapitaRetail China Trust).

Before taking up his role as President and Group Chief Executive Officer of CapitaLand, Mr Lim was concurrently the Chief Executive Officer of The Ascott Limited overseeing The Ascott Limited's management and growth and the Chief Operating Officer of CapitaLand where he led several key projects and drove Ascott group's talent management programmes. From 2000 to June 2009, Mr Lim was the Chief Executive Officer of CapitaLand China Holdings, responsible for CapitaLand's real estate development in China.

For his contribution to the city of Shanghai, Mr Lim was twice conferred the "Magnolia Award" by the Shanghai Municipal Government in 2003 and 2005. Mr Lim was named Outstanding Chief Executive (Overseas) in the Singapore Business Awards 2006.

Mr Lim obtained first class honours in Mechanical Engineering and Economics from the University of Birmingham, United Kingdom in 1985. He attended the Advanced Management Programme at Harvard Business School in 2002.

- **Mr (TA) Tay Boon Hwee**

Chief Executive Officer and Non-Independent Executive Director

Mr (TA) Tay Boon Hwee joined the Board on 1 January 2013. Mr Tay is a member of the Corporate Disclosure Committee and the Executive Committee.

Mr Tay is responsible for spearheading the overall strategic planning and leading the implementation of the business, investment and operational strategies for Ascott REIT.

Prior to taking up the role as Chief Executive Officer, Mr Tay was concurrently Chief Investment Officer of The Ascott Limited and Head of Business Development and Asset Management of the Manager until February 2012.

Mr Tay has been with the CapitaLand group for more than 10 years. Prior to joining The Ascott Limited, Mr Tay was with CapitaLand Residential Limited as Senior Vice President (Finance and Investment). Mr Tay began his career in the banking industry, where he spent nine years in various senior positions in corporate and investment banking.

Mr Tay holds a Bachelor of Business (Honours) from the Nanyang Technological University.

- **Mr Tan Beng Hai**

Independent Non-Executive Director

Mr Tan Beng Hai joined the Board on 24 April 2015. He is also a member of the Audit Committee.

Mr Tan Beng Hai is currently an independent director, chairman of Audit Committee and member of Nominating Committee of SMRT Corporation Ltd, and an independent director and member of Audit Committee of Sembcorp Marine Ltd (both listed on Singapore Exchange). He is also the chairman of Jurong Engineering Limited, SINGEX Holdings Pte. Ltd., Singapore LNG Corporation Pte. Ltd. and the Institute of Technical Education. In addition, he is the co-chairman of Tripartite Alliance for Fair Employment Practice, board member and chairman of Audit Committee of Ong Teng Cheong Labour Leadership Institute, President of the Singapore Golf Association. He is a director of SMRT Trains Ltd and the Inland Revenue Authority of Singapore. Mr Tan also serves as a member of the NTUC Club Management Council, and Singapore Manufacturing Federation's board of Governors.

Mr Tan was awarded the Public Service Star Award in 2010, the Friend of Labour Award in 2000 and the May Day Meritorious Service Award in 2013. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

- **Mr Ku Moon Lun**

Independent Non-Executive Director

Mr Ku Moon Lun joined the Board on 20 January 2006. He is also the Chairman of the Audit Committee.

Mr Ku has more than 35 years of experience in the real estate industry. He was the Executive Director of Davis Langdon and Seah International, a property consultancy firm, until end of 2005 where he was responsible for formulating the policies and steering the direction of the DLS group of companies. He was also the Chairman of the board of directors of Davis Langdon and Seah Hong Kong Limited from 1995 to 2004.

Mr Ku was previously the Chairman of Premas Hong Kong Limited, a facilities management company, from 2000 to 2002. He was also the Chairman of icFox International, an information technology company, from 2000 to 2003.

Currently, Mr Ku is an Independent Non-Executive Director of Lai Fung Holdings Limited and Kerry Properties Limited, both of which are listed on the Stock Exchange of Hong Kong. He is also a member of the Hospital Governing Committee of Tuen Mun Hospital, Hong Kong Hospital Authority.

Mr Ku graduated from the Hong Kong Technical College (now the Hong Kong Polytechnic University). He qualified as a Chartered Surveyor in 1974. He was a fellow member of the Royal Institution of Chartered Surveyors, an associate of the Chartered Institute of Arbitrators and a member of the Association of Cost Engineers. He is currently a fellow member of the Hong Kong Institute of Surveyors.

- **Mr. Lee Chee Koon**

Independent Non-Executive Director

Mr Lee Chee Koon joined the Board on 1 June 2013. He is a member of the Corporate Disclosure Committee and Executive Committee.

Mr Lee is the Chief Executive Officer of The Ascott Limited and oversees Ascott group's management and growth which has more than 36,000 serviced residence units in 85 cities in 24 countries across Asia Pacific, Europe and the Gulf region. Prior to his appointment as Chief Executive Officer, Mr Lee was concurrently the Deputy Chief Executive Officer of The Ascott Limited, assisting the Chief Executive Officer in strategic planning and investment of the serviced residence business and The Ascott Limited's Managing Director for North Asia, responsible for driving The Ascott Limited's investment and business development as well as managing operations in China, Japan and Korea.

Before taking up his role in The Ascott Limited, Mr Lee was the Vice President in the Office of the President at CapitaLand from 2007 to 2009. Prior to joining CapitaLand, Mr Lee held appointments in various ministries in Singapore such as the Ministry of Trade and Industry, Ministry of Finance and the Monetary Authority of Singapore.

- **Mr Zulkifli Bin Baharudin**

Independent Non-Executive Director

Mr Zulkifli Bin Baharudin joined the Board on 1 January 2013. He was appointed a member of the Audit Committee on 24 April 2015.

Mr Zulkifli is currently the Chairman of ITL Corporation and the Managing Director of Global Business Integrators Pte. Ltd. He also holds directorships and appointments in several public listed companies and

institutions. These include the boards of Singapore Post Limited, Thye Hua Kwan Moral Charities Limited and the Civil Aviation Authority of Singapore. He is also a member of the Board of Trustees of the Singapore Management University.

Mr Zulkifli was a Nominated Member of Parliament in Singapore from 1997 to 2001. He is also Singapore's Ambassador (Non-Resident) to the Republic of Uzbekistan and Kazakhstan.

Mr Zulkifli was awarded the Public Service Award (Meritorious) in 2005 and BBM, Public Service Star Award in 2011.

Mr Zulkifli holds a Bachelor of Science degree in Estate Management from the National University of Singapore.

INFORMATION ON THE PROPERTIES

Ascott REIT's property portfolio as at the Latest Practicable Date consists of the following Properties:

(I) Australia (4 Properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (unless otherwise stipulated) (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(1) Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth WA 6000, Australia	85	6,000	28.0	Freehold estate	100.0%
(2) Quest Campbelltown ^{(1), (4)}	1 Rennie Road, Campbelltown NSW 2560, Australia	81	7,873	20.7	Freehold estate	100.0%
(3) Quest Mascot ^{(1), (4)}	108 – 114 Robey Street, Mascot NSW 2020, Australia	91	5,528	27.4	Freehold estate	100.0%
(4) Quest Sydney Olympic Park ^{(1), (4)}	6 Edwin Flack Avenue, Sydney Olympic Park NSW 2127, Australia	140	7,163	43.1	Leasehold estate of 99 years	100.0%

(II) China (10 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(5) Ascott Guangzhou	73 Tianhedong Road, Tianhe District, Guangzhou 510630, China	207	19,797	104.5	Leasehold estate of 70 years expiring on 26 December 2074	100.0%
(6) Somerset Grand Central Dalian	Nos. 128-2 Jinma Road, Dalian Development Area, Dalian 116600, China	195	35,261	122.0	Leasehold estate of 50 years expiring on 16 November 2056	100.0%
(7) Somerset Grand Fortune Garden Property Beijing	No. 46 Liangmaqiao Road, Chaoyang District, Beijing 100125, China	74	15,780	127.4	Leasehold estate of 70 years expiring on 27 August 2068	100.0%
(8) Somerset Xu Hui Shanghai	888 Shaanxi Nan Road, Xu Hui District, Shanghai 200031, China	168	21,014	68.9	Leasehold estate of 70 years expiring on 22 June 2066	100.0%
(9) Somerset Olympic Tower Property Tianjin ⁽²⁾	No. 126 Chengdu Dao, Heping District, Tianjin 300051, China	185	32,946	72.7	Leasehold estate of 70 years expiring on 19 November 2062	100.0%
(10) Somerset Heping Shenyang	No. 80 Taiyuan North Street, Heping District, Shenyang 110000, China	270	33,031	93.9	Leasehold estate of 40 years expiring on 30 October 2046	100.0%
(11) Citadines Biyun Shanghai	Nos. 1-3, 9-12, 15-16, Lane 450 Hongfeng Road, Pudong District, Shanghai, China	180	15,877	72.7	Leasehold estate of 70 years expiring on 30 November 2064	100.0%

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(12) Citadines Gaoxin Xi'an	1-26/F, No. 13 Gaoxin Si Road, Hi-Tech Zone, Xi'an, Shaanxi Province, China	251	24,303	58.4	Leasehold estate of 50 years expiring on 3 January 2056	100.0%
(13) Citadines Xinghai Suzhou	Block 27, Jiacheng Gardens 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021, China	167	10,166	27.8	Leasehold estate of 70 years expiring on 31 December 2066	100.0%
(14) Citadines Zhuankou Wuhan	Building C2 and C3, Xiang Long Times Business Center, Plot 3R2, Wuhan Economic and Technological Development Zone, Wuhan, Hubei Province, China	249	21,615	55.3	Leasehold estate of 40 years expiring on 26 December 2043	100.0%

(III) Indonesia (2 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(15) Ascott Jakarta	Jalan Kebon Kacang Raya No. 2, Jakarta 10230, Indonesia	204	55,775	61.1	Leasehold estate of 26 years expiring on 31 March 2024	100.0%
(16) Somerset Grand Citra Jakarta	Jalan Prof Dr Satrio Kav. 1, Jakarta 12940, Indonesia	204 (includes 40 rental housing units)	30,072	39.0	Leasehold estate of 30 years expiring on 14 August 2024	57.4%

(IV) Japan (35 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (unless otherwise stipulated) (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(17) Citadines Karasuma-Gojo Kyoto	432 Matsuya-cho Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105, Japan	124	4,835	35.7	Freehold estate	60.0%
(18) Citadines Central Shinjuku Tokyo ⁽³⁾	1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo, Japan	206	8,085	92.4	Freehold estate	100.0%
(19) Citadines Shinjuku Tokyo	1-28-13 Shinjuku, Shinjuku-ku, Tokyo 160-0022, Japan	160	6,197	68.8	Freehold estate	60.0%
(20) Somerset Azabu East Tokyo	1-9-11 Higashi Azabu, Minatoku, Tokyo 106-0044, Japan	79	5,896	39.0	Freehold estate	100.0%
(21) Asyl Court Nakano Sakaue Tokyo	1-14-12 Honcho, Nakano-ku, Tokyo, Japan	62	1,611	14.8	Freehold estate	100.0%

Property Name		Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (unless otherwise stipulated) (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(22)	Gala Hachimanyama I Tokyo	2-1-18 Kamitakaido, Suginami-ku, Tokyo, Japan	76	2,469	14.8	Freehold estate	100.0%
(23)	Gala Hachimanyama II Tokyo	2-1-2 Kamitakaido, Suginami-ku, Tokyo, Japan	16	428	3.0	Freehold estate	100.0%
(24)	Infini Garden ⁽⁴⁾	3-2-2, 3, 4, 5 Kashii Teriha, Higashi-ku, Fukuoka, Japan	389	36,263	72.2	Freehold estate	100.0%
(25)	Joy City Koishikawa Shokubutsuen Tokyo	3-35-18 Otsuka, Bunkyo-ku, Tokyo, Japan	36	1,211	8.8	Freehold estate	100.0%
(26)	Joy City Kuramae Tokyo	2-24-1 Kuramae, Taito-ku, Tokyo, Japan	60	1,887	13.1	Freehold estate	100.0%
(27)	Roppongi Residences Tokyo	3-4-31 Roppongi, Minato-ku, Tokyo 106-0032, Japan	64	4,422	33.1	Freehold estate	100.0%
(28)	Zesty Akebonobashi Tokyo	1-17 Tomihisacho, Shinjuku-ku, Tokyo, Japan	12	374	3.2	Freehold estate	100.0%
(29)	Zesty Gotokuji Tokyo	6-42-5 Matsubara, Setagaya-ku, Tokyo, Japan	15	419	3.2	Freehold estate	100.0%
(30)	Zesty Higashi Shinjuku Tokyo	6-15-20 Shinjuku, Shinjuku-ku, Tokyo, Japan	19	489	4.4	Freehold estate	100.0%
(31)	Zesty Kagurazaka I Tokyo	2-13 Nishigokencho, Shinjuku-ku, Tokyo, Japan	20	469	4.4	Freehold estate	100.0%
(32)	Zesty Kagurazaka II Tokyo	123-3 Yaraicho, Shinjuku-ku, Tokyo, Japan	20	510	4.6	Freehold estate	100.0%
(33)	Zesty Kasugacho Tokyo	6-4-15 Kasugacho, Nerima-ku, Tokyo, Japan	32	893	5.5	Freehold estate	100.0%
(34)	Zesty Koishikawa Tokyo	5-41-7 Koishikawa, Bunkyo-ku, Tokyo, Japan	15	385	2.8	Freehold estate	100.0%
(35)	Zesty Komazawa Daigaku II Tokyo	2-12-21 Higashigaoka, Meguro-ku, Tokyo, Japan	29	1,014	8.2	Freehold estate	100.0%
(36)	Zesty Nishi Shinjuku III Tokyo	3-18-15 Nishishinjuku, Shinjuku-ku, Tokyo, Japan	29	831	7.8	Freehold estate	100.0%
(37)	Zesty Sakura Shinmachi Tokyo	3-11-3 Tsurumaki, Setagaya-ku, Tokyo, Japan	17	566	4.7	Freehold estate	100.0%
(38)	Zesty Shin Ekoda Tokyo	1-2-2 Toyotamakami, Nerima-ku, Tokyo, Japan	18	469	3.4	Freehold estate	100.0%
(39)	Zesty Shoin Jinja Tokyo	4-3-3 Setagaya, Setagaya-ku, Tokyo, Japan	16	429	3.5	Freehold estate	100.0%
(40)	Zesty Shoin Jinja II Tokyo	4-5-4 Setagaya, Setagaya-ku, Tokyo, Japan	17	533	4.2	Freehold estate	100.0%
(41)	Actus Hakata V-Tower	3-15-10, Hakata Ekimae, Hakataku, Fukuoka, Japan	296	9,306	39.4	Freehold estate	100.0%

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (unless otherwise stipulated) (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(42) Big Palace Kita 14jo	4-1-6, Kita14jo Nishi, Kita-ku, Sapporo, Japan	140	5,896	16.2	Freehold estate	100.0%
(43) Grand Mire Miyamachi	1-1-62, Miyamachi, Aoba-ku, Sendai, Japan	91	2,311	10.8	Freehold estate	100.0%
(44) Grand Mire Shintera ⁽⁴⁾	4-9-37, Shintera, Wakabayashi-ku, Sendai, Japan	59	1,711	6.5	Freehold estate	100.0%
(45) Gravis Court Kakomachi	13-10, Kakomachi, Naka-ku, Hiroshima, Japan	63	2,270	6.5	Freehold estate	100.0%
(46) Gravis Court Kokutaiji	2-1-9, Kokutaijimachi, Naka-ku, Hiroshima, Japan	48	1,659	4.7	Freehold estate	100.0%
(47) Gravis Court Nishiharaekimae	8-38-10, Nishihara, Asaminami-ku, Hiroshima, Japan	29	1,151	3.9	Freehold estate	100.0%
(48) Grand E'terna Saga ⁽⁴⁾	1167-3, Ipponmatsu, Honjo, Honjomachi, Saga, Japan	123	4,990	9.7	Freehold estate	100.0%
(49) Grand E'terna Saga Idaidori ⁽⁴⁾	4-3-4, Nabeshima, Saga, Japan	46	1,507	3.4	Freehold estate	100.0%
(50) Grand E'terna Nijojomae ⁽⁴⁾	469-2, Taruyacho, Nakagyo-ku, Kyoto, Japan	47	1,736	7.5	Freehold estate	100.0%
(51) Grand E'terna Chioninmae ⁽⁴⁾	577-3, Inaricho Minamigumi, Higashiyamaku, Kyoto, Japan	17	1,049	4.9	Freehold estate	100.0%

(V) Malaysia (1 property)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(52) Somerset Ampang Kuala Lumpur	No. 187, Jalan Ampang 50450, Kuala Lumpur, Malaysia	205	18,868	63.8	Freehold	100.0%

(VI) Philippines (3 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(53) Ascott Makati	4, Ayala Glorietta Centre, Makati City 1224, Philippines	362	55,255	120.8	Contract of Lease of 48 years expiring on 6 January 2044, with an option to renew for another 25 years upon the mutual agreement of the parties	100.0%

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(54) Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229, Philippines	151 (of which 82 have been leased from unrelated third parties)	11,165	14.6	Freehold estate	100.0%
(55) Salcedo Residences ⁽⁷⁾	HV Dela Costa Corner LP Leviste Street Salcedo Village, Makati City 1227, Philippines	71	5,901	1.0	Freehold estate	100.0%

(VII) Singapore (3 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(56) Ascott Raffles Place Singapore ⁽⁴⁾	No. 2 Finlayson Green, Singapore 049247	146	15,694	221.5	Leasehold estate of 999 years commencing from 1 January 1892 and 1 January 1894 and an estate in perpetuity	100.0%
(57) Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	154	9,370	134.0	Leasehold estate of 96 years 3 months and 3 days expiring on 19 February 2105	100.0%
(58) Somerset Liang Court Property Singapore	No. 177B River Valley Road, Singapore 179032	197	27,155	209.5	Leasehold estate of 97 years 30 days expiring on 1 May 2077	100.0%

(VIII) Vietnam (5 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(59) Somerset Chancellor Court Ho Chi Minh City	Nos. 21-23 Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam	172	26,782	55.1	Leasehold estate of 48 years expiring on 4 October 2041	67.0%
(60) Somerset Grand Hanoi	No. 49 Hai Ba Trung Street, Hanoi, Vietnam	185	44,048	104.9	Leasehold estate of 45 years expiring on 8 February 2038	76.0%
(61) Somerset Ho Chi Minh City	No. 8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City, Vietnam	165	25,207	42.1	Leasehold estate of 45 years expiring on 25 December 2039	66.4%
(62) Somerset West Lake Hanoi	No. 254D Thuy Khue Road, Hanoi, Vietnam	90	8,474	16.7	Leasehold estate of 49 years expiring on 30 September 2041	70.0%
(63) Somerset Hoa Binh Hanoi	106 Hoang Quoc Viet Street, Hanoi, Vietnam	206	23,845	49.0	Leasehold estate of 36 years expiring on 24 April 2042	90.0%

(IX) France (17 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(64) Citadines City Centre Lille ⁽⁴⁾	Avenue Willy Brandt – Euralille, 59777 Lille, France	101	6,995	16.8	Freehold estate	100.0%
(65) Citadines City Centre Grenoble ⁽⁴⁾	9-11 rue de Strasbourg 38000 Grenoble, France	106	7,872	13.1	Freehold estate	100.0%
(66) Citadines Suites Louvre Paris ^{(4), (7)}	8 rue de Richelieu, 75001 Paris, France	51	3,663	52.3	Freehold estate	100.0%
(67) Citadines Trocadéro Paris ⁽⁴⁾	29 bis, rue Saint-Didier, 75116 Paris, France	97	9,725	43.1	Freehold estate	100.0%
(68) Citadines Presqu'île Lyon ⁽⁴⁾	2 rue Thomassin, 69002 Lyon, France	116	6,699	20.5	Freehold estate	100.0%
(69) Citadines Place d'Italie Paris ⁽⁴⁾	18 place d'Italie, 75013 Paris, France	169	8,003	51.8	Freehold estate	100.0%
(70) Citadines Montmartre Paris ⁽⁴⁾	16 avenue Rachel, 75018 Paris, France	111	7,989	37.6	Freehold estate	100.0%
(71) Citadines Tour Eiffel Paris ⁽⁴⁾	132 boulevard de Grenelle, 75015 Paris, France	104	8,715	68.5	Freehold estate	100.0%
(72) Citadines Antigone Montpellier ⁽⁴⁾	588 boulevard d'Antigone, 34000 Montpellier, France	122	8,914	14.3	Freehold estate	100.0%
(73) Citadines Castellane Marseille ^{(4), (6)}	60 rue du Rouet, 13006 Marseille, France	97	5,877	10.1	Lessee under a Finance Lease Arrangement	100.0%
(74) Citadines Austerlitz Paris ^{(4), (6)}	27 rue Esquirol, 75013 Paris, France	50	1,859	10.0	Lessee under a Finance Lease Arrangement	100.0%
(75) Citadines République Paris ^{(4), (6)}	75 bis, avenue Parmentier, 75011 Paris, France	76	6,857	22.4	Lessee under a Finance Lease Arrangement	100.0%
(76) Citadines Maine Montparnasse Paris ^{(4), (6)}	67 avenue du Maine, 75014 Paris, France	67	3,004	26.2	Lessee under a Finance Lease Arrangement	100.0%
(77) Citadines Prado Chant Marseille ⁽⁴⁾	9-11 boulevard de Louvain, 13008 Marseille, France	77	5,390	9.8	Freehold estate	100.0%
(78) Citadines Les Halles Paris ⁽⁴⁾	4 rue des Innocents, 75001 Paris, France	189	10,648	99.7	Freehold estate	100.0%
(79) Citadines Didot Montparnasse Paris ^{(4), (6)}	94 rue Didot, 75014 Paris, France	80	4,618	22.2	Lessee under a Finance Lease Arrangement	100.0%
(80) Citadines Croisette Cannes ⁽⁴⁾	1 rue le Poussin, 06400 Cannes, France	58	3,311	6.9	Freehold estate	100.0%

(X) UK (4 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(81) Citadines Barbican London ⁽⁵⁾	7-21 Goswell Road, London EC1M 7AH, UK	129	7,263	76.1	Freehold estate	100.0%
(82) Citadines South Kensington London ⁽⁵⁾	35A Gloucester Road, London SW7 4PL, UK	92	6,657	76.3	Freehold estate	100.0%

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(83) Citadines Trafalgar Square London ⁽⁵⁾	18-21 Northumberland Avenue, London WC2N 5EA, UK	187	10,903	195.8	Freehold estate	100.0%
(84) Citadines Holborn-Covent Garden London ⁽⁵⁾	94-99 High Holborn, London WC1V 6LF, UK	192	12,599	176.2	Freehold estate	100.0%

(XI) Belgium (2 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(85) Citadines Sainte-Catherine Brussels ⁽⁵⁾	51 Quai au Bois à Brûler 1000 Brussels, Belgium	169	10,055	29.5	Freehold estate	100.0%
(86) Citadines Toison d'Or Brussels ⁽⁵⁾	61-63 Avenue de la Toison d'Or, 1060 Brussels, Belgium	154	12,752	28.7	Freehold estate	100.0%

(XII) Germany (3 properties)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(87) Citadines Kurfürstendamm Berlin ⁽⁴⁾	Olivaer Platz 1, 10707 Berlin-Wilmersdorf, Germany	118	6,794	20.6	Freehold estate	100.0%
(88) Citadines Arnulfpark Munich ⁽⁴⁾	Arnulfstrasse 51, 80636 München, Germany	146	8,303	31.3	Freehold estate	99.0%
(89) Madison Hamburg ⁽⁴⁾	Schaarsteinweg 4, 20459 Hamburg, Germany	166	19,285	67.4	Freehold estate	100.0%

(XIII) Spain (1 property)

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Appraised Value as at 31 December 2014 (S\$ million)	Title	Effective Interest Held by Ascott REIT in the Property
(90) Citadines Ramblas Barcelona ⁽⁵⁾	Ramblas 122, 08002 Barcelona, Spain	131	12,323	54.1	Freehold estate	100.0%

Notes:

- The properties were acquired on 10 December 2014. The valuations as of 1 August 2014 by the independent valuer, Savills Valuation Pty Ltd, were adopted as at 31 December 2014.
- In respect of the serviced residence portion of Somerset Olympic Tower Property, Tianjin and excluding the commercial podium of 6,194 sq m under a 33-year master lease between Tianjin Sports Administration Bureau (as lessor) and Tianjin Cosco (as lessee) for the period from 1 July 2006 to 30 June 2039.
- Citadines Central Shinjuku Tokyo was acquired on 16 October 2014. The valuation as of 10 September 2014 by the independent valuer, Savills Japan Co., Ltd., was adopted as at 31 December 2014
- These properties are subject to Master Lease arrangements.

- (5) These properties are managed and operated pursuant to separate SR Management Agreements that provide minimum guaranteed income.
- (6) The Relevant France Properties are owned and leased by Finance Companies, each under the Finance Lease Arrangement pursuant to each of which, the Finance Lessee has a contractual right to use the premises and a promise of sale at the expiry of the finance lease in consideration for the payment of rental by the Finance Lessee to the Finance Company. Under each of the Finance Lease Arrangements, the relevant Finance Lessee may acquire legal title to the Relevant France Property by exercising its option to purchase the property (a) prior to the expiry of the finance lease by, among others, providing six months' notice to the Finance Companies and making pre-payment for the outstanding rentals due to the Finance Company, or (b) at the expiry of the finance lease by making a nominal payment of S\$1.00 to the Finance Company. Upon the exercise of the option by serving the six months' notice, the legal title will, in accordance with the Finance Lease Arrangements, be delivered to the Finance Lessees by the end of that financial year or the next financial year (if the period between the date of notice to the year end is less than six months). As at the date of this Offering Circular, the relevant Finance Lessee does not intend to acquire the Relevant France Property until the expiry of the said finance lease.
- (7) The figure relates to net lettable area.

TAXATION

The statements below are general in nature and are based on current income tax laws in Singapore, administrative guidelines issued by the relevant tax authorities in force as at the date of this Offering Circular and budget measures announced in the Singapore Budget 2015 on 23 February 2015 (which have yet to be legislated) and are subject to any changes in such laws, administrative guidelines or measures, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts may later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the tax consequences of the acquisition, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to. It is emphasised that none of Ascott REIT, the Sole Lead Manager and Bookrunner or any other persons involved in the issue and offer of the Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the Hybrid Instruments e-Tax Guide which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes. Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

- (a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;
- (b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes. These factors include (but are not limited to):
 - (i) nature of interest acquired;
 - (ii) investor's right to participate in issuer's business;
 - (iii) voting rights conferred by the instrument;
 - (iv) obligation to repay the principal amount;
 - (v) payout;
 - (vi) investor's right to enforce payment;
 - (vii) classification by other regulatory authority; and
 - (viii) ranking for repayment in the event of liquidation or dissolution;

- (c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest;
- (d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions; and
- (e) in respect of REIT distributions, the tax treatment depends on the underlying receipts from which such distributions are made and the profile of the investors.

Application for tax ruling

Based on the guidance set out in the Hybrid Instruments e-Tax Guide, the Manager has applied to the IRAS for an advance tax ruling to confirm that the Securities will be treated as equity instruments for income tax purposes and Distributions (including Optional Distributions) in respect of the Securities will be treated as capital distributions in the hands of the Holders. The tax ruling has yet to be issued by the IRAS as at the Latest Practicable Date.

In the event that the IRAS issues a tax ruling to confirm the aforesaid tax treatment, payment of Distributions (including Optional Distributions) in respect of the Securities will not be subject to withholding of tax, irrespective of the profile of Holders. The amount of such Distributions (including Optional Distributions) will be treated as a return of capital in the hands of Holders and will be applied to reduce the cost of their investment in the Securities for Singapore income tax purposes. Where the Holders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of the Securities, the reduced cost of their investments will be used for the purposes of computing such gains.

In the event that the IRAS issues a tax ruling to confirm that the Securities will be treated as equity instruments for income tax purposes but that the Distributions (including Optional Distributions) in respect of the Securities are to be treated in the same manner as distributions on ordinary units of Ascott REIT, Holders may be subject to income tax on such distributions, in whole or in part, currently at the rate of 17% or 10%. The Manager and the Ascott REIT Trustee may also be obliged to withhold or deduct tax from the payment of such distributions, in whole or in part, at the rate of 17% or 10% to certain Holders and for this purpose Holders may, as in the case of Unitholders, be required to declare certain information relating to their status to the Manager and the Ascott REIT Trustee prior to the making of each Distribution or Optional Distribution. The disclosure below under “A. *Taxation of distributions on ordinary units*” summarises the income tax treatment currently applicable to distributions made on ordinary units of Ascott REIT, which will be applicable to the Distributions (including Optional Distributions) if the IRAS rules that the same treatment should apply.

In the event that the IRAS determines otherwise, and rules that the Securities are debt instruments, payment of Distributions (including Optional Distributions) in respect of the Securities should be regarded as interest payment and the disclosure below under “B. *Interest and other payments*” summarises the income tax treatment that may be applicable on the Distributions (including Optional Distributions).

The Manager will provide details of the tax ruling issued by the IRAS via an announcement on its website www.ascottreit.com shortly after the receipt of the tax ruling.

A. Taxation of distributions on ordinary units

Distributions on ordinary units of Ascott REIT may comprise all, or a combination, of the following types of distributions:

- (a) taxable income distribution;
- (b) tax-exempt income distribution;
- (c) capital distribution; and
- (d) other gains distribution.

The tax treatment of each type of distribution differs and may depend on the profile of the beneficial owner of the distributions. The statements below provide a summary of the tax treatment and the term **Units** as used refers to ordinary units of Ascott REIT. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the tax consequences that they are subject to, in particular on the Distributions (including Optional Distributions), in the event that the IRAS rules that the Distributions (including Optional Distributions) are to be treated in the same manner as distributions on ordinary units of Ascott REIT.

Taxable income distribution

Withholding tax

The Ascott REIT Trustee and the Manager are required to withhold or deduct tax from taxable income distributions unless such distributions are made to an individual or a **Qualifying Unitholder** who submits a declaration in a prescribed form within a stipulated time limit.

A **Qualifying Unitholder** is a Unitholder who is:

- a company incorporated and resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore; or
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Chapter 37 of Singapore) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) or a trade union registered under the Trade Unions Act (Chapter 333 of Singapore).

In all other cases, the Ascott REIT Trustee and the Manager will withhold or deduct tax, currently at the rate of 17%, from taxable income distributions. This rate is reduced to 10% for distributions made on or before 31 March 2020 to a foreign non-individual. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:

- (a) who does not have any permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of a nominee, the Ascott REIT Trustee and the Manager will withhold or deduct tax, currently at the rate of 17%, unless the beneficial owner of the Units is an individual or a Qualifying Unitholder and provided that the nominee submits a declaration (containing certain particulars of the beneficial owner) in a prescribed form within a stipulated time limit to the Ascott REIT Trustee and the Manager. Where the beneficial owner is a foreign non-individual as described above and provided the aforesaid declaration is submitted by the nominee, tax will be withheld or deducted at the rate of 10% for distributions made on or before 31 March 2020.

Tax deducted at source on taxable income distributions

The tax deducted at the prevailing tax rate, currently at the rate of 17%, by the Ascott REIT Trustee and the Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of taxable income distributions.

The tax deducted at the reduced rate of 10% on taxable income distributions made on or before 31 March 2020 to foreign non-individuals is a final tax imposed on the gross amount of distributions.

Taxation in the hands of Unitholders

Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of taxable income distributions (i.e. the amount of distribution before tax deduction at source, if any).

Taxable income distributions received by individuals, irrespective of their nationality or tax residence status, are exempt from tax unless such distributions are derived by the individual through a partnership in Singapore or from the carrying on of a trade, business or profession. Individuals who do not qualify for this tax exemption are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates, i.e. even if they have received the distributions without tax deduction at source.

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions, i.e. even if they have received the distributions without tax deduction at source.

Other non-individual Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates. Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10% will be imposed on taxable income distribution made on or before 31 March 2020.

Tax-exempt income distribution

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders. Tax is not withheld or deducted from such distributions.

Capital distribution

Capital distributions are returns of capital to Unitholders and are therefore not income subject to tax or withholding of tax. The amount received as capital distributions will be applied to reduce the cost of Unitholder's investment in Units for income tax purposes. Where Unitholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of Units, the reduced cost of their investments will be used for the purposes of computing such gains.

Other gains distribution

Other gains distributions are not taxable in the hands of Unitholders and are not subject to withholding of tax.

B. Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons other than non-resident individuals is the prevailing corporate tax rate, currently 17%. The applicable rate for non-resident individuals is 20%⁽¹⁾. However, if the payment is derived by a person not

Note:

- (1) It is proposed in the Singapore Budget 2015, announced on 23 February 2015, that the top marginal rate for Singapore tax resident individuals will be increased from 20% to 22% with effect from the year of assessment 2017. The IRAS has clarified that the tax rate for non-resident individuals would be adjusted from 20% to 22% with effect from the year of assessment 2017.

resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties. Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

break cost, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

prepayment fee, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

redemption premium, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Any references to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure shall have the same meaning as defined in the ITA.

In addition, as the Securities are arranged by Oversea-Chinese Banking Corporation Limited, a Financial Sector Incentive (Standard Tier) Company or a Financial Sector Incentive (Capital Market) Company (as defined in the ITA), the Securities, if they are treated as debt instruments, should be regarded as debt securities (as defined in the ITA) and hence “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Securities within such period as the Comptroller may specify and such other particulars in connection with the Securities as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Securities using funds from that person’s operations through the Singapore permanent establishment), the Qualifying Income from the Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Securities are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Securities within such period as the Comptroller may specify and such other particulars in connection with the Securities as the Comptroller may require, to the Comptroller and the MAS), Qualifying Income from the Securities derived by any company or body of persons (as defined in the ITA), other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above is subject to income tax at a concessionary rate of 10%; and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities for the Securities within such period as the Comptroller may specify and such other particulars in connection with the Securities as the Comptroller may require,

Qualifying Income derived from the Securities is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (A) if during the primary launch of the Securities, the Securities are issued to fewer than four persons and 50% or more of the issue of such Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Securities would not qualify as “qualifying debt securities”; and
- (B) even though the Securities are “qualifying debt securities”, if, at any time during the tenure of the Securities, 50% or more of the issue of such Securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the Issuer, Qualifying Income derived from the Securities held by:
 - (I) any related party of the Issuer; or
 - (II) any other person where the funds used by such person to acquire such Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of 10% described above.

The term **related party**, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost in respect of the Securities without deduction or withholding of tax under Section 45 and Section 45A of the ITA, any person whose Qualifying Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

The 10% concessionary tax rate for qualifying debt securities does not apply to persons who have been granted the financial sector incentive (standard-tier) status (within the meaning of Section 43N of the ITA).

Gains on disposal of the Securities

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains and hence, gains arising from the disposal of the Securities

by any person may be construed to be of an income nature and subject to income tax, especially if they arise from activities which the Comptroller would regard as the carrying on of a trade or business in Singapore.

Holders of the Securities who have adopted or are adopting FRS 39 may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “*Adoption of FRS 39 – treatment for Singapore income tax purposes*”.

Adoption of FRS 39 – treatment for Singapore income tax purposes

The IRAS has published the FRS 39 e-Tax Guide. Legislative effect to the tax treatment set out in the FRS 39 e-Tax Guide is provided for in Section 34A of the ITA.

The FRS 39 e-Tax Guide and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 e-Tax Guide and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Securities in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Securities will be issued in registered form and represented by a global certificate registered in the name of CDP, and shall be delivered to and held by CDP. The Global Certificate will be held for the account of CDP participants. For persons seeking to hold a beneficial interest in the Securities through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with CDP. Interests in the Global Certificate will only be shown on, and transfers of interests will be effected through, records maintained by CDP.

The Global Certificate will become exchangeable (free of charge to the Holder) in whole, but not in part (save as provided in the Global Certificate), for definitive certificates in the denominations of S\$250,000 each if any of the following events occurs:

- (a) CDP notifies the Issuer that it is unwilling or unable to continue to act as depository for the Securities and to continue performing its duties set out in the terms and conditions for the provisions of depository services and no alternative clearing system is available;
- (b) CDP or any Alternative Clearing System (as defined in the Global Certificate) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or has announced an intention permanently to cease business and no alternative clearing system is available;
- (c) the Issuer does not make payment in respect of the Securities for a period of 15 Business Days or more after the date on which such payment is due; or
- (d) upon a Winding-Up of Ascott REIT.

Payments of principal, Distributions or any other amount in respect of the Securities in global form will, in the absence of provisions to the contrary, be made to the person shown on the Register at the close of business (in the relevant clearing system) on the date falling five Business Days before the due date for such payment as the registered holder of the Global Certificate. Holders of beneficial ownership interests must look solely to their nominee and/or applicable clearing system to receive such payment and none of Ascott REIT, the Sole Lead Manager and Bookrunner, the Agents or any of their agents will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership. Any payments by the CDP participants to indirect participants will be governed by arrangements agreed between the CDP participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CDP participants.

If (a) definitive certificates have not been issued and delivered by 5.00 p.m. (Singapore time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Certificate, or (b) if any principal in respect of any Securities is not paid in full when due and payable in accordance with the terms of the Global Certificate, then, at 5.00 p.m. (Singapore time) on such thirtieth day (in the case of (a) of this paragraph) or at 5.00 p.m. (Singapore time) on such due date (in the case of (b) of this paragraph) the Registrar shall in respect of each Holder enter in the Register the name of such Holder as the holder of Direct Rights (as defined in the Deed of Covenant) in respect of the Securities in an aggregate principal amount equal to the principal amount of such Holder's entries relating to the Global Certificate. To the extent that the Registrar makes such entries in the Register, the Holder will have no further rights under the Global Certificate, but without prejudice to the rights which the Holder may have under the Deed of Covenant. Such registration shall be effected without charge to any Holder but against such indemnity as the Registrar may require in respect of tax or other duty of whatsoever nature which may be levied or imposed in connection with such registration.

For so long as the Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Securities shall be deemed to be the holder of that principal amount of Securities for all purposes.

So long as the Securities are represented by the Global Certificate and the Global Certificate is issued in the name of CDP, notices to Holders will only be valid if despatched by uninsured post to persons who are for the time being shown in the records of CDP as being holders of the Securities or, if the rules of CDP so permit, delivered to CDP for communication by it to the Holders, provided that for so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notice will be considered valid if published on the website of the SGX-ST at <http://www.sgx.com>. Any such notice shall be deemed to have been given to the Holders on the fourth day after the day of despatch or (as the case may be) on which the said notice was given to CDP or on the date of publication.

SUBSCRIPTION AND SALE

The Issuer has entered into the Subscription Agreement, pursuant to which, and subject to certain conditions contained therein, the Issuer agreed to sell to the Sole Lead Manager and Bookrunner, and the Sole Lead Manager and Bookrunner agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Securities. In addition, the Issuer has agreed with the Sole Lead Manager and Bookrunner that the Issuer will pay a commission to certain private banks in connection with the distribution of the Securities to their clients. This commission will be based on the principal amount of the Securities so distributed, and may be deducted from the purchase price for the Securities payable by such private banks upon settlement.

Any subsequent sale of the Securities to investors may be at a price different from the Issue Price.

The Subscription Agreement provides that the Issuer will indemnify the Sole Lead Manager and Bookrunner against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Sole Lead Manager and Bookrunner are subject to certain conditions precedent, and entitles the Sole Lead Manager and Bookrunner to terminate it in certain circumstances prior to payment being made to the Issuer on behalf of Ascott REIT.

The Sole Lead Manager and Bookrunner and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Sole Lead Manager and Bookrunner and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for Ascott REIT, the Issuer and/or the Manager, for which they received or will receive customary fees and expenses.

The Sole Lead Manager and Bookrunner and its affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution. In the ordinary course of its various business activities, the Sole Lead Manager and Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of Ascott REIT.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

Neither the Issuer nor the Sole Lead Manager and Bookrunner has made any representation that any action will be taken in any jurisdiction by the Sole Lead Manager and Bookrunner or the Issuer that would permit a public offering of the Securities in any country or jurisdiction where action for that purpose is required. The Sole Lead Manager and Bookrunner has represented and agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular.

United States

The Securities have not been and will not be registered under the Securities Act or any state securities law and may not be offered, sold or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Sole Lead Manager and Bookrunner has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver

any Securities within the United States, in any circumstances which would require the registration of any Securities under the Securities Act and, in particular, that:

- (a) neither it nor any of its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities; and
- (b) it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

European Union and European Economic Area (including UK)

The Sole Lead Manager and Bookrunner has represented, warranted and agreed that no offers or sales of the Securities will be made in, or to any person domiciled in, or having their registered office located in, any jurisdiction within the European Union or any member of the European Economic Area (including UK).

Hong Kong

The Sole Lead Manager and Bookrunner has represented, warranted and undertaken that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, except for Securities which are a **structured product** as defined in the SFO other than (a) to **professional investors** as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a **prospectus** as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under that Ordinance.

Singapore

The Sole Lead Manager and Bookrunner has acknowledged that this Offering Circular will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager and Bookrunner has represented, warranted and agreed that it has not offered or sold any Securities or caused such Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Note:

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

CLEARANCE AND SETTLEMENT

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance of the Securities will be effected through the Depository System, an electronic book-entry clearance and settlement system for the trading of debt securities maintained by CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of the Global Certificate for the Depositors. Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third Business Day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through Depository Agents. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade the Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest or distributions and repayment of principal on behalf of issuers of debt securities. Although CDP has established procedures to facilitate transfers of interests in the Securities in Global Certificate form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of Ascott REIT, the Issuer, the Manager, the Agents or any of their agents will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

GENERAL INFORMATION

1. **Clearing Systems:** Clearance for the Securities will be effected through CDP and the settlement system for the trading of debt securities maintained by CDP.
2. **Listing of Securities:** Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries or associated companies or the Securities.
3. **Minimum Board Lot Size:** The Securities will be traded on the SGX-ST in a minimum board lot size of S\$250,000 so long as the Securities are listed on the SGX-ST.
4. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Securities.
5. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change in the business, financial condition or results of operations of Ascott REIT or the Group since 31 March 2015.
6. **Litigation:** Neither Ascott REIT nor the Group is involved in any litigation or arbitration proceedings relating to claims which are material in the context of the issue of the Securities and, so far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.
7. **Available Documents:** For so long as the Securities are outstanding, the following documents will be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the office of the Manager and the specified office of the Paying Agents:
 - (i) the Agency Agreement;
 - (ii) the Deed of Covenant; and
 - (iii) the Ascott REIT Trust Deed.
8. **Financial Statements:** KPMG LLP have audited the consolidated financial statements of the Group, without qualification, prepared in accordance with RAP 7 and generally conforming with Singapore Financial Reporting Standards for the years ended 31 December 2012, 2013, 2014.

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The information in this Appendix has been extracted and reproduced from (i) the audited consolidated financial statements in respect of the Group for the financial year ended 31 December 2014 and (ii) the 2015 First Quarter Unaudited Financial Statement Announcement in respect of the Group and has not been specifically prepared for inclusion in this Offering Circular. The references to the page numbers herein are those as reproduced from (i) the annual report 2014 of the Group and (ii) the 2015 First Quarter Unaudited Financial Statement Announcement in respect of the Group (as the case may be).

ASCOTT RESIDENCE TRUST
UNAUDITED RESULTS FOR THE QUARTER
ENDED 31 MARCH 2015
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ASCOTT RESIDENCE TRUST
2015 FIRST QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

Summary of Group Results

	1Q 2015 S\$'000	1Q 2014 S\$'000	Better / (Worse) %
Revenue	90,013	80,365	12
Gross Profit	43,115	39,169	10
Unitholders' Distribution	27,017	26,654	1
Distribution Per Unit ("DPU") (cents)	1.76	1.75	1

ASCOTT RESIDENCE TRUST

2015 FIRST QUARTER UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT

INTRODUCTION

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

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

Ascott Reit was directly held by The Ascott Limited 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. 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.

On 20 March 2014, Ascott Reit acquired Infini Garden, a 389-unit rental housing property in Fukuoka, Japan. In the year 2014, Ascott Reit also acquired Somerset Grand Central Dalian, Citadines Gaoxin Xi’an, Citadines Zhuankou Wuhan and Somerset Ampang Kuala Lumpur, Best Western Shinjuku Astina Hotel and a portfolio of three serviced residence properties located in Greater Sydney, New South Wales, Australia. 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. In December 2014, Ascott Reit issued its first ten-year Euro-denominated fixed rate notes of EUR80.0 million.

As at 31 March 2015, Ascott Reit’s portfolio comprises 90 properties with 10,500 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.

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

	Note	GROUP		Better / (Worse) %
		1Q 2015 S\$'000	1Q 2014 S\$'000	
Revenue	A.1	90,013	80,365	12
Direct expenses	A.2	(46,898)	(41,196)	(14)
Gross Profit	A.1	43,115	39,169	10
Finance income		409	696	(41)
Other operating income	A.3	33	1,033	(97)
Finance costs	A.4	(11,848)	(9,026)	(31)
Manager's management fees	A.4	(4,282)	(3,761)	(14)
Trustee's fee	A.4	(100)	(90)	(11)
Professional fees		(547)	(514)	(6)
Audit fees	A.4	(599)	(542)	(11)
Foreign exchange (loss) / gain	A.5	(2,804)	2,935	(196)
Other operating expenses		(202)	(216)	6
Share of results of associate (net of tax)		2	(6)	133
Net income before changes in fair value of financial derivatives		23,177	29,678	(22)
Net change in fair value of financial derivatives	A.6	1,443	244	491
Assets written off	A.7	(29)	(504)	94
Total return for the period before tax		24,591	29,418	(16)
Income tax expense	A.8	(5,693)	(5,374)	(6)
Total return for the period after tax		18,898	24,044	(21)
Attributable to:				
Unitholders / perpetual securities holders		17,164	22,375	
Non-controlling interests		1,734	1,669	
Total return for the period		18,898	24,044	(21)

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

	Note	GROUP		Better / (Worse) %
		1Q 2015 S\$'000	1Q 2014 S\$'000	
Total return for the period attributable to Unitholders / perpetual securities holders		17,164	22,375	
Net effect of non-tax deductible / chargeable items and other adjustments	A.9	11,702	4,279	
Total amount distributable for the period		28,866	26,654	8
Amount distributable				
- Unitholders		27,017	26,654	
- perpetual securities holders		1,849	-	
		28,866	26,654	8
Comprises:				
- from operations		(4,619)	(2,606)	
- from unitholders' contributions		31,636	29,260	
		27,017	26,654	1

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

A.1 Revenue and Gross profit

Revenue for 1Q 2015 of S\$90.0 million comprised S\$17.3 million (19% of total revenue) from serviced residences on Master Leases, S\$15.6 million (17%) from serviced residences on management contracts with minimum guaranteed income and S\$57.1 million (64%) from serviced residences on management contracts.

Revenue for 1Q 2015 increased by S\$9.6 million or 12% as compared to 1Q 2014. This was mainly contributed by the additional revenue of S\$12.5 million from the 2014 Acquisitions.

These increases were partially offset by the decrease in revenue of S\$2.5 from the existing properties 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\$114 for 1Q 2015, a decrease of 8% as compared to 1Q 2014. The decrease in REVPAU was mainly due to weaker performance from Singapore and Vietnam properties and lower ADR from the China properties acquired in 2014. On a same store basis, excluding the acquisitions, REVPAU decreased by 2%.

Gross profit for 1Q 2015 of S\$43.1 million comprised S\$15.1 million (35% of total gross profit) from serviced residences on Master Leases, S\$5.5 million (13%) from serviced residences on management contracts with minimum guaranteed income and S\$22.5 million (52%) from serviced residences on management contracts.

As compared to 1Q 2014, gross profit increased by S\$3.9 million or 10%. On a same store basis, gross profit decreased by S\$1.0 million or 3%.

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

A.2 Direct expenses include the following items:

	GROUP		Better / (Worse) %
	1Q 2015 S\$'000	1Q 2014 S\$'000	
Depreciation and amortisation*	(4,577)	(3,668)	(25)
Staff costs*	(10,283)	(9,005)	(14)

* 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 1Q 2014 was higher as it included contracted compensation received from early termination of an office rental contract as well as insurance claim for a damaged generator.

A.4 Finance costs / 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.5 Foreign exchange loss

The foreign exchange loss recognised in 1Q 2015 was mainly due to unrealised exchange loss on EUR denominated shareholders' loans extended to the Group's subsidiaries, as a result of the depreciation of EUR against SGD as at balance sheet date.

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 Assets written off

The assets written off in 1Q 2014 were in relation to the disposal of assets arising from the reconfiguration and refurbishment of Somerset Olympic Tower Tianjin and Somerset Hoa Binh Hanoi.

A.8 Income tax expense

Taxation for 1Q 2015 was higher by S\$0.3 million as compared to the corresponding period last year, despite a lower total return before tax.

This was mainly due to higher deferred tax expense in respect of the unrealised foreign exchange gain arising from revaluation of USD denominated shareholders' loans from the Philippines subsidiary, and higher withholding tax expense on dividend income received from the Group's subsidiaries.

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

	GROUP		Better / (Worse) %
	1Q 2015 S\$'000	1Q 2014 S\$'000	
Depreciation and amortisation	4,577	3,668	(25)
Manager's management fee payable / paid partially in units	3,217	2,893	(11)
Trustee's fees*	15	16	6
Unrealised foreign exchange loss / (gain)	5,007	(2,412)	(308)
Net change in fair value of financial derivatives	(1,443)	(244)	491
Assets written off (Note A.7)	29	504	94
Deferred tax expense	685	367	(87)
Effect of non-controlling interests arising from the above	(134)	(204)	(34)

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

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

	Note	GROUP		REIT	
		31/03/15 S\$'000	31/12/14 S\$'000	31/03/15 S\$'000	31/12/14 S\$'000
Non-Current Assets					
Plant and equipment		54,253	54,100	5,743	6,307
Serviced residence properties	B.1	3,750,712	3,724,036	558,739	558,693
Interest in subsidiaries		-	-	297,603	297,603
Interest in associate		3,319	3,152	3,803	3,638
Deposits		20,250	20,250	20,250	20,250
Deferred tax assets		2,793	3,382	-	-
		3,831,327	3,804,920	886,138	886,491
Current Assets					
Assets held for sale		87,403	87,403	-	-
Inventories		365	286	-	-
Trade receivables		18,668	13,202	1,639	1,234
Other receivables and deposits		22,620	23,172	1,960,632	1,972,348
Financial derivatives	B.2	1,796	353	1,796	353
Cash and bank balances	B.3	157,202	192,556	10,299	50,618
		288,054	316,972	1,974,366	2,024,553
Total Assets		4,119,381	4,121,892	2,860,504	2,911,044
Non-Current Liabilities					
Interest bearing liabilities	B.4	(1,128,790)	(1,301,564)	(274,364)	(460,996)
Financial derivatives	B.2	(7,496)	(14,120)	(4,686)	(10,429)
Deferred tax liabilities		(76,314)	(77,244)	-	-
		(1,212,600)	(1,392,928)	(279,050)	(471,425)
Current Liabilities					
Trade payables		(7,971)	(7,933)	(9)	(51)
Other payables		(113,803)	(110,601)	(603,596)	(598,023)
Interest bearing liabilities	B.4	(427,767)	(249,348)	(199,486)	(12,959)
Financial derivatives	B.2	(4,351)	(15)	(4,723)	(12)
Provision for taxation		(6,783)	(7,831)	(230)	(70)
		(560,675)	(375,728)	(808,044)	(611,115)
Total Liabilities		(1,773,275)	(1,768,656)	(1,087,094)	(1,082,540)
Net Assets		2,346,106	2,353,236	1,773,410	1,828,504
Represented by:					
Unitholders' funds	1(d)(i)	2,089,970	2,106,078	1,622,210	1,679,153
Perpetual securities holders	1(d)(i)	151,200	149,351	151,200	149,351
Non-controlling interests	1(d)(i)	104,936	97,807	-	-
Total Equity		2,346,106	2,353,236	1,773,410	1,828,504

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 March 2015 was mainly due to foreign currency differences arising from translating the Group's overseas serviced residences as a result of the strengthening of foreign currencies, particularly RMB, VND and JPY, against Singapore dollar. The increase was partially offset by weakening of 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 March 2015 was mainly due to distribution paid to unitholders and interest payments, partially offset by cash generated from operations.

B.4 Interest bearing liabilities

	GROUP		REIT	
	31/03/15 S\$'000	31/12/14 S\$'000	31/03/15 S\$'000	31/12/14 S\$'000
Amount repayable in one year or less or on demand				
- Secured	256,344	99,445	177,935	12,959
- Unsecured	171,785	150,000	21,785	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(362)	(97)	(234)	-
	427,767	249,348	199,486	12,959
Amount repayable after one year				
- Secured	720,079	948,517	218,728	464,790
- Unsecured	417,002	362,075	58,897	-
Less: Fees and expenses incurred for debt raising exercises amortised over the tenure of secured and unsecured loans	(8,291)	(9,028)	(3,261)	(3,794)
	1,128,790	1,301,564	274,364	460,996
Total	1,556,557	1,550,912	473,850	473,955

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 March 2015, the Group's gearing was 38.7 percent, well below the 60 percent gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. The average cost of debts was 2.9 percent per annum, with an interest cover of 3.7 times. S\$1,240.4 million of the Group's borrowings are on fixed interest rates with S\$356.3 million due for refinancing in the next 12 months.

Out of the Group's total borrowings, 13 percent falls due in 2015, 17 percent falls due in 2016, 8 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 and 2016, ahead of their maturity dates.

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

Operating Activities

Total return for the period before tax

Adjustments for:

Depreciation and amortisation

(Gain) / loss on disposal of plant and equipment

Assets written off

Finance costs

Finance income

Provision for doubtful debts addition / (reversal)

Manager's management fees payable / paid partially in units

Foreign exchange loss / (gain) - unrealised

Net change in fair value of financial derivatives

Share of results of associate

Operating profit before working capital changes

Changes in working capital

Cash generated from operations

Income tax paid

Cash flows from operating activities

Investing Activities

Acquisition of plant and equipment

Acquisition of serviced residence properties, net of cash acquired

Capital expenditure on serviced residence properties

Deposit paid for acquisition of an investment property

Interest received

Proceeds from sale of plant and equipment

Cash flows from investing activities

Financing Activities

Distribution to unitholders

Interest paid

Payments on finance lease

Payment of transaction costs on issue of perpetual securities

Proceeds from bank borrowings

Repayment of bank borrowings

Cash flows from financing activities

Decrease in cash & cash equivalents

Cash and cash equivalents at beginning of the period

Effect of exchange rate changes on balances held in foreign currencies

Cash and cash equivalents at end of the period

GROUP	
1Q 2015 S\$'000	1Q 2014 S\$'000
24,591	29,418
4,577	3,668
(8)	4
29	504
11,848	9,026
(409)	(696)
3	(82)
3,217	2,893
5,007	(2,412)
(1,443)	(244)
(2)	6
47,410	42,085
(7,676)	(7,363)
39,734	34,722
(5,388)	(5,719)
34,346	29,003
(3,751)	(3,223)
-	(22,066)
(3,245)	(4,521)
-	(11,820)
409	696
25	35
(6,562)	(40,899)
(65,453)	(56,302)
(9,221)	(6,374)
(689)	(949)
(312)	-
67,617	104,833
(58,847)	(75,861)
(66,905)	(34,653)
(39,121)	(46,549)
192,556	204,518
3,767	459
157,202	158,428

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

		GROUP	
		1Q 2015 S\$'000	1Q 2014 S\$'000
Unitholders' Contribution			
Balance as at beginning of period		1,476,104	1,547,895
Issue of new units			
- payment of manager's management fees in units		3,484	3,052
Distribution to Unitholders		(20,929)	(45,921)
Balance as at end of period		1,458,659	1,505,026
Operations			
Balance as at beginning of period		707,167	615,777
Total return for the period attributable to Unitholders / perpetual securities holders		17,164	22,375
Total return attributable to perpetual securities holders		(1,849)	-
Distribution to Unitholders		(44,524)	(10,381)
Balance as at end of period		677,958	627,771
Foreign Currency Translation Reserve			
Balance as at beginning of period		(64,084)	(61,641)
Translation differences relating to financial statements of foreign subsidiaries		28,825	14,203
Balance as at end of period		(35,259)	(47,438)
Capital Reserve			
Balance as at beginning and end of period		2,008	1,818
Hedging Reserve			
Balance as at beginning of period		(15,117)	(10,769)
Effective portion of change in fair values of cash flow hedges		1,721	(1,627)
Balance as at end of period		(13,396)	(12,396)
Unitholders' Funds	1(b)(i)	2,089,970	2,074,781
Perpetual Securities			
Balance as at beginning of period		149,351	-
Total return attributable to perpetual securities holders		1,849	-
Balance as at end of period	1(b)(i)	151,200	-
Non-controlling Interests			
Balance as at beginning of period		97,807	94,050
Total return for the period		1,734	1,669
Translation differences relating to financial statements of foreign subsidiaries		5,354	267
Effective portion of change in fair value of cash flow hedges		41	-
Balance as at end of period	1(b)(i)	104,936	95,986
Equity	1(b)(i)	2,346,106	2,170,767

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

	Note	REIT	
		1Q 2015 S\$'000	1Q 2014 S\$'000
Unitholders' Contribution			
Balance as at beginning of period		1,476,104	1,547,895
Issue of new units			
- payment of manager's management fees in units		3,484	3,052
Distribution to Unitholders		(20,929)	(45,921)
Balance as at end of period		1,458,659	1,505,026
Operations			
Balance as at beginning of period		214,631	212,960
Total return for the period attributable to Unitholders / perpetual securities holders		5,986	6,726
Total return attributable to perpetual securities holders		(1,849)	-
Distribution to Unitholders		(44,524)	(10,381)
Balance as at end of period		174,244	209,305
Hedging Reserve			
Balance as at beginning of period		(11,582)	(9,608)
Effective portion of change in fair values of cash flow hedges		889	(1,221)
Balance as at end of period		(10,693)	(10,829)
Unitholders' Funds	1(b)(i)	1,622,210	1,703,502
Perpetual Securities			
Balance as at beginning of period		149,351	-
Total return attributable to perpetual securities holders		1,849	-
Balance as at end of period	1(b)(i)	151,200	-
Equity	1(b)(i)	1,773,410	1,703,502

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

	REIT	
	1Q 2015 '000	1Q 2014 '000
Balance as at beginning of period	1,535,023	1,522,495
Issue of new units :		
- partial payment of manager's management fees	2,709	2,576
Balance as at end of period	1,537,732	1,525,071

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 2014.

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 2015. 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	
	1Q 2015 S\$'000	1Q 2014 S\$'000
Total return for the period attributable to Unitholders / perpetual securities holders	17,164	22,375
Less: Total return attributable to perpetual securities holders	(1,849)	-
Total return for the period attributable to Unitholders	15,315	22,375

Earnings per unit (EPU)

Number of units on issue at end of period ('000)

Weighted average number of units for the period ('000)

EPU (cents) – Basic and Diluted
(based on the weighted average number of units for the period)

1Q 2015	1Q 2014
1,537,732	1,525,071
1,536,769	1,524,069
1.00	1.47

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

Distribution per unit (DPU)

Number of units on issue at end of period ('000)

DPU (cents) – Basic and diluted

1Q 2015	1Q 2014
1,537,732	1,525,071
1.76	1.75

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

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

	GROUP		REIT	
	31/03/15	31/12/14	31/03/15	31/12/14
NAV per unit (S\$)	1.36	1.37	1.05	1.09

8. **GROUP PERFORMANCE REVIEW**

8(a) **Revenue and Gross Profit Analysis – 1Q 2015 vs. 1Q 2014 (Local Currency (“LC”))**

		Revenue ¹				Gross Profit ¹				REVPAU Analysis ²		
		1Q 2015	1Q 2014	Better/ (Worse)		1Q 2015	1Q 2014	Better/ (Worse)		1Q 2015	1Q 2014	Better/ (Worse)
		LC'm	LC'm	LC'm	%	LC'm	LC'm	LC'm	%	LC/day	LC/day	%
<u>Master Leases</u>												
Australia	AUD	1.7	-	1.7	n.m.	1.6	-	1.6	n.m.	-	-	-
France	EUR	5.8	5.9	(0.1)	(2)	5.3	5.4	(0.1)	(2)	-	-	-
Germany	EUR	1.4	1.4	-	-	1.1	1.3	(0.2)	(15)	-	-	-
Japan	JPY	187.8	99.2	88.6	89	150.4	83.6	66.8	80	-	-	-
Singapore	S\$	2.2	2.1	0.1	5	1.8	1.7	0.1	6	-	-	-
<u>Management contracts with minimum guaranteed income</u>												
Belgium	EUR	1.7	1.6	0.1	6	0.2	0.1	0.1	100	52	49	6
Spain	EUR	0.9	0.6	0.3	50	0.3	0.1	0.2	200	67	48	40
United Kingdom	GBP	5.7	5.5	0.2	4	2.2	1.6	0.6	38	97	96	1
<u>Management contracts</u>												
Australia	AUD	1.2	1.1	0.1	9	0.4	0.3	0.1	33	144	141	2
China	RMB	70.2	53.6	16.6	31	14.7	14.7	-	-	377	464	(19)
Indonesia	USD	2.9	3.2	(0.3)	(9)	1.1	1.2	(0.1)	(8)	77	85	(9)
Japan	JPY	1,020.7	675.0	345.7	51	553.9	390.8	163.1	42	11,158	9,553	17
Malaysia	MYR	4.3	-	4.3	n.m.	1.3	-	1.3	n.m.	227	-	n.m.
Philippines	PHP	252.1	263.5	(11.4)	(4)	87.4	84.7	2.7	3	4,253	4,491	(5)
Singapore	S\$	6.2	6.5	(0.3)	(5)	2.6	2.8	(0.2)	(7)	197	205	(4)
Vietnam ³	VND ¹	153.2	169.4	(16.2)	(10)	84.1	101.2	(17.1)	(17)	1,496	1,604	(7)

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

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

³ Revenue and gross profit for Somerset West Lake in 1Q 2015 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 1Q 2014 have been classified under “Management contracts” category.

8(a) **Revenue and Gross Profit Analysis – 1Q 2015 vs. 1Q 2014 (S\$)**

	Revenue				Gross Profit				REVPAU Analysis ¹		
	1Q 2015	1Q 2014	Better/ (Worse)		1Q 2015	1Q 2014	Better/ (Worse)		1Q 2015	1Q 2014	Better/ (Worse)
	S\$m	S\$m	S\$m	%	S\$m	S\$m	S\$m	%	S\$/day	S\$/day	%
Master Leases											
Australia	1.8	-	1.8	n.m.	1.7	-	1.7	n.m.	-	-	-
France	9.0	10.2	(1.2)	(12)	8.2	9.4	(1.2)	(13)	-	-	-
Germany	2.2	2.5	(0.3)	(12)	1.7	2.2	(0.5)	(23)	-	-	-
Japan	2.1	1.2	0.9	75	1.7	1.0	0.7	70	-	-	-
Singapore	2.2	2.1	0.1	5	1.8	1.7	0.1	6	-	-	-
Sub-total	17.3	16.0	1.3	8	15.1	14.3	0.8	6	-	-	-
Management contracts with minimum guaranteed income											
Belgium	2.6	2.7	(0.1)	(4)	0.4	0.2	0.2	100	81	85	(5)
Spain	1.3	1.1	0.2	18	0.5	0.2	0.3	150	104	83	25
United Kingdom	11.7	11.7	-	-	4.6	3.4	1.2	35	201	203	(1)
Sub-total	15.6	15.5	0.1	1	5.5	3.8	1.7	45	152	152	-
Management contracts											
Australia	1.2	1.3	(0.1)	(8)	0.4	0.4	-	-	154	159	(3)
China	15.3	11.1	4.2	38	3.2	3.1	0.1	3	82	96	(15)
Indonesia	3.9	4.0	(0.1)	(3)	1.5	1.5	-	-	104	108	(4)
Japan	11.5	8.3	3.2	39	6.3	4.8	1.5	31	126	118	7
Malaysia	1.6	-	1.6	n.m.	0.5	-	0.5	n.m.	86	-	n.m.
Philippines	7.7	7.5	0.2	3	2.7	2.4	0.3	13	129	127	2
Singapore	6.2	6.5	(0.3)	(5)	2.6	2.8	(0.2)	(7)	197	205	(4)
Vietnam	9.7	10.2	(0.5)	(5)	5.3	6.1	(0.8)	(13)	94	96	(2)
Sub-total	57.1	48.9	8.2	17	22.5	21.1	1.4	7	106	116	(9)
Group	90.0	80.4	9.6	12	43.1	39.2	3.9	10	114	124	(8)

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

Revenue and gross profit were AUD 1.7 million (S\$1.8 million) and AUD 1.6 million (S\$1.7 million) respectively in 1Q 2015. This was contributed by the three serviced residence properties, which were acquired on 10 December 2014.

France

Both revenue and gross profit decreased by EUR 0.1 million as compared to 1Q 2014 due to negative indexation.

In SGD terms, revenue and gross profit decreased by S\$1.2 million as compared to 1Q 2014 due to depreciation of EUR against SGD.

Germany

Revenue remained at the same level as 1Q 2014. Gross profit decreased by EUR 0.2 million or 15% as compared to 1Q 2014 due to higher repair and maintenance costs.

In SGD terms, revenue decreased by 12% due to depreciation of EUR against SGD. Gross profit, in SGD terms, decreased by 23% due to higher expenses and depreciation of EUR against SGD.

Japan

Revenue and gross profit increased by JPY 88.6 million or 89% and JPY 66.8 million or 80% respectively as compared to 1Q 2014. This was attributed to the full quarter contribution from Infini Garden, which was acquired on 20 March 2014.

In SGD terms, revenue and gross profit increased by 75% and 70% respectively due to depreciation of JPY against SGD.

Singapore

Revenue and gross profit increased by S\$0.1 million as compared to 1Q 2014. This was mainly due to the refurbishment of Ascott Raffles Place last year.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.1 million or 6% in 1Q 2015 as compared to 1Q 2014. This was mainly due to refurbishment of Citadines Toison d'Or Brussels during 1Q 2014. REVPAU increased by 6% from EUR 49 in 1Q 2014 to EUR 52 in 1Q 2015.

Gross profit increased by EUR 0.1 million due to higher revenue, coupled with lower staff costs and operation and maintenance expense.

In SGD terms, revenue decreased by S\$0.1 million or 4% due to depreciation of EUR against SGD, partially offset by stronger underlying performance. Gross profit, in SGD terms, increased by S\$0.2 million due to lower operating expenses.

Spain

Revenue and gross profit increased by EUR 0.3 million or 50% and EUR 0.2 million or 200% respectively in 1Q 2015. REVPAU increased by 40% from EUR 48 in 1Q 2014 to EUR 67 in 1Q 2015 due to refurbishment of Citadines Ramblas Barcelona last year.

In SGD terms, revenue and gross profit increased by 18% and 150% respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

United Kingdom

Revenue increased by GBP 0.2 million or 4% in 1Q 2015 as compared to 1Q 2014. REVPAU increased by 1% from GBP 96 in 1Q 2014 to GBP 97 in 1Q 2015. The increase was mainly due to stronger demand from corporate sector and higher retail income.

Gross profit increased by GBP 0.6 million or 38% mainly due to higher revenue, coupled with lower property tax and staff costs.

In SGD terms, revenue remained at the same level as last year due to depreciation of GBP against SGD. Gross profit increased by 35% due to stronger underlying performance, partially offset by depreciation of GBP against SGD.

C. Management contracts

Australia

Both revenue and gross profit increased by AUD 0.1 million as compared to 1Q 2014. This was mainly due to refurbishment of Citadines St Georges Terrace last year. REVPAU increased by 2% from AUD 141 in 1Q 2014 to AUD 144 in 1Q 2015.

In SGD terms, revenue decreased by S\$0.1 million or 8% due to depreciation of AUD against SGD. Gross profit remained at the same level as last year.

China

Revenue increased by RMB 16.6 million or 31% as compared to 1Q 2014, mainly due to contribution from the three properties acquired in 2014. REVPAU decreased by 19% from RMB 464 in 1Q 2014 to RMB 377 in 1Q 2015 due to the newly acquired properties, which had a lower ADR, and weaker performance from the existing properties due to ongoing refurbishment. Gross profit remained at the same level as last year.

Excluding the contribution from the acquisitions, both revenue and gross profit decreased by 10% and 27% respectively as compared to 1Q 2014 due to ongoing refurbishment at Somerset Xu Hui Shanghai and Somerset Olympic Tower.

In SGD terms, revenue increased by S\$4.2 million or 38% mainly due to contribution from the acquired properties and appreciation of RMB against SGD. Gross profit, in SGD terms, increased by S\$0.1 million or 3%.

Indonesia

Revenue decreased by USD 0.3 million or 9% as compared to 1Q 2014 mainly due to weaker demand from corporate accounts. REVPAU decreased by 9% from USD 85 in 1Q 2014 to USD 77 in 1Q 2015. Gross profit decreased by USD 0.1 million or 8% in 1Q 2015 mainly due to lower revenue, partially offset by lower utility expense.

In SGD terms, revenue decreased by 3% as compared to 1Q 2014 due to weaker underlying performance, partially offset by appreciation of USD against SGD. Gross profit remained at the same level as last year.

Japan

Revenue and gross profit increased by JPY 345.7 million or 51% and JPY 163.1 million or 42% respectively as compared to 1Q 2014. 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 17% from JPY 9,553 in 1Q 2014 to JPY 11,158 in 1Q 2015.

On a same store basis, revenue and gross profit increased by 9% and 10% respectively as compared to 1Q 2014.

In SGD terms, revenue and gross profit increased by S\$3.2 million or 39% and S\$1.5 million or 31% 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 4.3 million (S\$1.6 million) and MYR 1.3 million (S\$0.5 million) respectively in 1Q 2015. This was contributed by Somerset Ampang Kuala Lumpur, which was acquired on 18 August 2014.

The Philippines

Revenue in 1Q 2015 decreased by PHP 11.4 million or 4% as compared to 1Q 2014 mainly due to weaker demand from corporate accounts. REVPAU decreased by 5% from PHP 4,491 in 1Q 2014 to PHP 4,253 in 1Q 2015.

Despite the decrease in revenue, gross profit in 1Q 2015 increased by PHP 2.7 million or 3% due to lower utility expense and property tax.

In SGD terms, revenue and gross profit increased by S\$0.2 million or 3% and S\$0.3 million or 13% respectively. This was mainly due to appreciation of PHP against SGD.

Singapore

Revenue decreased by S\$0.3 million or 5% in 1Q 2015 as compared to 1Q 2014. REVPAU decreased by 4% from S\$205 in 1Q 2014 to S\$197 in 1Q 2015. The decrease was mainly due to lower corporate accommodation budgets and weaker demand from project groups.

Gross profit decreased by S\$0.2 million or 7% due to lower revenue.

Vietnam

Revenue and gross profit decreased by VND 16.2 billion or 10% and VND 17.1 billion or 17% respectively in 1Q 2015 as compared to 1Q 2014. The decrease was mainly due to the expiry of the deed of yield protection for Somerset West Lake Hanoi, refurbishment of Somerset Ho Chi Minh City and weaker market demand.

On a same store basis (excluding the yield protection amount for 1Q 2014), revenue decreased by 6%. REVPAU decreased by 7% from VND 1,604,000 in 1Q 2014 to VND 1,496,000 in 1Q 2015. Gross profit decreased by 11% due to lower revenue and higher staff costs.

In SGD terms, revenue decreased by S\$0.5 million or 5% and gross profit decreased by S\$0.8 million or 13%. This was mainly due to weaker underlying performance, partially offset by appreciation of VND against SGD.

9. **OUTLOOK AND PROSPECTS**

Ascott Reit's total assets as at 31 March 2015 was S\$4.1 billion, and has grown at a compound annual growth rate of 18% since listing. We will continue to actively look for accretive acquisitions to achieve our target portfolio size of S\$6.0 billion by 2017.

The Group will continue to refurbish Ascott Reit's properties to enhance guest experience and maximise returns to Unitholders. Approximately 80% of Ascott Reit's serviced residences have undergone or are undergoing asset enhancement and another 20% will undergo refurbishment by 2016.

As part of Ascott Reit's strategy to optimise returns for its Unitholders, Ascott Reit will commence the sale process for some of its properties with limited growth potential.

The Manager maintains a disciplined and prudent capital management approach. As at 31 March 2015, 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.

In 2015, the operational performance of our portfolio is expected to remain healthy through our resilient extended-stay business model and geographical diversification. 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? No

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

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

10(c) Book closure date : Not applicable

10(d) Date payable : Not applicable

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and REIT (comprising the statements of financial position as at 31 March 2015, consolidated statement of total return, consolidated statement of cash flows and statement of movements in unitholders' funds for the three months ended 31 March 2015, together with their accompanying notes), to be false or misleading in any material aspect.

On behalf of the Board
Ascott Residence Trust Management Limited

Lim Jit Poh
Director

Tay Boon Hwee, Ronald
Director

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD
Ascott Residence Trust Management Limited
(Company registration no. 200516209Z)
As Manager of Ascott Residence Trust

Kang Siew Fong / Regina Tan
Joint Company Secretaries

23 April 2015

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Report of the Trustee

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Ascott Residence Trust (the “Trust”) held by it or through its subsidiaries in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Ascott Residence Trust Management Limited (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 January 2006 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries (the “Group”) during the year covered by these financial statements, set out on pages 90 to 205 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Director

Singapore
25 February 2015

Statement by the Manager

In the opinion of the directors of Ascott Residence Trust Management Limited, the accompanying financial statements of Ascott Residence Trust (the “Trust”) and its subsidiaries (the “Group”) set out on pages 90 to 205 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders’ Funds and Portfolio Statements of the Group and of the Trust, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements have been drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2014, and the total return, distributable income and movements in Unitholders’ funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

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

Lim Jit Poh
Chairman

Singapore
25 February 2015

Independent Auditors' Report

Unitholders of Ascott Residence Trust

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

We have audited the accompanying financial statements of Ascott Residence Trust (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2014, and the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust and the Consolidated Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 90 to 205.

Manager's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the Statement of Financial Position, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds and Portfolio Statement of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2014 and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

25 February 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current assets					
Serviced residence properties	4	3,724,036	3,177,020	558,693	556,392
Plant and equipment	5	54,100	53,242	6,307	8,108
Subsidiaries	6	–	–	297,603	241,718
Associate	8	3,152	3,030	3,638	3,516
Financial derivative assets	9	–	929	–	929
Deferred tax assets	10	3,382	3,673	–	–
Deposits	11	20,250	20,250	20,250	20,250
		3,804,920	3,258,144	886,491	830,913
Current assets					
Assets held for sale	12	87,403	87,033	–	–
Inventories		286	365	–	–
Trade and other receivables	13	36,374	31,937	1,973,582	1,703,675
Financial derivative assets	9	353	–	353	–
Cash and cash equivalents	14	192,556	204,518	50,618	91,654
		316,972	323,853	2,024,553	1,795,329
Total assets		4,121,892	3,581,997	2,911,044	2,626,242
Non-current liabilities					
Financial liabilities	15	1,301,564	1,146,833	460,996	470,218
Financial derivative liabilities	9	14,120	11,271	10,429	10,017
Deferred tax liabilities	10	77,244	67,854	–	–
		1,392,928	1,225,958	471,425	480,235
Current liabilities					
Trade and other payables	16	118,534	112,208	597,472	392,397
Financial liabilities	15	249,348	50,251	13,561	1,162
Financial derivative liabilities	9	15	954	12	938
Provision for taxation		7,831	5,496	70	263
		375,728	168,909	611,115	394,760
Total liabilities		1,768,656	1,394,867	1,082,540	874,995
Net assets		2,353,236	2,187,130	1,828,504	1,751,247
Represented by:					
Unitholders' funds	17	2,106,078	2,093,080	1,679,153	1,751,247
Perpetual securities holders	18	149,351	–	149,351	–
Non-controlling interests	7	97,807	94,050	–	–
		2,353,236	2,187,130	1,828,504	1,751,247
Units in issue ('000)	18	1,535,023	1,522,495	1,535,023	1,522,495
Net asset value per Unit attributable to Unitholders (\$)		1.37	1.37	1.09	1.15

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

Statements of Total Return

Year ended 31 December 2014

	Note	Group		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Gross revenue	19	357,205	316,609	36,601	38,688
Direct expenses	20	(177,031)	(155,451)	(16,330)	(17,201)
Gross profit		180,174	161,158	20,271	21,487
Dividend income		–	–	70,317	51,506
Other income		6,341	328	913	4,338
Audit fees		(2,211)	(2,060)	(242)	(210)
Manager's management fees	21	(17,210)	(14,727)	(17,210)	(14,727)
Professional fees	22	(2,787)	(2,784)	(1,137)	(1,540)
Trustee's fees		(384)	(327)	(384)	(327)
Foreign exchange (loss)/gain		(2,505)	7,543	(2,117)	14,831
Other operating expenses		(1,184)	(970)	(11,699)	(11,276)
Net income before share of results of associate		160,234	148,161	58,712	64,082
Finance income	23	2,123	2,089	78	59
Finance costs	23	(43,341)	(44,646)	(29,245)	(24,273)
Net finance costs		(41,218)	(42,557)	(29,167)	(24,214)
Share of results of associate (net of tax)		–	(2)	–	–
Net income	24	119,016	105,602	29,545	39,868
Net change in fair value of serviced residence properties and assets held for sale		63,030	139,532	1,650	4,307
Net change in fair value of financial derivatives		1,291	6,630	1,291	(954)
Net divestment expenses	25	–	(201)	–	–
Assets written off	4	(16,022)	–	–	–
Total return for the year before income tax		167,315	251,563	32,486	43,221
Income tax expense	26	(36,943)	(36,209)	(81)	(267)
Total return for the year		130,372	215,354	32,405	42,954
Total return attributable to:					
Unitholders of the Trust/perpetual securities holders		122,468	208,659	32,405	42,954
Non-controlling interests	7	7,904	6,695	–	–
		130,372	215,354	32,405	42,954
Earnings per unit (cents)	27				
Basic		7.92	16.17	2.03	3.33
Diluted		7.92	16.17	2.03	3.33

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

Distribution Statements

Year ended 31 December 2014

	Note	Group		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Amount available for distribution to Unitholders at beginning of the year		56,350	48,475	56,350	48,475
Total return for the year attributable to Unitholders/perpetual securities holders		122,468	208,659	32,405	42,954
Less: Total return attributable to perpetual securities holders		(1,356)	–	(1,356)	–
Distribution adjustments	A	4,512	(93,814)	94,575	71,891
Income for the year available for distribution to Unitholders	B	125,624	114,845	125,624	114,845
Amount available for distribution to Unitholders		181,974	163,320	181,974	163,320
Distributions to Unitholders during the year					
– Distribution of 4.24 cents per unit for the period from 1 July 2012 to 31 December 2012		–	48,433	–	48,433
– Distribution of 0.62 cents per unit for the period from 1 January 2013 to 5 February 2013		–	7,051	–	7,051
– Distribution of 4.08 cents per unit for the period from 6 February 2013 to 30 June 2013		–	51,486	–	51,486
– Distribution of 3.70 cents per unit for the period from 1 July 2013 to 31 December 2013		56,302	–	56,302	–
– Distribution of 3.94 cents per unit for the period from 1 January 2014 to 30 June 2014		60,166	–	60,166	–
		116,468	106,970	116,468	106,970
Amount available for distribution to Unitholders at end of the year		65,506	56,350	65,506	56,350

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

Note A – Distribution adjustments

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Distribution adjustment items:				
– Net change in fair value of serviced residence properties and assets held for sale	(63,030)	(139,532)	(1,650)	(4,307)
– Net change in fair value of financial derivatives	(1,291)	954	(1,291)	954
– Net divestment expenses	–	201	–	–
– Assets written off	16,022	–	–	–
– Depreciation	16,267	13,511	2,913	2,803
– Manager's fees paid/payable in units	13,251	11,553	13,251	11,553
– Trustee's fees	59	62	59	62
– Unrealised exchange loss/(gain)	10,739	3,798	8,984	(10,241)
– Deferred tax expense	11,707	16,777	–	–
– Non-controlling interests' share of adjustments	345	(1,105)	–	–
– Other adjustments	443	(33)	352	(461)
– Impairment losses on non-trade amounts due from subsidiaries	–	–	9,730	10,656
– Impairment of subsidiaries	–	–	1,542	327
– Net overseas income* not distributed to the Trust	–	–	60,685	60,545
Net effect of distribution adjustments	4,512	(93,814)	94,575	71,891

Note B – Income for the year available for distribution to Unitholders

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Comprises:				
– from operations	63,521	48,665	63,521	48,665
– from Unitholders' contributions	62,103	66,180	62,103	66,180
Income for the year available for distribution to Unitholders	125,624	114,845	125,624	114,845

* Net overseas income as defined in Summary of Significant Accounting Policies (Note 3.15).

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

Statements of Movements in Unitholders' Funds

Year ended 31 December 2014

		Group		Trust	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Operations					
At 1 January		615,777	463,359	212,960	225,835
Total return attributable to Unitholders/ perpetual securities holders		122,468	208,659	32,405	42,954
Total return attributable to perpetual securities holders		(1,356)	–	(1,356)	–
Distributions to Unitholders		(29,378)	(55,829)	(29,378)	(55,829)
Change in ownership interests in subsidiary with no change in control		(154)	(347)	–	–
Transfer to capital reserve		(190)	(65)	–	–
At 31 December		707,167	615,777	214,631	212,960
Unitholders' contributions					
At 1 January		1,547,895	1,187,024	1,547,895	1,187,024
Creation of Units:					
– equity placement		–	150,001	–	150,001
– rights issue		–	253,749	–	253,749
– Manager's fees paid in Units		12,821	11,275	12,821	11,275
– Acquisition fees paid in Units		2,478	3,063	2,478	3,063
Distributions to Unitholders		(87,090)	(51,141)	(87,090)	(51,141)
Issue expenses	28	–	(6,076)	–	(6,076)
At 31 December		1,476,104	1,547,895	1,476,104	1,547,895
Foreign currency translation reserve					
At 1 January		(61,641)	(90,420)	–	–
Movement for the year		(2,443)	28,779	–	–
At 31 December		(64,084)	(61,641)	–	–
Capital reserve					
At 1 January		1,818	1,753	–	–
Transfer from operations		190	65	–	–
At 31 December		2,008	1,818	–	–
Hedging reserve					
At 1 January		(10,769)	(14,343)	(9,608)	(15,071)
Effective portion of change in fair values of cash flow hedges		(4,348)	11,158	(1,974)	5,463
Net change in fair value of cash flow hedges reclassified to total return		–	(7,584)	–	–
At 31 December		(15,117)	(10,769)	(11,582)	(9,608)
Unitholders' funds at 31 December		2,106,078	2,093,080	1,679,153	1,751,247

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

		Group		Trust	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Perpetual securities					
At 1 January		—	—	—	—
Issue of perpetual securities		150,000	—	150,000	—
Issue expenses	28	(2,005)	—	(2,005)	—
Total return attributable to perpetual securities holders		1,356	—	1,356	—
At 31 December		149,351	—	149,351	—
Non-controlling interests					
At 1 January		94,050	93,597	—	—
Total return attributable to non-controlling interests		7,904	6,695	—	—
Distribution to non-controlling interests		(3,228)	(3,687)	—	—
Change in ownership interests in subsidiary with no change in control		154	347	—	—
Effective portion of change in fair value of cash flow hedges		(156)	(11)	—	—
Foreign currency translation differences		(917)	(2,891)	—	—
At 31 December		97,807	94,050	—	—
		2,353,236	2,187,130	1,828,504	1,751,247

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

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY Group

Description of Property	Location	Tenure of Land	Term of Lease
<i>Serviced residence properties (including rental housing properties)</i>			
<i>Singapore</i>			
Somerset Liang Court Property Singapore	No. 177B River Valley Road, Singapore 179032	Leasehold	97 years
Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	Leasehold	96 years
Ascott Raffles Place Singapore ⁽⁷⁾	No. 2 Finlayson Green, Singapore 049247	Leasehold	999 years
<i>Australia</i>			
Citadines St Georges Terrace Perth	185 St Georges Terrace, Perth WA 6000	Freehold	Not applicable
Quest Campbelltown ⁽⁵⁾	1 Rennie Road, Campbelltown NSW 2560	Freehold	Not applicable
Quest Mascot ⁽⁵⁾	108-114 Robey Street, Mascot NSW 2020	Freehold	Not applicable
Quest Sydney Olympic Park ⁽⁵⁾	6 Edwin Flack Avenue, Sydney Olympic Park NSW 2127	Leasehold	99 years

Balance carried forward

- (5) On 10 December 2014, the Group acquired a portfolio of three serviced residence properties located in Greater Sydney namely, Quest Campbelltown, Quest Mascot and Quest Sydney Olympic Park from subsidiaries of QSA Group Pty Ltd, an unrelated third party. The valuations were based on the discounted cash flow approach.
- (7) As at 31 December 2014, these 20 serviced residence properties are leased to related corporations of the Manager under master lease arrangements.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
62 years	63 years	206,701	205,769	9.8	9.9
90 years	91 years	132,730	132,587	6.3	6.3
876 years – 878 years	877 years – 879 years	219,262	218,036	10.4	10.4
Not applicable	Not applicable	27,723	33,016	1.3	1.6
Not applicable	Not applicable	20,719	–	1.0	–
Not applicable	Not applicable	27,447	–	1.3	–
97 years	–	43,054	–	2.0	–
		677,636	589,408	32.1	28.2

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
People's Republic of China			
Ascott Guangzhou	73 Tianhedong Road, Tianhe District, Guangzhou 510630	Leasehold	70 years
Somerset Xu Hui Shanghai	888 Shaanxi Nan Road, Xu Hui District, Shanghai 200031	Leasehold	70 years
Somerset Olympic Tower Property Tianjin	No. 126 Chengdu Dao, Heping District, Tianjin 300051	Leasehold	70 years
Citadines Biyun Shanghai ⁽⁶⁾	Nos. 1-3, 9-12, 15-16, Lane 450 Hongfeng Road, Pudong District, Shanghai	Leasehold	70 years
Citadines Xinghai Suzhou ⁽⁶⁾	Block 27, Jiacheng Gardens 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021	Leasehold	70 years
Somerset Heping Shenyang ⁽⁶⁾	No. 80 Taiyuan North Street, Heping District, Shenyang 110000	Leasehold	40 years

Balance carried forward

(6) On 28 June 2013, the Group completed the acquisition of three serviced residence properties in the People's Republic of China and 11 rental housing properties in Japan from wholly-owned subsidiaries and/or associated companies of The Ascott Holdings Limited, a related corporation of the Manager. The valuations were based on the discounted cash flow approach.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		677,636	589,408	32.1	28.2
60 years	61 years	103,068	97,520	4.9	4.7
51 years	52 years	67,590	59,080	3.2	2.8
48 years	49 years	71,366	66,405	3.4	3.2
50 years	51 years	72,287	67,657	3.4	3.2
52 years	53 years	26,912	25,083	1.3	1.2
32 years	33 years	90,181	86,333	4.3	4.1
		1,109,040	991,486	52.6	47.4

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
People's Republic of China <i>(continued)</i>			
Somerset Grand Central Dalian ⁽²⁾	Nos. 128-2 Jinma Road, Dalian Development Area, Dalian 116600	Leasehold	50 years
Citadines Gaoxin Xi'an ⁽³⁾	1-26/F, No. 13 Gaoxin Si Road, Hi-Tech Zone, Xi'an, Shaanxi Province	Leasehold	50 years
Citadines Zhuankou Wuhan ⁽³⁾	Building C2 and C3, Xiang Long Times Business Center, Plot 3R2, Wuhan Economic and Technological Development Zone, Wuhan, Hubei Province	Leasehold	40 years
Indonesia			
Ascott Jakarta	Jalan Kebon Kacang Raya No 2, Jakarta 10230	Leasehold	26 years
Somerset Grand Citra Jakarta	Jalan Prof Dr Satrio Kav. 1, Jakarta 12940	Leasehold	30 years

Balance carried forward

- (2) On 20 June 2014, the Group completed the acquisition of a serviced residence property in the People's Republic of China from Winner Sight Investments Limited, an unrelated third party. The valuation was based on the discounted cash flow approach.
- (3) On 18 August 2014, the Group completed the acquisition of two serviced residence properties in the People's Republic of China and one serviced residence property in Malaysia from subsidiaries of The Ascott Limited, a related corporation of the Manager. The valuations were based on the discounted cash flow approach.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		1,109,040	991,486	52.6	47.4
42 years	–	120,255	–	5.7	–
41 years	–	56,824	–	2.7	–
29 years	–	53,257	–	2.5	–
9 years	10 years	58,872	54,571	2.8	2.6
10 years	11 years	37,956	36,908	1.8	1.8
		1,436,204	1,082,965	68.1	51.8

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
Japan			
Somerset Azabu East Tokyo	1-9-11 Higashi Azabu, Minato-ku, Tokyo 106-0044	Freehold	Not applicable
Citadines Shinjuku Tokyo	1-28-13 Shinjuku, Shinjuku-ku, Tokyo 160-0022	Freehold	Not applicable
Citadines Karasuma-Gojo Kyoto	432 Matsuya-cho Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105	Freehold	Not applicable
Roppongi Residences Tokyo	3-4-31 Roppongi, Minato-ku, Tokyo 106-0032	Freehold	Not applicable
Asyl Court Nakano Sakaue Tokyo*	1-14-12 Honcho, Nakano-ku, Tokyo	Freehold	Not applicable
Gala Hachimanyama I Tokyo*	2-1-18 Kamitakaido, Suginami-ku, Tokyo	Freehold	Not applicable
Gala Hachimanyama II Tokyo*	2-1-2 Kamitakaido, Suginami-ku, Tokyo	Freehold	Not applicable
Joy City Koishikawa Shokubutsuen Tokyo*	3-35-18 Otsuka, Bunkyo-ku, Tokyo	Freehold	Not applicable
Joy City Kuramae Tokyo*	2-24-1 Kuramae, Taito-ku, Tokyo	Freehold	Not applicable
Zesty Akebonobashi Tokyo*	1-17 Tomihisacho, Shinjuku-ku, Tokyo	Freehold	Not applicable
Zesty Gotokuji Tokyo*	6-42-5 Matsubara, Setagaya-ku, Tokyo	Freehold	Not applicable
Zesty Higashi Shinjuku Tokyo*	6-15-20 Shinjuku, Shinjuku-ku, Tokyo	Freehold	Not applicable

Balance carried forward

* collectively known as "Zenith Residences"

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		1,436,204	1,082,965	68.1	51.8
Not applicable	Not applicable	38,526	42,303	1.8	2.0
Not applicable	Not applicable	68,710	72,758	3.3	3.5
Not applicable	Not applicable	35,565	37,892	1.7	1.8
Not applicable	Not applicable	33,120	38,032	1.6	1.8
Not applicable	Not applicable	14,760	15,706	0.7	0.8
Not applicable	Not applicable	14,771	16,515	0.7	0.8
Not applicable	Not applicable	2,992	3,472	0.1	0.2
Not applicable	Not applicable	8,744	9,448	0.4	0.4
Not applicable	Not applicable	13,138	14,994	0.6	0.7
Not applicable	Not applicable	3,224	3,583	0.2	0.2
Not applicable	Not applicable	3,157	3,448	0.1	0.2
Not applicable	Not applicable	4,416	4,908	0.2	0.2
		1,677,327	1,346,024	79.5	64.4

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
Japan <i>(continued)</i>			
Zesty Kagurazaka I Tokyo*	2-13 Nishigokencho, Shinjuku-ku, Tokyo	Freehold	Not applicable
Zesty Kagurazaka II Tokyo*	123-3 Yaraicho, Shinjuku-ku, Tokyo	Freehold	Not applicable
Zesty Kasugacho Tokyo*	6-4-15 Kasugacho, Nerima-ku, Tokyo	Freehold	Not applicable
Zesty Koishikawa Tokyo*	5-41-7 Koishikawa, Bunkyo-ku, Tokyo	Freehold	Not applicable
Zesty Komazawa Daigaku II Tokyo*	2-12-21 Higashigaoka, Meguro-ku, Tokyo	Freehold	Not applicable
Zesty Nishi Shinjuku III Tokyo*	3-18-15 Nishishinjuku, Shinjuku-ku, Tokyo	Freehold	Not applicable
Zesty Sakura Shinmachi Tokyo*	3-11-3 Tsurumaki, Setagaya-ku, Tokyo	Freehold	Not applicable
Zesty Shin Ekoda Tokyo*	1-2-2 Toyotamakami, Nerima-ku, Tokyo	Freehold	Not applicable
Zesty Shoin Jinja Tokyo*	4-3-3 Setagaya, Setagaya-ku, Tokyo	Freehold	Not applicable
Zesty Shoin Jinja II Tokyo*	4-5-4 Setagaya, Setagaya-ku, Tokyo	Freehold	Not applicable
Balance carried forward			
* collectively known as "Zenith Residences"			

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		1,677,327	1,346,024	79.5	64.4
Not applicable	Not applicable	4,438	4,908	0.2	0.3
Not applicable	Not applicable	4,626	5,276	0.2	0.3
Not applicable	Not applicable	5,476	6,380	0.3	0.3
Not applicable	Not applicable	2,826	3,190	0.1	0.1
Not applicable	Not applicable	8,148	8,957	0.4	0.4
Not applicable	Not applicable	7,816	8,761	0.4	0.4
Not applicable	Not applicable	4,714	5,466	0.2	0.3
Not applicable	Not applicable	3,411	3,902	0.2	0.2
Not applicable	Not applicable	3,511	3,877	0.2	0.2
Not applicable	Not applicable	4,206	4,589	0.2	0.2
		1,726,499	1,401,330	81.9	67.1

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
Japan <i>(continued)</i>			
Actus Hakata V-Tower ⁽⁶⁾	3-15-10 Hakata Ekimae, Hakata-ku, Fukuoka	Freehold	Not applicable
Big Palace Kita 14jo ⁽⁶⁾	4-1-6 Kita14jo Nishi, Kita-ku, Sapporo	Freehold	Not applicable
Grand Mire Miyamachi ⁽⁶⁾	1-1-62, Miyamachi, Aoba-ku, Sendai	Freehold	Not applicable
Grand Mire Shintera ⁽⁶⁾	4-9-37, Shintera, Wakabayashi-ku, Sendai	Freehold	Not applicable
Gravis Court Kakomachi ⁽⁶⁾	13-10, Kakomachi, Naka-ku, Hiroshima	Freehold	Not applicable
Gravis Court Kokutaiji ⁽⁶⁾	2-1-9, Kokutaijimachi, Naka-ku, Hiroshima	Freehold	Not applicable
Gravis Court Nishiharaekimae ⁽⁶⁾	8-38-10, Nishihara, Asaminami-ku, Hiroshima	Freehold	Not applicable
Grand E'terna Saga ⁽⁶⁾	1167-3, Ipponmatsu, Honjo, Honjomachi, Saga	Freehold	Not applicable
Grand E'terna Saga Idaidori ⁽⁶⁾	4-3-4, Nabeshima, Saga	Freehold	Not applicable
Gravis E'terna Nijojomae ⁽⁶⁾	469-2, Taruyacho, Nakagyo-ku, Kyoto	Freehold	Not applicable

Balance carried forward

- (6) On 28 June 2013, the Group completed the acquisition of three serviced residence properties in the People's Republic of China and 11 rental housing properties in Japan from wholly-owned subsidiaries and/or associated companies of The Ascott Holdings Limited, a related corporation of the Manager. The valuations were based on the discounted cash flow approach.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		1,726,499	1,401,330	81.9	67.1
Not applicable	Not applicable	39,368	43,256	1.9	2.1
Not applicable	Not applicable	16,229	17,669	0.8	0.8
Not applicable	Not applicable	10,775	11,779	0.5	0.6
Not applicable	Not applicable	6,525	7,190	0.3	0.3
Not applicable	Not applicable	6,447	7,104	0.3	0.3
Not applicable	Not applicable	4,725	5,215	0.2	0.2
Not applicable	Not applicable	3,941	4,319	0.2	0.2
Not applicable	Not applicable	9,726	10,749	0.5	0.5
Not applicable	Not applicable	3,411	3,767	0.2	0.2
Not applicable	Not applicable	7,474	8,221	0.3	0.4
		1,835,120	1,520,599	87.1	72.7

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY (continued)

Group (continued)

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
Japan (continued)			
Grand E'terna Chioninmae ⁽⁶⁾	577-3, Inaricho, Minamigumi, Higashiyama-ku, Kyoto	Freehold	Not applicable
Infini Garden ⁽¹⁾	3-2-2,3,4,5 KashiiTeriha, Higashi-ku, Fukuoka	Freehold	Not applicable
Best Western Shinjuku Astina Hotel ⁽⁴⁾	1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo	Freehold	Not applicable
The Philippines			
Ascott Makati	4, Ayala Glorietta Centre, Makati City 1224	Leasehold	48 years
Somerset Millennium Makati	104 Aguirre Street, Legaspi Village, Makati City 1229	Freehold	Not applicable
Salcedo Residences	HV Dela Costa Corner LP Leviste Street Salcedo Village, Makati City 1227	Freehold	Not applicable
Malaysia			
Somerset Ampang Kuala Lumpur ⁽³⁾	No. 187 Jalan Ampang, 50450 Kuala Lumpur	Freehold	Not applicable

Balance carried forward

- (1) On 20 March 2014, the Group completed the acquisition of a rental housing property in Japan from a wholly-owned subsidiary of The Ascott Limited, a related corporation of the Manager, and ArcResidential Japan Investments Limited, an unrelated third party. The valuation was based on the discounted cash flow approach.
- (3) On 18 August 2014, the Group completed the acquisition of two serviced residence properties in the People's Republic of China and one serviced residence property in Malaysia from subsidiaries of The Ascott Limited, a related corporation of the Manager. The valuations were based on the discounted cash flow approach.
- (4) On 16 October 2014, the Group acquired the Best Western Shinjuku Astina Hotel property from an unrelated third party, Kabushiki Kaisha Oumi. The valuation was based on the discounted cash flow approach.
- (6) On 28 June 2013, the Group completed the acquisition of three serviced residence properties in the People's Republic of China and 11 rental housing properties in Japan from wholly-owned subsidiaries and/or associated companies of The Ascott Holdings Limited, a related corporation of the Manager. The valuations were based on the discounted cash flow approach.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		1,835,120	1,520,599	87.1	72.7
Not applicable	Not applicable	4,880	5,387	0.2	0.3
Not applicable	Not applicable	72,195	—	3.4	—
Not applicable	Not applicable	91,353	—	4.3	—
30 years	31 years	116,790	116,326	5.5	5.6
Not applicable	Not applicable	14,476	14,244	0.7	0.7
Not applicable	Not applicable	985	976	—	—
Not applicable	Not applicable	62,809	—	3.0	—
		2,198,608	1,657,532	104.2	79.3

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
Vietnam			
Somerset Grand Hanoi	No. 49 Hai Ba Trung Street, Hanoi	Leasehold	45 years
Somerset Hoa Binh Hanoi	106 Hoang Quoc Viet Street, Hanoi	Leasehold	36 years
Somerset West Lake Hanoi	No. 254D Thuy Khue Road, Hanoi	Leasehold	49 years
Somerset Chancellor Court Ho Chi Minh City	Nos. 21-23 Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City	Leasehold	48 years
Somerset Ho Chi Minh City	No. 8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City	Leasehold	45 years
France			
Citadines City Centre Lille ⁽⁷⁾	Avenue Willy Brandt – Euralille, 59777 Lille	Freehold	Not applicable
Citadines City Centre Grenoble ⁽⁷⁾	9-11 rue de Strasbourg 38000 Grenoble	Freehold	Not applicable
Citadines Suites Louvre Paris ⁽⁷⁾	8 rue de Richelieu, 75001 Paris	Freehold	Not applicable
Citadines Trocadéro Paris ⁽⁷⁾	29 bis, rue Saint-Didier, 75116 Paris	Freehold	Not applicable
Citadines Presqu'île Lyon ⁽⁷⁾	2 rue Thomassin, 69002 Lyon	Freehold	Not applicable

Balance carried forward

(7) As at 31 December 2014, these 20 serviced residence properties are leased to related corporations of the Manager under master lease arrangements.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		2,198,608	1,657,532	104.2	79.3
23 years	24 years	102,080	99,027	4.8	4.7
27 years	28 years	48,231	45,944	2.3	2.2
27 years	28 years	16,495	17,428	0.8	0.8
27 years	28 years	54,528	53,430	2.6	2.6
25 years	26 years	41,432	40,321	2.0	1.9
Not applicable	Not applicable	16,847	18,043	0.8	1.0
Not applicable	Not applicable	13,121	14,865	0.6	0.7
Not applicable	Not applicable	52,292	54,813	2.5	2.6
Not applicable	Not applicable	43,107	46,714	2.0	2.2
Not applicable	Not applicable	20,541	21,427	1.0	1.0
		2,607,282	2,069,544	123.6	99.0

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
France <i>(continued)</i>			
Citadines Place d'Italie Paris ⁽⁷⁾	18 place d'Italie, 75013 Paris	Freehold	Not applicable
Citadines Montmartre Paris ⁽⁷⁾	16 avenue Rachel, 75018 Paris	Freehold	Not applicable
Citadines Tour Eiffel Paris ⁽⁷⁾	132 boulevard de Grenelle, 75015 Paris	Freehold	Not applicable
Citadines Antigone Montpellier ⁽⁷⁾⁽⁹⁾	588 boulevard d'Antigone, 34000 Montpellier	Freehold	Not applicable
Citadines Castellane Marseille ⁽⁷⁾⁽⁸⁾	60 rue du Rouet, 13006 Marseille	Freehold	20 years
Citadines Austerlitz Paris ⁽⁷⁾⁽⁸⁾	27 rue Esquirol, 75013 Paris	Freehold	20 years
Citadines République Paris ⁽⁷⁾⁽⁸⁾	75 bis, avenue Parmentier, 75011 Paris	Freehold	20 years
Citadines Maine Montparnasse Paris ⁽⁷⁾⁽⁸⁾	67 avenue du Maine, 75014 Paris	Freehold	20 years
Citadines Prado Chanot Marseille ⁽⁷⁾	9-11 boulevard de Louvain, 13008 Marseille	Freehold	Not applicable
Citadines Croisette Cannes ⁽⁷⁾⁽⁹⁾	1 rue le Poussin, 06400 Cannes	Freehold	Not applicable

Balance carried forward

- (7) As at 31 December 2014, these 20 serviced residence properties are leased to related corporations of the Manager under master lease arrangements.
- (8) As at 31 December 2014, these five freehold properties in France are leased by the Group under finance lease arrangements.
- (9) During the year, the Group has exercised its option to purchase the properties upon the expiry of the finance lease arrangement.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		2,607,282	2,069,544	123.6	99.0
Not applicable	Not applicable	51,822	55,069	2.5	2.6
Not applicable	Not applicable	37,566	39,863	1.8	1.9
Not applicable	Not applicable	68,523	69,952	3.3	3.3
Not applicable	1 year	14,304	13,584	0.7	0.6
5 years	6 years	10,141	10,713	0.5	0.5
5 years	6 years	9,963	10,132	0.5	0.5
5 years	6 years	22,388	23,596	1.1	1.1
5 years	6 years	26,227	28,483	1.2	1.4
Not applicable	Not applicable	9,801	11,004	0.5	0.5
Not applicable	1 year	6,949	7,706	0.3	0.4
		2,864,966	2,339,646	136.0	111.8

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY *(continued)*

Group *(continued)*

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
France <i>(continued)</i>			
Citadines Didot Montparnasse Paris ⁽⁷⁾⁽⁸⁾	94 rue Didot, 75014 Paris	Freehold	18 years
Citadines Les Halles Paris ⁽⁷⁾	4 rue des Innocents, 75001 Paris	Freehold	Not applicable
United Kingdom			
Citadines Barbican London	7-21 Goswell Road, London EC1M 7AH	Freehold	Not applicable
Citadines Trafalgar Square London	18-21 Northumberland Avenue, London WC2N 5EA	Freehold	Not applicable
Citadines South Kensington London	35A Gloucester Road, London SW7 4PL	Freehold	Not applicable
Citadines Holborn-Covent Garden London	94-99 High Holborn, London WC1V 6LF	Freehold	Not applicable
Belgium			
Citadines Sainte-Catherine Brussels	51 Quai au Bois à Brûler 1000 Brussels	Freehold	Not applicable
Citadines Toison d'Or Brussels	61-63 Avenue de la Toison d'Or, 1060 Brussels	Freehold	Not applicable

Balance carried forward

(7) As at 31 December 2014, these 20 serviced residence properties are leased to related corporations of the Manager under master lease arrangements.

(8) As at 31 December 2014, these five freehold properties in France are leased by the Group under finance lease arrangements.

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		2,864,966	2,339,646	136.0	111.8
4 years	5 years	21,027	20,897	1.0	1.0
Not applicable	Not applicable	99,740	99,921	4.7	4.8
Not applicable	Not applicable	75,351	71,611	3.6	3.4
Not applicable	Not applicable	186,035	176,284	8.8	8.4
Not applicable	Not applicable	76,334	78,835	3.6	3.8
Not applicable	Not applicable	172,265	160,465	8.2	7.7
Not applicable	Not applicable	28,688	26,130	1.4	1.2
Not applicable	Not applicable	27,724	26,367	1.3	1.3
		3,552,130	3,000,156	168.6	143.4

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY (continued)

Group (continued)

Description of Property	Location	Tenure of Land	Term of Lease
Balance brought forward			
Germany			
Citadines Kurfürstendamm Berlin ⁽⁷⁾	Olivaer Platz 1, 10707 Berlin-Wilmersdorf	Freehold	Not applicable
Citadines Arnulfpark Munich ⁽⁷⁾	Arnulfstrasse 51, 80636 München	Freehold	Not applicable
Madison Hamburg	Schaarsteinweg 4, 20459 Hamburg	Freehold	Not applicable
Spain			
Citadines Ramblas Barcelona	Ramblas 122, 08002 Barcelona	Freehold	Not applicable

Portfolio of serviced residence properties and rental housing properties

Other assets and liabilities (net)

Net assets of Group

Perpetual securities holders

Non-controlling interests

Unitholders' funds

(7) As at 31 December 2014, these 20 serviced residence properties are leased to related corporations of the Manager under master lease arrangements.

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

On 31 December 2014, Somerset Liang Court Property Singapore, Citadines Mount Sophia Property Singapore, Ascott Raffles Place Singapore, Citadines St Georges Terrace Perth, Ascott Guangzhou, Somerset Xu Hui Shanghai, Somerset Olympic Tower Property Tianjin, Citadines Biyun Shanghai, Citadines Xinghai Suzhou, Somerset Heping Shenyang, Somerset Grand Central Dalian, Citadines Gaoxin Xi'an, Citadines Zhuankou Wuhan, Somerset Azabu East Tokyo, Citadines Shinjuku Tokyo, Citadines Karasuma-Gojo Kyoto, Roppongi Residences Tokyo, Zenith Residences, Actus Hakata V-Tower, Big Palace Kita 14jo, Grand Mire Miyamachi, Grand Mire Shintera, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Grand E'terna Saga, Grand E'terna Saga Idaidori, Grand E'terna Nijojomae, Grand E'terna Chioninmae, Infini Garden, Best Western Shinjuku Astina Hotel, Somerset Ampang Kuala Lumpur, Somerset Grand Hanoi, Somerset Chancellor Court Ho Chi Minh City, Somerset Ho Chi Minh City and Citadines Suites Louvre Paris were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 15).

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
		3,552,130	3,000,156	168.6	143.4
Not applicable	Not applicable	20,573	21,983	1.0	1.0
Not applicable	Not applicable	31,265	31,781	1.5	1.5
Not applicable	Not applicable	67,438	68,465	3.2	3.3
Not applicable	Not applicable	52,630	54,635	2.5	2.6
		3,724,036	3,177,020	176.8	151.8
		(1,370,800)	(989,890)	(65.1)	(47.3)
		2,353,236	2,187,130	111.7	104.5
		(149,351)	–	(7.1)	–
		(97,807)	(94,050)	(4.6)	(4.5)
		2,106,078	2,093,080	100.0	100.0

On 31 December 2013, Somerset Liang Court Property Singapore, Citadines Mount Sophia Property Singapore, Ascott Raffles Place Singapore, Citadines St Georges Terrace Perth, Ascott Guangzhou, Somerset Xu Hui Shanghai, Somerset Olympic Tower Property Tianjin, Citadines Biyun Shanghai, Citadines Xinghai Suzhou, Somerset Heping Shenyang, Somerset Azabu East Tokyo, Citadines Shinjuku Tokyo, Citadines Karasuma-Gojo Kyoto, Roppongi Residences Tokyo, Zenith Residences, Actus Hakata V-Tower, Big Palace Kita 14jo, Grand Mire Miyamachi, Grand Mire Shintera, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Grand E'terna Saga, Grand E'terna Saga Idaidori, Grand E'terna Nijojo-mae, Grand E'terna Chionin-mae, Somerset Grand Hanoi, Somerset Chancellor Court Ho Chi Minh City, Somerset Ho Chi Minh City and Citadines Suites Louvre Paris were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 15).

Portfolio Statements

As at 31 December 2014

BY GEOGRAPHY (continued)

Trust

Description of Property	Location	Tenure of Land	Term of Lease
Serviced residence properties			
Singapore			
Somerset Liang Court Property Singapore	No. 177B River Valley Road, Singapore 179032	Leasehold	97 years
Citadines Mount Sophia Property Singapore	8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095	Leasehold	96 years
Ascott Raffles Place Singapore	No. 2 Finlayson Green, Singapore 049247	Leasehold	999 years
Portfolio of serviced residence properties			
Other assets and liabilities (net)			
Net assets of Trust			
Perpetual securities holders			
Unitholders' funds			

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

On 31 December 2014 and 31 December 2013, Somerset Liang Court Property Singapore, Citadines Mount Sophia Property Singapore and Ascott Raffles Place Singapore were pledged as securities to banks for banking facilities granted to the Trust (Note 15).

On 31 December 2014, the Manager engaged independent valuers, Jones Lang LaSalle Property Consultants Pte Ltd (2013: Jones Lang LaSalle Property Consultants Pte Ltd) to carry out valuations of the Group's serviced residence properties and rental housing properties (except for Quest Campbelltown, Quest Mascot, Quest Sydney Olympic Park, Best Western Shinjuku Astina Hotel and Somerset Ampang Kuala Lumpur).

The valuation of Quest Campbelltown, Quest Mascot and Quest Sydney Olympic Park were based on the independent full valuation obtained for the acquisitions as at 1 August 2014 undertaken by Savills Valuations Pty Ltd. The valuation of Best Western Shinjuku Astina Hotel was based on the independent full valuation obtained for the acquisition as at 10 September 2014 undertaken by Savills Japan Co., Ltd. The valuation of Somerset Ampang Kuala Lumpur was based on the independent full valuation as at 31 December 2014 undertaken by C H Williams Talhar & Wong Sdn Bhd (as consultant to Jones Lang LaSalle Property Consultants Pte Ltd).

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

Remaining Term of Lease		At Valuation		Percentage of Unitholders' funds	
2014	2013	2014 \$'000	2013 \$'000	2014 %	2013 %
62 years	63 years	206,701	205,769	12.3	11.7
90 years	91 years	132,730	132,587	7.9	7.6
876 years – 878 years	877 years – 879 years	219,262	218,036	13.1	12.5
		558,693	556,392	33.3	31.8
		1,269,811	1,194,855	75.6	68.2
		1,828,504	1,751,247	108.9	100.0
		(149,351)	–	(8.9)	–
		1,679,153	1,751,247	100.0	100.0

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations included plant and equipment located in the serviced residence properties and rental housing properties. The valuations adopted in the portfolio table above were adjusted for values ascribed to plant and equipment.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

		Group	
	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Total return for the year before income tax		167,315	251,563
Adjustments for:			
Depreciation of plant and equipment		16,267	13,511
Finance costs		43,341	44,646
Finance income		(2,123)	(2,089)
Foreign exchange loss – unrealised		10,739	3,798
Loss on disposal of plant and equipment		224	24
Loss on disposal of assets held for sale		–	106
Manager's management fees paid/payable in units		13,251	11,553
Net change in fair value of financial derivatives		(1,291)	(6,630)
Net change in fair value of serviced residence properties and assets held for sale		(63,030)	(139,532)
Net divestment expenses		–	201
Assets written off		16,022	–
Impairment loss on trade and other receivables		(14)	148
Share of loss of associate		–	2
Operating income before working capital changes		200,701	177,301
Changes in working capital:			
Inventories		129	91
Trade and other payables		(20,123)	(4,172)
Trade and other receivables		(5,772)	6,381
Cash generated from operations		174,935	179,601
Income tax paid		(22,384)	(27,617)
Net cash from operating activities		152,551	151,984
Cash flows from investing activities			
Acquisition of serviced residence properties, net of cash movements	34	(428,357)	(159,025)
Capital expenditure on serviced residence properties		(30,225)	(32,300)
Proceeds on disposal of assets held for sale		5,457	–
Expenses incurred for divestment of assets held for sale and serviced residence properties		–	(1,088)
Interest received		2,123	2,089
Deposit paid for acquisition of a serviced residence property		–	(20,250)
Proceeds from sale of plant and equipment		180	138
Purchase of plant and equipment		(9,802)	(9,915)
Net cash used in investing activities		(460,624)	(220,351)
Balance carried forward		(308,073)	(68,367)

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

	Group	
	2014	2013
Note	\$'000	\$'000
Balance brought forward	(308,073)	(68,367)
Cash flows from financing activities		
Distributions to Unitholders	(116,468)	(106,970)
Dividends paid to non-controlling interests	(3,228)	(3,687)
Interest paid	(41,851)	(45,115)
Payment of finance lease	(3,676)	(3,545)
Proceeds from issue of new units	–	403,750
Payment of issue expenses	–	(6,076)
Proceeds from borrowings	545,670	351,255
Proceeds from issue of medium term notes	212,657	63,585
Proceeds from issue of perpetual securities, net of transaction costs	148,498	–
Repayment of borrowings	(443,525)	(504,662)
Net cash from financing activities	298,077	148,535
Net (decrease)/increase in cash and cash equivalents	(9,996)	80,168
Cash and cash equivalents at 1 January	204,518	125,181
Effect of foreign exchange rate changes on cash balances	(1,966)	(831)
Cash and cash equivalents at 31 December	192,556	204,518

Significant Non-Cash Transactions

A total of 10,640,537 (2013: 8,963,910) Units were issued or will be issued as payment of the Manager's fee amounting to \$13,251,000 (2013: \$11,553,000) in respect of the year ended 31 December 2014.

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

Notes to the Financial Statements

Year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 25 February 2015.

1 GENERAL

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

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

The principal activities of the Trust and its subsidiaries are those relating to investment in real estate and real estate related assets which are income-producing and which are used or predominantly used, as serviced residences, rental housing properties and other hospitality assets in any country in the world.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its associate.

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

(i) Trustee's fees

Pursuant to the Trust Deed, the Trustee's fee is charged based on a scaled basis of up to 0.1% per annum of the value of the assets of the Group ("Deposited Property"), subject to a minimum of \$10,000 per month, excluding out-of-pocket expenses and GST which is borne by the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed. The Trustee's fees are payable monthly in arrears.

(ii) Manager's fees Management fees

The Manager is entitled under the Trust Deed to the following management fees:

- (a) a base fee of 0.3% per annum of the property values; and

1 GENERAL *(continued)*

(ii) Manager's fees *(continued)*

Management fees *(continued)*

(b) an annual performance fee of:

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

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

Acquisition fee

The Manager is entitled to receive the following acquisition fees:

- (a) an acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by the Trust, prorated if applicable to the proportion of the Trust's interest; and
- (b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property, provided that the Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

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

The Manager may opt to receive such acquisition fee in the form of cash or Units or a combination of cash and Units as it may determine.

In the event that the Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Units to be issued by the Trust at the market price.

Divestment fee

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

Notes to the Financial Statements

Year ended 31 December 2014

1 GENERAL *(continued)*

(ii) **Manager's fees** *(continued)* **Divestment fee** *(continued)*

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

(iii) **Fees under serviced residence management agreements**

The serviced residence management fee for each property is agreed between the Group and the relevant serviced residence management company as follows:

(a) each property (with the exception of properties located in Belgium, Spain and United Kingdom) is charged:

- basic management fees of between 2.0% and 3.0% per annum of the total revenue of each property; and
- incentive management fees of up to 10.0% per annum of gross operating profit of each property; and

(b) each property located in Belgium, Spain and United Kingdom is charged:

- basic management fees of 3.0% and 6.0% per annum of the total revenue and of net operating profit ("NOP"), respectively of each property; and
- incentive management fees of 50% of any excess NOP achieved above the NOP hurdle of each property.

2 BASIS OF PREPARATION

2.1 **Statement of compliance**

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS").

2 BASIS OF PREPARATION *(continued)*

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Notes 4 & 12 – classification of serviced residence properties and assets held for sale

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 10 – utilisation of tax losses
- Note 33 – valuation of serviced residence properties and assets held for sale
- Note 33 – valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established reporting policies with respect to the measurement of fair values. Significant fair value measurements, including Level 3 fair values, will be reported directly to the Chief Executive Officer ("CEO").

Notes to the Financial Statements

Year ended 31 December 2014

2 BASIS OF PREPARATION *(continued)*

2.4 Use of estimates and judgements *(continued)*

Measurement of fair values *(continued)*

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as valuation of investment property by external valuers, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

The valuation of significant assets and their financial impact are discussed by the Audit Committee and Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 33 – valuation of serviced residence properties, assets held for sale and financial instruments.

2.5 Changes in accounting policy

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

2 BASIS OF PREPARATION *(continued)*

2.5 Changes in accounting policy *(continued)*

(i) Subsidiaries *(continued)*

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The Group has retained its control conclusion in respect of its investments.

(ii) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (see Note 7) and associate (see Note 8).

(iii) Offsetting of financial assets and financial liabilities

Under the amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of a default, insolvency or bankruptcy of the entities and all counter parties.

There is no financial impact to the Group's statement of financial position arising from the adoption of amendments to FRS 32.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements and have been applied consistently by the entities in the Group, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 Basis of consolidation *(continued)*

(i) Subsidiaries *(continued)*

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the statement of total return. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of total return. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Associates are accounted for using the equity method and are recognised initially at cost.

The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(iii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(iv) Transactions eliminated on consolidation

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 Basis of consolidation *(continued)*

(v) Accounting for subsidiaries and associate by the Trust

Investments in subsidiaries and associate are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of total return, except for differences arising on the retranslation of financial liabilities designated as a hedge of the net investment in a foreign operation (see 3.2 (iii)) or qualifying cash flow hedges to the extent the hedge is effective, which are recognised in Unitholders' funds.

(ii) Foreign operations

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

Foreign currency differences are recognised in Unitholders' funds. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve is transferred to total return as part of the profit or loss on disposal.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Foreign currency *(continued)*

(ii) Foreign operations *(continued)*

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in Unitholders' funds, and are presented in the foreign currency translation reserve.

(iii) Hedge of a net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the profit or loss on disposal.

3.3 Serviced residence properties

Serviced residence properties comprise serviced residences, rental housing properties and other hospitality assets. Serviced residence properties are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are included in the initial measurement. Fair value is determined in accordance with the Trust Deed, which requires the serviced residence properties to be valued by independent registered valuers in the following events:

- at least once in each period of 12 months following the acquisition of each parcel of real estate property; and
- for acquisition and disposal of real estate property as required by the CIS Code issued by MAS.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.4 Plant and equipment

Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within other income/other expenses in total return.

Subsequent costs

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

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Renovation	–	8 to 12 years
Motor vehicles	–	5 years
Office equipment, computers and furniture	–	3 to 8 years

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

3.5 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through total return) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Financial instruments *(continued)*

Non-derivative financial assets *(continued)*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables, and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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

Non-derivative financial liabilities

The Group initially recognises all financial liabilities (including liabilities designated at fair value through the statement of total return) on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Financial instruments *(continued)*

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through total return.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported total return.

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

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect total return, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

When the hedged item is a non-financial asset, the amount recognised in the hedging reserve is reclassified to total return in the same period or periods during which the non-financial item affects total return. In other cases, the amount recognised in the hedging reserve is transferred to total return in the same period that the hedged item affects total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in the hedging reserve is recognised immediately in the statement of total return.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the statement of total return. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the statement of total return and the carrying amount of the hedged item is adjusted.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Financial instruments *(continued)*

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in total return.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Trust that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

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

Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and are classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through total return is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.6 Impairment *(continued)*

Non-derivative financial assets *(continued)*

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through total return.

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-financial assets (continued)

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

3.7 Inventories

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

3.8 Assets held for sale

Assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets and liabilities are measured in accordance with applicable FRSs. Thereafter the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell except for the following assets which are measured in accordance with applicable FRSs:

- (a) Deferred tax assets (FRS 12 – *Income Taxes*); and
- (b) Non-current assets that are accounted for in accordance with the fair value model in FRS 40 – *Investment Property*.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the statement of total return. Gains are not recognised in excess of any cumulative impairment loss.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of total return in the periods during which services are rendered by employees.

Short-term benefits

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.11 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Lease payments are apportioned between finance expense and reduction of lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest over the remaining balance of the liability.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of total return as an integral part of the total lease payments made. Contingent rentals are charged to the statement of total return in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in serviced residence properties (see Note 3.3).

3.12 Revenue

Rental income from operating leases

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

Hospitality income

Hospitality income from serviced residence operations is recognised on an accrual basis, upon rendering of the relevant services. Hospitality income includes fees from usage of the business centres and laundry facilities, recoveries from guests for utilities including telephone charges, income earned from the sales of food and beverages, recoveries of shortfall of net operating profit or earnings before net interest expenses, tax, depreciation and amortisation, service and maintenance fees, recoveries of property taxes and maintenance costs from tenants and fees for managing public areas as well as other miscellaneous income.

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.12 Revenue *(continued)*

Car park income

For car parks which are leased to an external operator, car park income is recognised on a straight-line basis over the term of the lease.

For other car parks, car park income is recognised on an accrual basis.

Dividend income

Dividend income is recognised in the statement of total return on the date that the Group's or the Trust's right to receive payment is established.

3.13 Expenses

Direct expenses

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

Trustee's fees

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

Manager's management fees

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

Serviced residence management fees

The serviced residence management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1(iii).

3.14 Finance income and finance costs

Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings and amortisation of loans and borrowings related costs. Finance costs are recognised in the statement of total return using the effective interest method.

3.15 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to a business combination, or items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.15 Income tax *(continued)*

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore (the “IRAS”) has issued a tax ruling on the income tax treatment of the Trust. Subject to compliance with the terms and conditions of the tax ruling, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are distributed free of tax deducted at source to individual Unitholders and qualifying Unitholders. Qualifying Unitholders are companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax

Notes to the Financial Statements

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.15 Income tax *(continued)*

deducted at source in respect of the distributions from the Trust, and bodies of persons registered or constituted in Singapore. This treatment is known as the tax transparency treatment.

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

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

Distribution policy

The Trust will distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains, and net overseas income.

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

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions declared within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

3.16 Earnings per unit

The Group presents basic and diluted earnings per unit (EPU) data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance costs, trust expenses and income tax expense.

Segment capital expenditure is the total costs incurred on serviced residence properties and plant and equipment during the year.

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Trust. The Group does not plan to adopt these standards early.

4 SERVICED RESIDENCE PROPERTIES

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At 1 January	3,177,020	2,785,147	556,392	551,222
Acquisition of subsidiaries and serviced residence properties (Note 34)	546,441	291,807	–	–
Capital expenditure	34,816	35,403	526	863
Net change in fair value of serviced residence properties	57,203	100,507	1,650	4,307
Assets written off	(16,022)	–	–	–
Transfer to assets held for sale	–	(47,446)	–	–
Transfer from plant and equipment (Note 5)	734	–	125	–
Translation difference	(76,156)	11,602	–	–
At 31 December	3,724,036	3,177,020	558,693	556,392

Certain serviced residence properties of the Group with an aggregate carrying value of \$2,128,641,000 (2013: \$1,682,098,000) are pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 15).

Notes to the Financial Statements

Year ended 31 December 2014

4 SERVICED RESIDENCE PROPERTIES *(continued)*

The Group held interest in five (2013: seven) serviced residence properties in France under finance lease arrangements. Under each of these finance lease arrangement, the Group may acquire legal title to the relevant property by exercising its option to purchase the property (a) prior to the expiry of the finance lease by, among others, providing six months' notice to the finance company and making prepayment for the outstanding rentals due to the finance company, or (b) at the expiry of the finance lease by making a nominal payment of \$1 to the finance company. Upon the exercise of the option by serving the six months' notice, the legal title will, in accordance with the finance lease arrangements, be delivered to the Group. At 31 December 2014, the carrying value of these serviced residence properties was \$89,746,000 (2013: \$115,111,000).

The serviced residence properties of the Trust with an aggregate carrying value of \$558,693,000 (2013: \$556,392,000) are pledged as securities to banks for banking facilities granted to the Trust (Note 15).

During the year, the Group carried out asset enhancement initiatives on certain serviced residence properties. As a result of such asset enhancement initiatives, assets no longer in use amounting to \$16,022,000 were written off.

5 PLANT AND EQUIPMENT

	Renovation \$'000	Motor vehicles \$'000	Office equipment, computers and furniture \$'000	Assets under construction \$'000	Total \$'000
Group					
Cost					
At 1 January 2013	8,950	316	58,845	202	68,313
Acquisition of subsidiaries and serviced residence properties (Note 34)	–	112	6,306	78	6,496
Additions	3	108	9,083	721	9,915
Disposals	(2)	(217)	(1,855)	–	(2,074)
Written off	–	–	(382)	–	(382)
Transfer to assets held for sale (Note 12)	–	–	(3,402)	–	(3,402)
Translation difference	(508)	7	1,391	(39)	851
At 31 December 2013	8,443	326	69,986	962	79,717

5 PLANT AND EQUIPMENT *(continued)*

	Renovation \$'000	Motor vehicles \$'000	Office equipment, computers and furniture \$'000	Assets under construction \$'000	Total \$'000
Group					
Cost <i>(continued)</i>					
At 1 January 2014	8,443	326	69,986	962	79,717
Acquisition of subsidiaries and serviced residence properties (Note 34)	–	70	8,616	112	8,798
Additions	861	–	8,514	427	9,802
Disposals	(42)	(49)	(7,373)	–	(7,464)
Written off	–	–	(9)	–	(9)
Transfer to serviced residence properties (Note 4)	(158)	–	(205)	(371)	(734)
Reclassifications	(530)	–	1,143	(613)	–
Translation difference	(98)	(28)	(673)	26	(773)
At 31 December 2014	8,476	319	79,999	543	89,337
Accumulated depreciation					
At 1 January 2013	5,279	166	12,541	–	17,986
Charge for the year	665	86	12,760	–	13,511
Disposals	(2)	(209)	(1,704)	–	(1,915)
Written off	–	–	(379)	–	(379)
Transfer to assets held for sale (Note 12)	–	–	(2,734)	–	(2,734)
Translation difference	(269)	2	273	–	6
At 31 December 2013	5,673	45	20,757	–	26,475
At 1 January 2014	5,673	45	20,757	–	26,475
Charge for the year	675	116	15,476	–	16,267
Disposals	(21)	(39)	(7,002)	–	(7,062)
Written off	–	–	(7)	–	(7)
Reclassifications	(489)	–	489	–	–
Translation difference	(67)	(38)	(331)	–	(436)
At 31 December 2014	5,771	84	29,382	–	35,237
Carrying amounts					
At 1 January 2013	3,671	150	46,304	202	50,327
At 31 December 2013	2,770	281	49,229	962	53,242
At 31 December 2014	2,705	235	50,617	543	54,100

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Year ended 31 December 2014

5 PLANT AND EQUIPMENT *(continued)*

	Office equipment, computers and furniture \$'000	Assets under construction \$'000	Total \$'000
Trust			
Cost			
At 1 January 2013	15,000	–	15,000
Additions	652	232	884
Disposals	(77)	–	(77)
At 31 December 2013	15,575	232	15,807
At 1 January 2014	15,575	232	15,807
Additions	1,291	–	1,291
Disposals	(228)	–	(228)
Transfer to serviced residence properties (Note 4)	–	(125)	(125)
Reclassifications	107	(107)	–
At 31 December 2014	16,745	–	16,745
Accumulated depreciation			
At 1 January 2013	4,922	–	4,922
Charge for the year	2,803	–	2,803
Disposals	(26)	–	(26)
At 31 December 2013	7,699	–	7,699
At 1 January 2014	7,699	–	7,699
Charge for the year	2,913	–	2,913
Disposals	(174)	–	(174)
At 31 December 2014	10,438	–	10,438
Carrying amounts			
At 1 January 2013	10,078	–	10,078
At 31 December 2013	7,876	232	8,108
At 31 December 2014	6,307	–	6,307

6 SUBSIDIARIES

	Trust	
	2014	2013
	\$'000	\$'000
Unquoted equity shares, at cost	301,851	244,424
Allowance for impairment loss	(4,248)	(2,706)
	297,603	241,718

(a) Details of the significant subsidiaries directly held by the Trust are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2014	2013
		%	%
Ascott REIT MTN Pte. Ltd.	Singapore	100	100
Ascott REIT MTN (Euro) Pte. Ltd.	Singapore	100	100

(b) Other significant subsidiaries in the Group are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2014	2013
		%	%
Ascott REIT Seven Campbelltown Unit Trust ^{(3), (b)}	Australia	100	–
Ascott REIT Eight Mascot Unit Trust ^{(3), (b)}	Australia	100	–
Ascott REIT Nine SOP Unit Trust ^{(3), (b)}	Australia	100	–
Citadines St Georges Terrace (Perth) Unit Trust ^(a)	Australia	100	100
Citadines (Xi'an) Property Co., Ltd. ^{(1), (a)}	China	100	–
Gain Mark Properties (Shanghai) Ltd. ^(a)	China	100	100
Guangzhou Hai Yi Property Development Company ^(a)	China	100	100
Shanghai Xin Wei Property Development Co., Ltd. ^(a)	China	100	100
Somerset Heping (Shenyang) Property Co., Ltd. ^(a)	China	100	100

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6 SUBSIDIARIES (continued)

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2014 %	2013 %
Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd. ^(a)	China	100	100
Tianjin Consco Property Development Co., Ltd. ^(a)	China	100	100
Wangze (Dalian) Enterprise Co., Limited ^{(1), (a)}	China	100	–
Wuhan Citadines Property Development Co., Ltd. ^{(1), (a)}	China	100	–
Oriville SAS ^(a)	France	100	100
PT Bumi Perkasa Andhika ^(a)	Indonesia	99	99
PT Ciputra Liang Court ^(a)	Indonesia	57	57
ARC-CapitaLand Three TMK ^(a)	Japan	100	100
Ascott REIT Six TMK ^{(2), (a)}	Japan	100	–
Citadines Kyoto Gojo Tokutei Mokuteki Kaisha ^(a)	Japan	60	60
Citadines Shinjuku Tokutei Mokuteki Kaisha ^(a)	Japan	60	60
Infini Garden TMK ^{(1), (a)}	Japan	100	–
Somerset Azabu East Tokutei Mokuteki Kaisha ^(a)	Japan	100	100
Somerset Roppongi Tokutei Mokuteki Kaisha ^(a)	Japan	100	100
Zenith Residences Tokyo Tokutei Mokuteki Kaisha ^(a)	Japan	100	100
Ascott REIT (Jersey) Limited ^(b)	Jersey	100	100
Somerset Ampang (Malaysia) Sdn. Bhd. ^{(1), (a)}	Malaysia	100	–
Ascott Hospitality Holdings Philippines, Inc ^(a)	Philippines	100	100
Ascott Makati, Inc ^(a)	Philippines	100	100
SQ Resources, Inc ^(a)	Philippines	63	63
SN Resources, Inc ^(a)	Philippines	97	97
Hanoi Tower Center Company Ltd ^(a)	Vietnam	76	76
Mekong-Hacota Joint Venture Company Ltd ^(a)	Vietnam	66	67

6 SUBSIDIARIES (continued)

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2014 %	2013 %
Saigon Office and Serviced Apartment Co. Limited ^(a)	Vietnam	67	67
Somerset Hoa Binh Joint Venture Company Limited ^(a)	Vietnam	90	90
West Lake Development Company Limited ^(a)	Vietnam	70	70

All significant subsidiaries are audited by KPMG LLP Singapore except for the following:

- (a) Audited by other member firms of KPMG International
- (b) Audit not required in the country of incorporation
- (1) These subsidiaries were acquired during the year. See note 34.
- (2) On 24 September 2014, Ascott REIT Six TMK was incorporated in Japan for the acquisition of Best Western Shinjuku Astina Hotel property. See note 34.
- (3) These unit trusts were constituted in Australia for the acquisition of the portfolio of serviced residence properties in Greater Sydney. See note 34.

7 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI") and operate serviced residences.

Name	Principal places of business/ Country of incorporation	Ownership interests held by NCI	
		2014 %	2013 %
Citadines Shinjuku Tokutei Mokuteki Kaisha	Japan	40	40
Hanoi Tower Center Company Ltd	Vietnam	24	24
Mekong-Hacota Joint Venture Company Ltd	Vietnam	34	33
PT Ciputra Liang Court	Indonesia	43	43
Saigon Office and Serviced Apartment Co. Limited	Vietnam	33	33
Somerset Hoa Binh Joint Venture Company Limited	Vietnam	10	10
West Lake Development Company Limited	Vietnam	30	30

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7 NON-CONTROLLING INTERESTS (continued)

The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Citadines Shinjuku Tokutei Mokuteki Kaisha	Hanoi Tower Center Company Ltd	Mekong- Hacota Joint Venture Company Ltd	Saigon Office and Serviced Apartment Co. Limited	Somerset Hoa Binh Joint Venture Company Limited	West Lake Development Company Limited	Other individually immaterial subsidiaries	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014								
Revenue	8,465	14,356	5,481	7,035	8,623	2,555		
Profit	6,311	7,007	119	1,088	3,972	(607)		
Attributable to NCI:								
– Profit	2,524	1,682	39	463	1,311	(182)	1,747	7,904
Non-current assets	68,779	104,920	39,076	38,990	57,976	17,903		
Current assets	3,731	9,329	3,591	9,320	9,599	1,934		
Non-current liabilities	(34,686)	(24,944)	(4,356)	–	(1,305)	–		
Current liabilities	(2,043)	(2,846)	(2,175)	(6,682)	(14,234)	(7,739)		
Net assets	35,781	86,459	36,136	41,628	52,036	12,098		
Net assets attributable to NCI	14,313	20,750	12,134	17,721	17,172	3,629	8,651	97,807
Cash flows from operating activities	3,655	8,225	3,035	1,875	4,135	747		
Cash flows from investing activities	(121)	(884)	(1,816)	(546)	253	(29)		
Cash flows from financing activities (dividends to NCI: Nil)	(2,483)	(6,691)	(1,150)	(126)	(3,929)	(1,069)		
Net increase/(decrease) in cash and cash equivalents	1,051	650	69	1,203	459	661	(351)	

7 NON-CONTROLLING INTERESTS (continued)

	Citadines Shinjuku Tokutei Mokuteki Kaisha	Hanoi Tower Center Company Ltd	Mekong- Hacota Joint Venture Company Ltd	Saigon Office and Serviced Apartment Co. Limited	Somerset Hoa Binh Joint Venture Company Limited	West Lake Development Company Limited	Other individually immaterial subsidiaries	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013								
Revenue	8,170	15,032	5,997	8,700	6,494	2,687		
Profit	3,449	10,859	154	4,839	(608)	(4,065)		
Attributable to NCI:								
– Profit	1,380	2,606	49	1,597	(61)	(1,220)	1,206	6,695
Non-current assets	72,884	101,973	38,881	57,290	46,833	18,841		
Current assets	3,557	9,370	3,402	8,939	3,593	2,253		
Non-current liabilities	–	(24,686)	(4,210)	(12,665)	–	–		
Current liabilities	(43,098)	(3,256)	(1,142)	(3,365)	(18,687)	(8,162)		
Net assets	33,343	83,401	36,931	50,199	31,739	12,932		
Net assets attributable to NCI	13,337	20,016	12,084	16,677	3,174	3,880	8,317	94,050
Cash flows from operating activities	3,667	9,098	2,187	4,594	2,768	1,189		
Cash flows from investing activities	(18)	(60)	(165)	213	(7)	61		
Cash flows from financing activities (dividends to NCI: Nil)	(3,410)	(7,390)	(1,812)	(4,039)	(2,976)	(1,412)		
Net increase/(decrease) in cash and cash equivalents	239	1,648	210	768	(215)	(162)		

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8 ASSOCIATE

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Interest in an associate	3,152	3,030	3,638	3,516

Details of the associate are as follows:

Company name	East Australia Trading Company Limited
Nature of relationship with the Group	Investment holding company held by the Group
Principal place of business/Country of incorporation	Hong Kong
Ownership interest/Voting rights held	40% (2013: 40%)

The associate is immaterial to the Group.

A member firm of KPMG International is the auditor of the associate.

In 2014 and 2013, the Group did not receive dividends from the associate.

The following table summarises the financial information for the Group's interest in the associate, based on the amounts reported in the Group's consolidated financial statements:

	2014	2013
	\$'000	\$'000
Loss after taxation	—	(2)

9 FINANCIAL DERIVATIVES

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial derivative assets				
Non-current				
Interest rate swaps	–	929	–	929
Current				
Forward exchange contracts	353	–	353	–
Financial derivative liabilities				
Non-current				
Interest rate swaps	(14,120)	(11,271)	(10,429)	(10,017)
Current				
Interest rate swaps	(15)	(16)	(12)	–
Forward exchange contracts	–	(938)	–	(938)
	(15)	(954)	(12)	(938)

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10 DEFERRED TAX

Movements in deferred tax assets and liabilities (prior to offsetting of balances) are as follows:

	At 1 January 2013	Credited/ (charged) to statement of total return (Note 26)	Acquisition of subsidiaries (Note 34)	Translation differences on consolidation	At 31 December 2013	Credited/ (charged) to statement of total return (Note 26)	Acquisition of subsidiaries (Note 34)	Translation differences on consolidation	At 31 December 2014
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets									
Unutilised capital allowances	–	–	–	–	–	118	34	(6)	146
Unutilised tax losses	2,431	(328)	–	168	2,271	391	–	(105)	2,557
Provisions and accruals	152	22	–	(6)	168	–	22	5	195
Unrealised foreign exchange loss – trade	–	1,269	–	(35)	1,234	(743)	–	(7)	484
	2,583	963	–	127	3,673	(234)	56	(113)	3,382
Deferred tax liabilities									
Serviced residence properties	(29,796)	(23,073)	–	(1,250)	(54,119)	(12,442)	–	1,249	(65,312)
Unrealised foreign exchange gain – trade	(1,147)	1,130	–	17	–	–	–	–	–
Provisions	(1,935)	181	–	(144)	(1,898)	(153)	(31)	106	(1,976)
Plant and equipment	(14,451)	3,964	–	(1,266)	(11,753)	1,038	–	759	(9,956)
Unremitted interests	–	58	(142)	–	(84)	84	–	–	–
	(47,329)	(17,740)	(142)	(2,643)	(67,854)	(11,473)	(31)	2,114	(77,244)
Net deferred tax (liabilities)/assets	(44,746)	(16,777)	(142)	(2,516)	(64,181)	(11,707)	25	2,001	(73,862)

10 DEFERRED TAX (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	3,382	3,673	–	–
Deferred tax liabilities	(77,244)	(67,854)	–	–

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

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Tax losses	57,058	28,147	–	–
Deductible temporary differences	2,200	4,301	–	–

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

Unrecognised tax losses brought forward of the Group amounting to \$229,000 (2013: \$1,516,000) expired during the year. In addition, \$2,986,000 (2013: \$4,526,000) of the losses brought forward were utilised to set off against current year's taxable profit. In 2013, \$352,000 of the losses was not carried forward to offset future taxable profits due to liquidation of a subsidiary. The remaining balance of \$24,932,000 (2013: \$19,253,000), unrecognised tax losses arising during the year of \$16,260,000 (2013: \$8,165,000) and unrecognised tax losses of \$15,866,000 (2013: \$729,000) arising from acquisition of subsidiaries have been carried forward and are subject to expiration as follows:

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Expiry dates				
– Within 1 to 5 years	45,540	6,996	–	–
– After 5 years	11,518	21,151	–	–
	57,058	28,147	–	–

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11 DEPOSITS

The deposit as at 31 December 2014 relates to the 5% (2013: 5%) deposit paid upon the execution of the sale and purchase agreement for the acquisition of a new serviced residence in Singapore.

12 ASSETS HELD FOR SALE

The Group announced on 18 October 2013 that it had launched the strata sale of the 81 individual units in Somerset Grand Fortune Garden Property Beijing. In view of the Group's commitment to the strata sale plan, the plant and equipment and serviced residence property pertaining to these 81 units were classified as assets held for sale in the consolidated statement of financial position as at 31 December 2013 until completion of the strata sale.

During the current financial year, six units had been divested ("Divested Units"). Based on the contracted sale price, the fair value less costs to sell of these Divested Units was \$5.4 million and an uplift in fair value of \$0.9 million pertaining to these units has been recognised in net change in fair value of serviced residence properties and assets held for sale in the statement of total return.

On 31 December 2014, independent valuation of the remaining 75 units (2013: 81 units) was undertaken by Jones Lang LaSalle Property Consultants Pte Ltd (2013: DTZ Debenham Tie Leung Limited). The fair value less costs to sell of these units was \$87.4 million as at 31 December 2014 (2013: \$87.0 million) and an uplift in fair value of \$4.9 million (2013: \$39.0 million) pertaining to these units has been recognised in net change in fair value of serviced residence properties and assets held for sale in the statement of total return.

13 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	13,359	11,963	1,234	1,456
Impairment loss	(157)	(245)	–	–
	13,202	11,718	1,234	1,456
Non-trade amounts due from subsidiaries	–	–	2,027,573	1,746,749
Impairment loss	–	–	(55,512)	(45,782)
	–	–	1,972,061	1,700,967
Amounts due from related parties:				
– trade	1,602	4,193	1	–
– non-trade	6,298	4,039	–	857
Deposits	1,111	1,429	39	39
Balance carried forward	22,213	21,379	1,973,335	1,703,319

13 TRADE AND OTHER RECEIVABLES (continued)

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance brought forward	22,213	21,379	1,973,335	1,703,319
Other receivables	10,751	8,096	137	279
Impairment loss	(287)	(280)	–	–
	10,464	7,816	137	279
Loans and receivables	32,677	29,195	1,973,472	1,703,598
Prepayments	3,697	2,742	110	77
	36,374	31,937	1,973,582	1,703,675

Concentration of credit risk relating to trade receivables is limited due to the Group's varied tenants. These tenants are from a wide range of nationalities and engaged in a wide spectrum of business activities. The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Non-trade amounts due from subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Impairment losses

The aging of loans and receivables at the reporting date is as follows:

	Impairment		Impairment	
	Gross	losses	Gross	losses
	2014	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000
Group				
Not past due	28,795	–	25,971	–
Past due 0 – 30 days	2,493	–	1,900	–
Past due 30 – 60 days	1,048	–	1,076	–
Past due more than 60 days	785	444	773	525
	33,121	444	29,720	525
Trust				
Not past due	1,973,255	–	1,703,427	–
Past due 0 – 30 days	157	–	125	–
Past due 30 – 60 days	52	–	30	–
Past due more than 60 days	55,520	55,512	45,798	45,782
	2,028,984	55,512	1,749,380	45,782

Notes to the Financial Statements

Year ended 31 December 2014

13 TRADE AND OTHER RECEIVABLES *(continued)*

Impairment losses *(continued)*

The movement in impairment losses in respect of trade and other receivables during the year is as follows:

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At 1 January	525	535	–	4
Impairment losses (reversed)/recognised	(22)	148	–	–
Utilised during the year	(11)	(169)	–	(4)
Translation difference	(48)	11	–	–
At 31 December	444	525	–	–

Based on historical default rates, the Group believes that, except for those recognised, no additional impairment is necessary in respect of trade receivables not past due. These receivables relate to customers that have a good credit record with the Group.

The movement in impairment losses in respect of non-trade amounts due from subsidiaries is as follows:

	Trust	
	2014	2013
	\$'000	\$'000
At 1 January	45,782	35,126
Allowance during the year	9,730	10,656
At 31 December	55,512	45,782

The non-trade amounts due from subsidiaries are written down to their respective recoverable amounts, taking into consideration the fair values of the underlying properties held by the subsidiaries, where applicable.

14 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	90,271	75,557	5,991	6,954
Fixed deposits with financial institutions	102,285	128,961	44,627	84,700
	192,556	204,518	50,618	91,654

14 CASH AND CASH EQUIVALENTS *(continued)*

As at 31 December 2014, the interest rates per annum for cash and cash equivalents for the Group and the Trust ranged from 0% to 5.5% (2013: 0% to 8.0%) and 0% to 1.9% (2013: 0% to 0.4%) respectively.

15 FINANCIAL LIABILITIES

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Secured bank loans	847,058	746,589	377,692	394,635
Unsecured bank loans	83,304	75,583	83,304	75,583
Medium term notes	361,274	311,038	–	–
Finance lease liabilities	9,928	13,623	–	–
	1,301,564	1,146,833	460,996	470,218
Current liabilities				
Intra-group financial guarantees	–	–	602	1,162
Secured bank loans	96,422	46,506	12,959	–
Medium term notes	149,938	–	–	–
Finance lease liabilities	2,988	3,745	–	–
	249,348	50,251	13,561	1,162
	1,550,912	1,197,084	474,557	471,380

Finance lease liabilities

The Group had obligations under finance leases that are payable as follows:

	31 December 2014		
	Principal	Interest	Payments
	\$'000	\$'000	\$'000
Repayable:			
Within 1 year	2,988	157	3,145
After 1 year but within 5 years	9,928	204	10,132
	12,916	361	13,277

Notes to the Financial Statements

Year ended 31 December 2014

15 FINANCIAL LIABILITIES *(continued)*

Finance lease liabilities *(continued)*

	31 December 2013		
	Principal \$'000	Interest \$'000	Payments \$'000
Repayable:			
Within 1 year	3,745	224	3,969
After 1 year but within 5 years	13,046	400	13,446
After 5 years	577	–	577
	17,368	624	17,992

(a) The Group's secured bank loans are secured on the following:

- serviced residence properties with an aggregate carrying value of \$2,128,641,000 (2013: \$1,682,098,000);
- pledge of shares of certain subsidiaries;
- assignment of rental proceeds from the properties;
- assignment of insurance policies on the properties; and
- corporate guarantee from the Trust.

The Trust's secured bank loans are secured on the following:

- serviced residence properties with an aggregate carrying value of \$558,693,000 (2013: \$556,392,000);
- pledge of shares of certain subsidiaries;
- assignment of rental proceeds from the properties; and
- assignment of insurance policies on the properties.

(b) On 9 September 2009, a subsidiary, Ascott REIT MTN Pte. Ltd., launched a \$1.0 billion Multi-currency Medium Term Note Programme ("MTN Programme"). Under this MTN Programme, Ascott REIT MTN Pte. Ltd. may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed or floating interest rate notes with aggregate principal amounts of \$1.0 billion.

On 30 November 2011, a subsidiary, Ascott REIT MTN (Euro) Pte. Ltd., established a US\$2.0 billion Euro-Medium Term Note Programme ("EMTN Programme"). Under this EMTN Programme, Ascott REIT MTN (Euro) Pte. Ltd. may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series

15 FINANCIAL LIABILITIES *(continued)*

Finance lease liabilities *(continued)*

or tranches in Euro, Sterling, United States dollar, Singapore dollar, Renminbi or, any other currency agreed between Ascott REIT MTN (Euro) Pte. Ltd. and the relevant dealer of the programme.

As at 31 December 2014, notes issued by the Group are as follows:

- under the MTN Programme:
 - (i) \$250.0 million (2013: \$250.0 million) of fixed rate notes maturing between 2015 to 2018; and
 - (ii) JPY12.0 billion (2013: JPY5.0 billion) of fixed rate notes maturing between 2018 to 2020.
 - under the EMTN Programme:
 - (i) EUR80.0 million (2013: Nil) of fixed rate notes maturing in 2024.
- (c) The weighted average effective interest rates per annum relating to bank loans and medium term notes at the reporting date for the Group and Trust are 2.87% (2013: 2.94%) and 2.95% (2013: 2.91%) respectively.

Included in the Group's and the Trust's bank loans and medium term notes is an amount of \$9,125,000 (2013: \$4,854,000) and \$3,794,000 (2013: \$2,358,000) respectively, relating to unamortised transaction costs. Transaction costs amortised during the year by the Group and the Trust of \$2,988,000 (2013: \$2,684,000) and \$1,266,000 (2013: \$1,190,000) respectively, were recognised as finance costs.

Terms and debt repayment schedule

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

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group					
2014					
Medium term notes	EUR	2.75	2024	129,595	128,940
Medium term notes	SGD	3.80 – 4.30	2015 – 2018	250,000	249,793
Medium term notes	JPY	1.65 – 2.01	2018 – 2020	132,480	132,480
Secured fixed rate loans	USD	3.75	2016	9,096	9,053
Secured floating rate loans	AUD	4.27	2021	1,450	1,426
Secured floating rate loans	EUR	1.13 – 1.57	2015 – 2021	316,735	314,226
Secured floating rate loans	GBP	1.86 – 2.46	2016 – 2021	95,250	94,121
Secured floating rate loans	JPY	0.65 – 1.12	2018 – 2021	332,984	329,410
Secured floating rate loans	MYR	4.81	2021	13,140	13,035
Balance carried forward				1,280,730	1,272,484

Notes to the Financial Statements

Year ended 31 December 2014

15 FINANCIAL LIABILITIES *(continued)* Terms and debt repayment schedule *(continued)*

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Balance brought forward				1,280,730	1,272,484
Secured floating rate loans	RMB	5.76 – 6.77	2015 – 2026	105,179	105,140
Secured floating rate loans	USD	2.48 – 4.13	2015 – 2017	77,308	77,068
Unsecured floating rate loans	GBP	1.86 – 2.31	2017	26,717	26,543
Unsecured floating rate loans	JPY	1.86	2017	57,187	56,761
Finance leases	EUR	1.46	2018 – 2019	12,916	12,916
				1,560,037	1,550,912
2013					
Medium term notes	SGD	3.80 – 4.30	2015 – 2018	250,000	249,688
Medium term notes	JPY	2.01	2018	61,350	61,350
Secured fixed rate loans	USD	3.75	2016	8,790	8,710
Secured floating rate loans	AUD	3.65	2021	1,529	1,529
Secured floating rate loans	EUR	1.16 – 2.19	2015 – 2021	334,297	333,480
Secured floating rate loans	GBP	1.50 – 2.43	2018 – 2021	81,279	80,839
Secured floating rate loans	JPY	0.40 – 2.49	2014 – 2020	255,329	253,599
Secured floating rate loans	RMB	5.76 – 6.52	2015 – 2023	64,704	64,704
Secured floating rate loans	USD	2.49 – 4.05	2015 – 2016	50,447	50,233
Unsecured floating rate loans	GBP	2.29 – 2.35	2015 – 2017	40,838	40,114
Unsecured floating rate loans	JPY	1.90	2017	36,007	35,470
Finance leases	EUR	1.45	2014 – 2019	17,368	17,368
				1,201,938	1,197,084
Trust					
2014					
Secured floating rate loans	AUD	4.27	2021	1,450	1,426
Secured floating rate loans	EUR	1.13 – 1.57	2015 – 2021	297,145	295,104
Secured floating rate loans	GBP	1.86 – 2.46	2016 – 2021	95,250	94,121
Unsecured floating rate loans	GBP	1.86 – 2.31	2017	26,717	26,543
Unsecured floating rate loans	JPY	1.86	2017	57,187	56,761
				477,749	473,955

15 FINANCIAL LIABILITIES *(continued)*
Terms and debt repayment schedule *(continued)*

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Trust					
2013					
Secured floating rate loans	AUD	3.65	2021	1,529	1,529
Secured floating rate loans	EUR	1.16 – 1.72	2015 – 2021	312,923	312,266
Secured floating rate loans	GBP	1.50 – 2.43	2018 – 2021	81,279	80,839
Unsecured floating rate loans	GBP	2.29 – 2.35	2015 – 2017	40,838	40,114
Unsecured floating rate loans	JPY	1.90	2017	36,007	35,470
				472,576	470,218

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Trust to banks in respect of various banking facilities amounting to \$602,000 (2013: \$1,162,000) granted to subsidiaries which expire in 2015 and 2016.

At the reporting date, the Trust does not consider it probable that a claim will be made against the Trust under the guarantees. The amounts and periods in which the financial guarantees expire are as follows:

	Trust	
	2014	2013
	\$'000	\$'000
Less than 1 year	467	756
Between 1 and 5 years	135	406
	602	1,162

Notes to the Financial Statements

Year ended 31 December 2014

16 TRADE AND OTHER PAYABLES

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables and accrued operating expenses	53,388	47,301	13,934	13,306
Amounts due to:				
– associate (non-trade)	1,891	1,820	–	–
– subsidiaries (non-trade)				
– interest free	–	–	62,799	59,614
– interest bearing	–	–	512,075	311,350
– related parties				
– trade	8,322	7,257	1,064	1,278
– non-trade	3,551	5,949	–	–
– the Manager	6,688	4,107	4,543	4,107
– the Trustee	103	115	103	115
– non-controlling interests (non-trade)	1,891	1,509	–	–
Interest payable	3,989	2,567	1,295	953
Rental deposits and advance rental	38,711	41,583	1,659	1,674
	118,534	112,208	597,472	392,397

Non-trade amounts due to associate and related parties are unsecured, interest-free and repayable on demand.

17 UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises:

- foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; and
- the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Capital reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to a general reserve until the reserve balance reaches 50% of the subsidiary's registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

17 UNITHOLDERS' FUNDS *(continued)*

Capital reserve *(continued)*

The capital reserve of the subsidiary can be used to make good previous years' losses, if any, and may be converted to paid-in capital of the subsidiary in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

Capital management

The Manager reviews the Group's and the Trust's capital structure regularly, which the Group defines as total Unitholders' funds (excluding non-controlling interests) and the level of distribution to Unitholders. The Group uses a combination of debt and equity to fund acquisition and asset enhancement projects.

The objectives of the Manager are to:

- a. maintain a strong balance sheet by adopting and maintaining a target gearing range;
- b. secure diversified funding sources from financial institutions and/or capital markets;
- c. adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and
- d. manage the foreign currency exposure of income and capital values of overseas assets through hedging, where appropriate.

The Manager seeks to maintain a combination of debt and equity in order to balance the cost of capital and the returns to Unitholders. The Manager also monitors the externally imposed capital requirements closely and ensures the capital structure adopted comply with the requirements.

The Group is subject to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings (the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's Deposited Property. The Aggregate Leverage of a property fund may exceed 35.0% of the fund's Deposited Property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the fund's Deposited Property.

The Group has a credit rating of Baa3 from Moody's. The Aggregate Leverage of the Group as at 31 December 2014 was 38.5% (2013: 34.0%) of the Group's Deposited Property. This complied with the Aggregate Leverage limit.

There were no changes in the Group's approach to capital management during the year.

Notes to the Financial Statements

Year ended 31 December 2014

18 UNITS IN ISSUE AND PERPETUAL SECURITIES

(a) Units in issue

	Group and Trust	
	2014	2013
	Number of	Number of
	Units	Units
	'000	'000
At 1 January	1,522,495	1,142,819
Issue of new Units:		
– equity placement	–	114,943
– As Manager's fees paid in Units	10,507	8,424
– As Manager's acquisition fees paid in Units	2,021	2,560
– Rights issue	–	253,749
At 31 December	1,535,023	1,522,495

During the financial year ended 31 December 2014, the Trust issued Units as follows:

- 10,506,622 Units were issued at issue prices ranging from \$1.1850 to \$1.2466 per Unit, amounting to \$12,821,000 as payment of the Manager's fee for the period from 1 October 2013 to 30 September 2014.
- On 30 May 2014, the Trust issued 690,108 Units at an issue price of \$1.2216 per Unit as payment of the acquisition fee in relation to the completion of the acquisition of a rental housing property in Japan.
- On 30 October 2014, the Trust issued 1,330,546 Units at an issue price of \$1.2289 per Unit as payment of the acquisition fee in relation to the completion of the acquisition (directly or indirectly through the acquisition of shareholding interests) of two serviced residence properties in the People's Republic of China and one serviced residence property in Malaysia.

During the financial year ended 31 December 2013, the Trust issued Units as follows:

- On 6 February 2013, the Trust issued 114,943,000 Units at an issue price of \$1.3050 per Unit by way of an equity placement to institutional and other investors.
- 8,424,571 Units were issued at issue prices ranging from \$1.2800 to \$1.4321 per Unit, amounting to \$11,275,000 as payment of the Manager's fee for the period from 1 October 2012 to 30 September 2013.
- On 10 September 2013, the Trust issued 2,559,825 Units at an issue price of \$1.1967 per Unit as payment of the acquisition fee in relation to the completion of the acquisition (directly or indirectly through the acquisition of shareholding interests) of three serviced residence properties in the People's Republic of China and 11 rental housing properties in Japan.

18 UNITS IN ISSUE AND PERPETUAL SECURITIES *(continued)*

(a) Units in issue *(continued)*

- (d) On 12 December 2013, the Trust issued 253,749,218 Units at an issue price of \$1.00 per rights unit on a renounceable basis to eligible Unitholders on a pro rata basis of one rights unit for every five existing Units held.

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

- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- One vote per Unit.

The restrictions of a Unitholder include the following:

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

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

(b) Perpetual securities

On 27 October 2014, the Trust issued \$150.0 million of fixed rate perpetual securities with an initial distribution rate of 5.0% per annum with the first distribution rate reset falling on 27 October 2019 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative.

Notes to the Financial Statements

Year ended 31 December 2014

18 UNITS IN ISSUE AND PERPETUAL SECURITIES *(continued)*

(b) Perpetual securities *(continued)*

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank *pari passu* with the holders of preferred units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.
- The Trust shall not declare distribution or pay any distributions to the Unitholders, or make redemption, unless the Trust declare or pay any distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Movements in Unitholders' Funds. The \$149,351,000 presented on the Statements of Financial Position represents the \$150,000,000 perpetual securities net of issue costs and include total return attributable to perpetual securities holders from issue date.

19 GROSS REVENUE

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Gross rental income	336,059	297,859	36,060	36,910
Hospitality income	19,830	17,486	541	1,778
Carpark income	1,316	1,264	–	–
	357,205	316,609	36,601	38,688

20 DIRECT EXPENSES

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Operations and maintenance expenses	36,577	32,650	3,136	3,433
Staff costs	39,519	33,410	3,596	3,129
Serviced residence management fees	23,722	21,185	2,303	2,385
Property tax	13,923	11,782	1,807	1,732
Depreciation of plant and equipment	16,267	13,511	2,913	2,803
Marketing and selling expenses	9,719	7,362	486	531
Administrative and general expenses	20,015	19,429	1,344	1,348
Operating lease expense	2,064	1,985	–	–
Other direct expenses	15,225	14,137	745	1,840
	177,031	155,451	16,330	17,201

Included in the Group's and Trust's staff costs are contributions to defined contribution plans of \$4,721,000 (2013: \$3,762,000) and \$387,000 (2013: \$319,000) respectively.

21 MANAGER'S MANAGEMENT FEES

Manager's management fees of the Group and the Trust include base management fees of \$10,378,000 (2013: \$8,691,000) and performance fees of \$6,832,000 (2013: \$6,036,000).

The total units issued/to be issued for manager's management fees amounted to 10,640,537 (2013: 8,963,910) Units, amounting to \$13,251,000 (2013: \$11,553,000).

22 PROFESSIONAL FEES

Professional fees of the Group and the Trust include valuation fees of \$819,000 (2013: \$817,000).

23 NET FINANCE COSTS

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Finance income				
Bank deposits	2,123	2,089	78	59
Finance costs				
Amortisation of transaction costs	(2,988)	(2,684)	(1,266)	(1,190)
Interest on bank loans and interest rate swaps	(39,663)	(41,619)	(15,664)	(12,492)
Loans from related parties	(86)	(121)	(11,910)	(10,351)
Others	(604)	(222)	(405)	(240)
	(43,341)	(44,646)	(29,245)	(24,273)
Net finance costs recognised in statement of total return	(41,218)	(42,557)	(29,167)	(24,214)

24 NET INCOME

The following items have been included in arriving at net income for the year:

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Non-audit fees paid to*:				
– auditors of the Trust	26	8	23	8
– other auditors	23	49	–	–
Loss on disposal of plant and equipment	224	24	50	46
Impairment loss on trade and other receivables (reversed)/recognised	(22)	148	–	–
Write-off of trade and other receivables	8	–	–	–

* Total non-audit fees amounted to \$278,000 (2013: \$324,000), of which \$81,000 (2013: \$77,000) has been capitalised as capital expenditure and \$148,000 (2013: \$190,000) has been included in issue expenses (Note 28).

Notes to the Financial Statements

Year ended 31 December 2014

25 NET DIVESTMENT EXPENSES

In 2013, net divestment expenses relate to the expenses incurred in connection with the disposal of strata units in Somerset Grand Fortune Garden Property Beijing.

26 INCOME TAX EXPENSE

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
Current year	21,530	19,303	70	273
Under/(over) provided in prior years	716	(2,450)	11	(6)
Withholding tax	2,990	2,579	–	–
	25,236	19,432	81	267
Deferred tax expense				
Origination and reversal of temporary differences	11,451	20,861	–	–
Under/(over) provided in prior years	256	(4,084)	–	–
	11,707	16,777	–	–
Income tax expense	36,943	36,209	81	267

Reconciliation of effective tax rate

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Total return before income tax	167,315	251,563	32,486	43,221
Income tax using the Singapore tax rate of 17% (2013: 17%)	28,444	42,766	5,523	7,348
Effect of different tax rates in foreign jurisdictions	19,302	21,641	–	–
Tax rebate/relief/exemption	(18)	(10)	(12,117)	(9,487)
Income not subject to tax	(32,001)	(43,608)	(500)	(3,255)
Tax benefits not recognised	1,434	2,346	–	–
Expenses not deductible for tax purposes	16,502	17,671	7,247	6,156
Utilisation of previously unrecognised tax losses	(599)	(153)	–	–
Tax transparency	(83)	(489)	(83)	(489)
Under/(over) provision in prior years	972	(6,534)	11	(6)
Withholding tax	2,990	2,579	–	–
	36,943	36,209	81	267

27 EARNINGS PER UNIT

The calculation of basic earnings per unit for the Group and Trust was based on the total return for the year attributable to Unitholders and a weighted average number of units outstanding:

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Total return attributable to Unitholders/perpetual securities holders	122,468	208,659	32,405	42,954
Less: Total return attributable to perpetual securities holders	(1,356)	–	(1,356)	–
Total return attributable to Unitholders	121,112	208,659	31,049	42,954

	Group and Trust	
	2014	2013
	Number of Units	Number of Units
	'000	'000
Issued units at beginning of the year	1,522,495	1,142,819
Effect of issue of new units:		
– As equity placement	–	103,606
– As Manager's fees paid in Units	5,503	4,349
– As Manager's acquisition fees paid in Units	638	792
– As rights issue	–	38,936
Weighted average number of units outstanding during the year	1,528,636	1,290,502

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

28 ISSUE EXPENSES

	Group and Trust	
	2014	2013
	\$'000	\$'000
Underwriting fees and selling commissions	1,271	4,922
Professional fees	493	605
Other expenses	241	549
	2,005	6,076
These expenses were deducted directly against:		
Unitholders' funds	–	6,076
Perpetual securities	2,005	–
	2,005	6,076

Notes to the Financial Statements

Year ended 31 December 2014

28 ISSUE EXPENSES *(continued)*

Included in issue expenses are non-audit fees paid to auditors of the Group and the Trust of \$148,000 (2013: \$190,000) for services performed in connection with the issuance of units/perpetual securities.

29 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements. There were no changes in the Group's approach to financial risk management during the year.

Risk management framework

The Manager has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

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

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

29 FINANCIAL INSTRUMENTS *(continued)*

Credit risk *(continued)*

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore	1,412	2,631	1,973,472	1,703,598
Australia	132	58	–	–
China	13,023	6,720	–	–
Europe (excluding United Kingdom)	4,166	5,531	–	–
Indonesia	4,259	3,566	–	–
Japan	2,855	1,093	–	–
Malaysia	559	–	–	–
Philippines	3,467	4,032	–	–
United Kingdom	1,922	4,230	–	–
Vietnam	882	1,334	–	–
	32,677	29,195	1,973,472	1,703,598

At 31 December 2014 and 31 December 2013, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2014, the Group has unutilised credit facilities of approximately \$270.0 million (2013: \$211.0 million) expiring between February 2015 and September 2026 (2013: between June 2014 and February 2021), that can be drawn down to meet short-term financing needs.

In addition, the Group has put in place a \$1.0 billion MTN Programme, under which notes of \$382.5 million (2013: \$311.4 million) have been issued as at 31 December 2014. In 2011, the Group established a US\$2.0 billion Euro-Medium Term Note Programme, under which notes of \$129.6 million (2013: \$Nil) have been issued as at 31 December 2014.

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Year ended 31 December 2014

29 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
Group					
2014					
Non-derivative financial liabilities					
Floating rate loans	1,017,730	(1,092,647)	(114,987)	(618,561)	(359,099)
Fixed rate loans	520,266	(591,719)	(166,281)	(199,795)	(225,643)
Finance lease liabilities	12,916	(13,277)	(3,145)	(10,132)	–
Trade and other payables	118,534	(118,534)	(118,534)	–	–
	1,669,446	(1,816,177)	(402,947)	(828,488)	(584,742)
Derivative financial instruments					
Interest rate swaps:					
– liabilities	14,135	(16,640)	(7,889)	(8,365)	(386)
Forward exchange contracts (assets)	(353)	353	353	–	–
	13,782	(16,287)	(7,536)	(8,365)	(386)
	1,683,228	(1,832,464)	(410,483)	(836,853)	(585,128)
Group					
2013					
Non-derivative financial liabilities					
Floating rate loans	859,968	(917,579)	(64,737)	(533,382)	(319,460)
Fixed rate loans	319,748	(359,119)	(11,584)	(347,535)	–
Finance lease liabilities	17,368	(17,992)	(3,969)	(13,446)	(577)
Trade and other payables	112,208	(112,208)	(112,208)	–	–
	1,309,292	(1,406,898)	(192,498)	(894,363)	(320,037)
Derivative financial instruments					
Interest rate swaps:					
– assets	(929)	1,024	(1,072)	1,772	324
– liabilities	11,287	(11,827)	(5,484)	(6,343)	–
Forward exchange contracts (liabilities)	938	(938)	(938)	–	–
	11,296	(11,741)	(7,494)	(4,571)	324
	1,320,588	(1,418,639)	(199,992)	(899,511)	(319,136)

29 FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk *(continued)*

		----- Cash flows -----			
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
Trust					
2014					
Non-derivative financial liabilities					
Floating rate loans	473,955	(501,720)	(20,384)	(347,643)	(133,693)
Intra-group financial guarantees	602	(602)	(467)	(135)	–
Trade and other payables	597,472	(597,472)	(597,472)	–	–
	1,072,029	(1,099,794)	(618,323)	(347,778)	(133,693)
Derivative financial instruments					
Interest rate swaps:					
– liabilities	10,441	(10,987)	(6,574)	(4,413)	–
Forward exchange contracts (assets)	(353)	353	353	–	–
	10,088	(10,634)	(6,221)	(4,413)	–
	1,082,117	(1,110,428)	(624,544)	(352,191)	(133,693)
2013					
Non-derivative financial liabilities					
Floating rate loans	470,218	(500,985)	(7,380)	(346,295)	(147,310)
Intra-group financial guarantees	1,162	(1,162)	(756)	(406)	–
Trade and other payables	392,397	(392,397)	(392,397)	–	–
	863,777	(894,544)	(400,533)	(346,701)	(147,310)
Derivative financial instruments					
Interest rate swaps:					
– assets	(929)	1,024	(1,072)	1,772	324
– liabilities	10,017	(10,497)	(4,982)	(5,515)	–
Forward exchange contracts (liabilities)	938	(938)	(938)	–	–
	10,026	(10,411)	(6,992)	(3,743)	324
	873,803	(904,955)	(407,525)	(350,444)	(146,986)

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Year ended 31 December 2014

29 FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk *(continued)*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Foreign currency risk

The Group has exposures to foreign currency risks as a result of its operations in several countries. The currencies giving rise to this risk are the Singapore Dollar, Australian Dollar, Chinese Renminbi, Euro, Great British Pound, Indonesian Rupiah, Japanese Yen, Malaysian Ringgit, Philippine Peso, US Dollar and the Vietnamese Dong.

In order to manage the foreign currency risks, the Manager adopts foreign currency risk management strategies that may include:

- entering into foreign currency forward contracts to hedge the foreign currency income from the overseas assets; and
- the use of foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible.

29 FINANCIAL INSTRUMENTS (continued)
Foreign currency risk (continued)

The Group's and Trust's exposures to foreign currencies risk were as follows based on notional amounts:

Group	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Great British Pound \$'000	Hong Kong Dollar \$'000	Indonesian Rupiah \$'000	Japanese Yen \$'000	Malaysian Ringgit \$'000	Philippine Peso \$'000	US Dollar \$'000	Vietnamese Dong \$'000	Total foreign currencies \$'000
31 December 2014													
Loan receivables – intra-group and associate	29,500	72,235	–	297,769	113,265	–	–	–	24,403	–	67,046	–	604,218
Trade and other receivables	1,163	145	12,140	4,384	1,704	–	1,990	2,904	559	3,735	3,067	886	32,677
Intra-group receivables	460,967	144,529	17,575	789,468	445,736	66	2,428	474,550	11,079	6,114	532,862	636	2,886,010
Cash and cash equivalents	5,410	1,766	29,140	36,116	23,970	2	748	37,448	1,068	15,771	14,526	26,591	192,556
Loan payables – intra-group	(29,500)	(72,235)	–	(297,769)	(113,265)	–	–	–	(24,403)	–	(63,410)	–	(600,582)
Trade and other payables	(13,664)	(2,155)	(28,946)	(11,901)	(14,198)	(13,017)	(2,897)	(19,659)	(1,574)	(6,048)	2,969	(7,444)	(118,534)
Intra-group payables	(460,967)	(144,529)	(17,575)	(789,468)	(445,736)	(66)	(2,428)	(474,550)	(11,079)	(6,114)	(532,862)	(636)	(2,886,010)
Financial liabilities	(245,346)	(1,450)	(105,140)	(459,149)	(121,967)	–	–	(518,704)	(13,035)	–	(86,211)	90	(1,550,912)
Gross currency exposure	(252,437)	(1,694)	(92,806)	(430,550)	(110,491)	(13,015)	(159)	(498,011)	(12,982)	13,458	(62,013)	20,123	(1,440,577)
Add/(less): Net exposure dominated in the respective entities' functional currencies	167,903	82,790	80,973	473,279	167,609	(102)	2,428	409,414	48,444	(10,916)	76,113	(19,457)	1,478,478
Add: Loan designated for net investment hedge	–	–	–	426,740	53,068	–	–	90,775	–	–	–	–	570,583
Add/(less): Loan receivables/payables – quasi-equity	29,500	(72,235)	–	(297,769)	(113,265)	–	–	–	(24,403)	–	(67,046)	–	(545,218)
Net exposure	(55,034)	8,861	(11,833)	171,700	(3,079)	(13,117)	2,269	2,178	11,059	2,542	(52,946)	666	63,266

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Year ended 31 December 2014

29 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Group	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Great British Pound \$'000	Hong Kong Dollar \$'000	Indonesian Rupiah \$'000	Japanese Yen \$'000	Philippine Peso \$'000	US Dollar \$'000	Vietnamese Dong \$'000	Total foreign currencies \$'000
31 December 2013												
Loan receivables – intra-group and associate	33,478	21,523	–	303,480	113,694	–	–	–	–	64,798	–	536,973
Trade and other receivables	4,083	58	4,658	3,583	6,531	–	17	1,093	4,091	3,550	1,531	29,195
Intra-group receivables	399,555	34,961	17,052	739,190	489,252	63	2,208	349,709	4,074	373,422	–	2,409,486
Cash and cash equivalents	91,652	4,650	20,003	8,285	14,282	–	–	20,380	13,297	5,230	26,739	204,518
Loan payables – intra-group	(33,478)	(21,523)	–	(303,480)	(113,694)	–	–	–	–	(61,282)	–	(533,457)
Trade and other payables	(21,318)	(1,194)	(18,488)	(23,115)	(6,425)	(12,555)	(2,801)	(15,506)	(5,603)	3,835	(9,038)	(112,208)
Intra-group payables	(399,555)	(34,961)	(17,052)	(739,190)	(489,252)	(63)	(2,208)	(349,709)	(4,074)	(373,422)	–	(2,409,486)
Financial liabilities	(247,329)	(1,529)	(64,009)	(351,505)	(122,116)	–	–	(351,710)	–	(58,884)	–	(1,197,082)
Gross currency exposure	(172,912)	1,985	(57,836)	(362,752)	(107,728)	(12,555)	(2,784)	(345,743)	11,785	(42,753)	19,232	(1,072,061)
Add/(less): Net exposure denominated in the respective entities' functional currencies	92,918	25,179	46,566	512,421	185,047	121	547	342,190	(10,906)	92,326	(19,232)	1,267,177
Add: Loan designated for net investment hedge	–	–	–	312,923	–	–	–	–	–	–	–	312,923
Add/(less): Loan receivables/payables – quasi-equity	33,478	(21,523)	–	(303,480)	(113,694)	–	–	–	–	(64,798)	–	(470,017)
Net exposure	(46,516)	5,641	(11,270)	159,112	(36,375)	(12,434)	(2,237)	(3,553)	879	(15,225)	–	38,022

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' balance sheet measured in the respective functional currencies, translated into Singapore dollars at the exchange rate at the reporting date for presentation purposes.

29 FINANCIAL INSTRUMENTS *(continued)*
Foreign currency risk *(continued)*

	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Great British Pound \$'000	Hong Kong Dollar \$'000	Japanese Yen \$'000	Philippine Peso \$'000	US Dollar \$'000	Total foreign currencies \$'000
Trust										
31 December 2014										
Loan receivables – intra-group and associate	–	–	–	–	–	–	–	–	3,638	3,638
Trade and other receivables	1,411	–	–	–	–	–	–	–	–	1,411
Intra-group receivables	419,624	115,911	19,494	496,512	376,258	(59)	203,469	3,224	337,628	1,972,061
Cash and cash equivalents	5,350	344	–	29,733	11,922	–	824	–	2,445	50,618
Trade and other payables	(11,364)	(6)	(9,823)	(998)	(280)	–	(9)	–	(118)	(22,598)
Intra-group payables	(227,933)	(2,407)	–	(129,724)	–	–	(141,818)	–	(72,992)	(574,874)
Financial liabilities	3,793	(1,450)	–	(297,326)	(121,967)	–	(57,187)	–	(420)	(474,557)
Gross currency exposure	190,881	112,392	9,671	98,197	265,933	(59)	5,279	3,224	270,181	955,699
Less: Net exposure denominated in the respective entities' functional currencies	(190,881)	–	–	–	–	–	–	–	–	(190,881)
Add: Loan receivables – quasi-equity	–	–	–	–	–	–	–	–	(3,638)	(3,638)
Net exposure	–	112,392	9,671	98,197	265,933	(59)	5,279	3,224	266,543	761,180

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Year ended 31 December 2014

29 FINANCIAL INSTRUMENTS *(continued)*

Foreign currency risk *(continued)*

	Singapore Dollar \$'000	Australian Dollar \$'000	Chinese Renminbi \$'000	Euro \$'000	Great British Pound \$'000	Hong Kong Dollar \$'000	Japanese Yen \$'000	Philippine Peso \$'000	US Dollar \$'000	Total foreign currencies \$'000
Trust										
31 December 2013										
Loan receivables – intra-group and associate	–	–	–	–	–	–	–	–	3,516	3,516
Trade and other receivables	1,647	–	–	–	–	–	82	–	902	2,631
Intra-group receivables	313,798	25,854	18,833	558,200	403,743	(58)	186,553	3,195	190,849	1,700,967
Cash and cash equivalents	90,809	56	–	176	303	–	69	–	241	91,654
Trade and other payables	(10,878)	(5)	(9,490)	(885)	(68)	–	(4)	–	(102)	(21,432)
Intra-group payables	(232,075)	(1,343)	–	–	–	–	(68,428)	–	(69,118)	(370,964)
Financial liabilities	2,359	(1,529)	–	(312,923)	(122,116)	–	(36,007)	–	(1,162)	(471,378)
Gross currency exposure	165,660	23,033	9,343	244,568	281,862	(58)	82,265	3,195	125,126	934,994
Less: Net exposure denominated in the respective entities' functional currencies	(165,660)	–	–	–	–	–	–	–	–	(165,660)
Add: Loan receivables – quasi-equity	–	–	–	–	–	–	–	–	(3,516)	(3,516)
Net exposure	–	23,033	9,343	244,568	281,862	(58)	82,265	3,195	121,610	765,818

29 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

Sensitivity analysis

The following table indicates the approximate increase/(decrease) in the Group's statement of total return and Unitholders' funds in response to a 10% increase in foreign exchange rates to which the Group has significant exposure at the reporting date as compared to the functional currencies of the respective entities. The sensitivity analysis includes balances in group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	31 December 2014		31 December 2013	
	Statement of total return	Unitholders' funds	Statement of total return	Unitholders' funds
	\$'000	\$'000	\$'000	\$'000
Group				
Singapore Dollar ⁽¹⁾	(5,503)	—	(4,652)	—
Australian Dollar ⁽²⁾	886	—	564	—
Chinese Renminbi ⁽²⁾	(1,183)	—	(1,127)	—
Euro ⁽²⁾	17,170	—	15,911	—
Great British Pound ⁽²⁾	(308)	—	(3,638)	—
Hong Kong Dollar ⁽²⁾	(1,312)	—	(1,243)	—
Indonesian Rupiah ⁽³⁾	227	—	(224)	—
Japanese Yen ⁽⁴⁾	218	—	(355)	—
Malaysian Ringgit ⁽²⁾	1,106	—	—	—
Philippine Peso ⁽²⁾	254	—	88	—
US Dollar ⁽⁵⁾	(5,295)	—	(1,523)	—
Vietnamese Dong ⁽²⁾	67	—	—	—
Trust				
Australian Dollar ⁽²⁾	11,239	—	2,303	—
Chinese Renminbi ⁽²⁾	967	—	934	—
Euro ⁽²⁾	9,820	—	24,457	—
Great British Pound ⁽²⁾	26,593	—	28,186	—
Hong Kong Dollar ⁽²⁾	(6)	—	(6)	—
Japanese Yen ⁽²⁾	528	—	8,227	—
Philippine Peso ⁽²⁾	322	—	320	—
US Dollar ⁽²⁾	26,654	—	12,161	—

(1) as compared to functional currencies of Australian Dollar, Chinese Renminbi and US Dollar.

(2) as compared to functional currency of Singapore Dollar.

(3) as compared to functional currencies of Singapore Dollar and US Dollar.

(4) as compared to functional currencies of Singapore Dollar and Chinese Renminbi.

(5) as compared to functional currencies of Singapore Dollar, Chinese Renminbi and Philippine Peso.

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Year ended 31 December 2014

29 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk (continued)

A decrease in foreign exchange rates to which the Group has significant exposure at the reporting date as compared to the functional currencies of the respective entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

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

The Group classifies these interest rate swaps as cash flow hedges.

The details of the interest rate swaps are as follows:

Currency	Notional contract amount in foreign currency \$'000	Fixed rate %	Floating rate %	Year of maturity	Net asset/(liability) \$'000
Interest Rate Swaps					
Group					
2014					
EUR	195,231	0.35 – 2.72	EURIBOR	2015 – 2019	(9,529)
GBP	38,430	0.87 – 1.87	LIBOR	2016 – 2019	(814)
JPY	29,640,000	0.22 – 1.10	LIBOR/TIBOR	2015 – 2021	(3,792)
					(14,135)
2013					
EUR	56,137	1.11	EURIBOR	2019	149
GBP	32,299	0.96 – 1.87	LIBOR	2016 – 2019	780
					929
EUR	139,509	0.35 – 2.72	EURIBOR	2015 – 2016	(9,850)
JPY	21,450,000	0.21 – 0.79	LIBOR/TIBOR	2014 – 2018	(1,437)
					(11,287)
					(10,358)

29 FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk *(continued)*

Currency	Notional contract amount in foreign currency \$'000	Fixed rate %	Floating rate %	Year of maturity	Net asset/(liability) \$'000
Trust					
2014					
EUR	183,137	0.35 – 2.72	EURIBOR	2015 – 2019	(9,360)
GBP	38,430	0.87 – 1.87	LIBOR	2016 – 2019	(814)
JPY	5,180,000	0.26 – 0.35	LIBOR	2016 – 2017	(267)
					(10,441)
2013					
EUR	56,137	1.11	EURIBOR	2019	149
GBP	32,299	0.96 – 1.87	LIBOR	2016 – 2019	780
					929
EUR	127,000	0.35 – 2.72	EURIBOR	2015 – 2016	(9,807)
JPY	5,180,000	0.26 – 0.35	LIBOR	2016 – 2017	(210)
					(10,017)
					(9,088)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Carrying amount		Trust Carrying amount	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed rate instruments				
Financial liabilities	(520,266)	(319,748)	–	–
Variable rate instruments				
Financial liabilities	(1,030,646)	(877,336)	(473,955)	(470,218)
Interest rate swaps (assets)	–	929	–	929
Interest rate swaps (liabilities)	(14,135)	(11,287)	(10,441)	(10,017)

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Year ended 31 December 2014

29 FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk *(continued)*

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the statement of total return.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rate at the reporting date would increase/(decrease) Unitholders' funds and statement of total return by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Statement of total return		Unitholders' funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
Group				
31 December 2014				
Variable rate financial liabilities	(10,389)	10,389	–	–
Interest rate swaps	7,221	(7,221)	1,906	(1,906)
Cash flow sensitivity (net)	(3,168)	3,168	1,906	(1,906)
31 December 2013				
Variable rate financial liabilities	(8,818)	8,818	–	–
Interest rate swaps	6,638	(6,638)	1,396	(1,396)
Cash flow sensitivity (net)	(2,180)	2,180	1,396	(1,396)
Trust				
31 December 2014				
Variable rate financial liabilities	(4,777)	4,777	–	–
Interest rate swaps	4,324	(4,324)	1,064	(1,064)
Cash flow sensitivity (net)	(453)	453	1,064	(1,064)
31 December 2013				
Variable rate financial liabilities	(4,726)	4,726	–	–
Interest rate swaps	4,428	(4,428)	843	(843)
Cash flow sensitivity (net)	(298)	298	843	(843)

29 FINANCIAL INSTRUMENTS *(continued)*

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement

	Gross amounts of recognised financial assets/ (liabilities) \$'000	Gross amount of recognised financial assets/ (liabilities) offset in the statement of financial position \$'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position \$'000	Related amounts not offset in the statement of financial position \$'000	Net amount \$'000
Group					
31 December 2014					
Financial assets					
Forward exchange contracts	353	–	353	–	353
Financial liabilities					
Interest rate swaps	(14,135)	–	(14,135)	–	(14,135)

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29 FINANCIAL INSTRUMENTS *(continued)*

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement *(continued)*

	Gross amounts of recognised financial assets/ (liabilities) \$'000	Gross amount of recognised financial assets/ (liabilities) offset in the statement of financial position \$'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position \$'000	Related amounts not offset in the statement of financial position \$'000	Net amount \$'000
Group					
31 December 2013					
Financial assets					
Interest rate swaps	929	–	929	–	929
Financial liabilities					
Interest rate swaps	(11,287)	–	(11,287)	–	(11,287)
Forward exchange contracts	(938)	–	(938)	–	(938)
Trust					
31 December 2014					
Financial assets					
Forward exchange contracts	353	–	353	–	353
Financial liabilities					
Interest rate swaps	(10,441)	–	(10,441)	–	(10,441)
31 December 2013					
Financial assets					
Interest rate swaps	929	–	929	–	929
Financial liabilities					
Interest rate swaps	(10,017)	–	(10,017)	–	(10,017)
Forward exchange contracts	(938)	–	(938)	–	(938)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statements of financial position that are disclosed in the above tables are measured in the statement of financial position on the following basis:

- forward exchange contracts and interest rate swaps – fair value.

30 RELATED PARTIES

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

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

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

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Acquisition fees paid/payable to the Manager	5,028	3,063	2,478	1,831
Divestment fee payable to the Manager	42	–	–	–
Rental income received/receivable from related corporations of the Manager	(301)	(138)	(33)	(63)
Rental income received/receivable under master lease arrangements from related corporations of the Manager	(48,197)	(47,264)	(9,063)	(9,017)
Serviced residence properties management fees paid/payable to related corporations of the Manager	22,767	20,444	2,303	2,385
Service fee paid/payable to related corporations of the Manager	14,851	12,813	2,147	1,994
Shortfall in net operating profit guarantee amount received/receivable from related corporations of the Manager	(431)	(1,806)	–	–
Termination compensation received from a related corporation of the Manager	(649)	–	–	–
Waiver of non-trade amount owing to a related corporation of the Manager	(2,530)	–	–	–
Yield protection income received/receivable from a related corporation of the Manager	(412)	(1,610)	(412)	(1,610)

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Year ended 31 December 2014

31 FINANCIAL RATIOS

	Group 2014 %	2013 %
Ratio of expenses to average net asset value ⁽¹⁾		
– including performance component of Manager's management fees	1.07	1.13
– excluding performance component of Manager's management fees	0.76	0.80
Portfolio turnover rate ⁽²⁾	0.25	–

Notes:

- (1) The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, borrowing costs and foreign exchange gains/(losses).
- (2) The annualised ratio is computed based on the lesser of purchases or sales of underlying serviced residence properties of the Group expressed as a percentage of weighted average net asset value.

32 OPERATING SEGMENTS

Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of the different economic environments in which they operate in. For each of the reportable segments, the CEO of the Manager reviews internal management reports on at least a monthly basis. This forms the basis of identifying the operating segments of the Group.

Performance measurement based on segment gross profit and non-financial assets as well as financial assets attributable to each segment is used as the Manager believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, corporate assets and expenses, and income tax expense. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Information regarding the Group's reportable segments is presented in the following tables.

32 OPERATING SEGMENTS *(continued)*

Information about reportable segments

Geographical segments

The Group's business is investing in serviced residences and rental housing properties.

	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
Year ended 31 December 2014								
Gross rental income	36,060	5,923	11,981	51,916	36,464	8,775	14,858	165,977
Other income	129 ⁽¹⁾	83	922	3,930	2,493	1,048	1,010	9,615
Gross revenue	36,189	6,006	12,903	55,846	38,957	9,823	15,868	175,592
Direct expenses	(16,392)	(3,502)	(9,778)	(39,959)	(2,777)	(1,210)	(10,153)	(83,771)
Segment gross profit	19,797	2,504	3,125	15,887	36,180	8,613	5,715	91,821
Change in fair value of serviced residence properties and assets held for sale	1,650	(11,415)	10,381	18,893	6,361	3,619	2,948	32,437
	Japan \$'000	Malaysia \$'000	Philippines \$'000	Spain \$'000	United Kingdom \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000
Year ended 31 December 2014								
Gross rental income	42,451	3,197	27,283	6,900	55,388	34,863	170,082	336,059
Other income	3,447	31	2,957	792 ⁽²⁾	1,252	3,052 ⁽¹⁾	11,531	21,146
Gross revenue	45,898	3,228	30,240	7,692	56,640	37,915	181,613	357,205
Direct expenses	(17,782)	(2,140)	(19,855)	(4,468)	(31,408)	(17,607)	(93,260)	(177,031)
Segment gross profit	28,116	1,088	10,385	3,224	25,232	20,308	88,353	180,174
Change in fair value of serviced residence properties and assets held for sale	9,483	(3,066)	(636)	1,545	23,792	(525)	30,593	63,030
Finance income								2,123
Finance costs								(43,341)
Unallocated net expense								(34,671)
Reportable segment profit before income tax								167,315
Income tax expense								(36,943)
Total return for the year								130,372

(1) Included in the gross revenue for Vietnam is an amount of \$412,000 relating to yield protection income received by the Trust, allocated from Singapore.

(2) Included in the gross revenue is an amount of \$431,000 for Spain relating to the shortfall in net operating profit guarantee amount.

Notes to the Financial Statements

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32 OPERATING SEGMENTS *(continued)*

Geographical segments *(continued)*

	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
Year ended 31 December 2013								
Gross rental income	36,910	4,957	10,534	37,959	35,601	8,373	14,507	148,841
Other income	168 ⁽¹⁾	89	1,198 ⁽²⁾	1,181	2,638	921	946	7,141
Gross revenue	37,078	5,046	11,732	39,140	38,239	9,294	15,453	155,982
Direct expenses	(17,203)	(3,285)	(9,450)	(26,421)	(2,784)	(969)	(10,860)	(70,972)
Segment gross profit	19,875	1,761	2,282	12,719	35,455	8,325	4,593	85,010
Change in fair value of serviced residence properties and assets held for sale	4,307	72	(593)	56,491	35,714	(4,226)	7,280	99,045

	Japan \$'000	Philippines \$'000	Spain \$'000	United Kingdom \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000
Year ended 31 December 2013							
Gross rental income	30,698	27,161	5,075	49,995	36,089	149,018	297,859
Other income	1,660	2,899	1,738 ⁽²⁾	881	4,431 ⁽¹⁾	11,609	18,750
Gross revenue	32,358	30,060	6,813	50,876	40,520	160,627	316,609
Direct expenses	(14,788)	(19,427)	(3,570)	(29,256)	(17,438)	(84,479)	(155,451)
Segment gross profit	17,570	10,633	3,243	21,620	23,082	76,148	161,158
Change in fair value of serviced residence properties and assets held for sale	9,287	5,533	2,543	26,987	(3,863)	40,487	139,532
Share of results of associate (net of tax)							(2)
Finance income							2,089
Finance costs							(44,646)
Unallocated net expense							(6,568)
Reportable segment profit before income tax							251,563
Income tax expense							(36,209)
Total return for the year							215,354

(1) Included in the gross revenue for Vietnam is an amount of \$1,610,000 relating to yield protection income received/receivable by the Trust, allocated from Singapore.

(2) Included in the gross revenue is an amount of \$437,000 for Belgium and \$1,369,000 for Spain relating to the shortfall in net operating profit guarantee amount.

32 OPERATING SEGMENTS *(continued)*

Geographical segments *(continued)*

	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
2014								
Assets and liabilities								
Reportable segment assets	637,743	120,873	58,423	807,450	530,560	122,788	111,840	2,389,677
Reportable segment liabilities	1,019,855	2,159	3,438	188,149	62,548	2,537	10,030	1,288,716
Other Segmental Information								
Capital expenditure:								
– plant and equipment	1,291	203	675	1,867	–	–	1,188	5,224
– serviced residence properties	526	9,352	1,722	10,548	–	–	2,896	25,044
Depreciation	2,913	58	585	4,488	–	–	695	8,739
	Japan \$'000	Malaysia \$'000	Philippines \$'000	Spain \$'000	United Kingdom \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000
2014								
Assets and liabilities								
Reportable segment assets	608,691	65,674	162,032	55,831	540,548	299,439	1,732,215	4,121,892
Reportable segment liabilities	351,427	14,540	18,776	810	39,533	54,854	479,940	1,768,656
Other Segmental Information								
Capital expenditure:								
– plant and equipment	40	15	1,980	506	1,038	999	4,578	9,802
– serviced residence properties	3,613	1,532	166	724	929	2,808	9,772	34,816
Depreciation	306	394	1,489	208	2,817	2,314	7,528	16,267

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32 OPERATING SEGMENTS *(continued)*

Geographical segments *(continued)*

	Singapore \$'000	Australia \$'000	Belgium \$'000	China \$'000	France \$'000	Germany \$'000	Indonesia \$'000	Subtotal \$'000
2013								
Assets and liabilities								
Reportable segment assets	680,041	37,934	56,487	527,120	558,310	127,085	103,296	2,090,273
Reportable segment liabilities	814,887	1,197	2,302	113,940	61,017	2,242	8,381	1,003,966
Other Segmental Information								
Capital expenditure:								
– plant and equipment	884	93	851	1,670	–	–	2,016	5,514
– serviced residence properties	863	2,150	2,860	6,164	–	287	6,220	18,544
Depreciation	2,803	30	406	2,560	–	–	487	6,286
	Japan \$'000	Philippines \$'000	Spain \$'000	United Kingdom \$'000	Vietnam \$'000	Subtotal \$'000	Total \$'000	
2013								
Assets and liabilities								
Reportable segment assets	465,690	154,648	62,905	514,412	294,069	1,491,724	3,581,997	
Reportable segment liabilities	271,618	18,555	5,842	37,733	57,153	390,901	1,394,867	
Other Segmental Information								
Capital expenditure:								
– plant and equipment	51	529	1,321	1,454	1,046	4,401	9,915	
– serviced residence properties	1,766	180	2,396	12,517	–	16,859	35,403	
Depreciation	282	1,490	45	2,991	2,417	7,225	13,511	

33 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Determining fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods and processes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Serviced residence properties

The Group's investment property portfolio is valued by independent valuers every six months. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. The valuers have considered the discounted cash flows method in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of serviced residence properties include market-corroborated discount rate and terminal capitalisation rate.

The valuation of the Group's investment property portfolio is discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

(ii) Assets held for sale

The Group's assets held for sale are valued by an independent external valuer. The valuer has considered the direct comparison and income capitalisation approaches in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuer used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of assets held for sale include market-corroborated capitalisation rate.

(iii) Financial derivatives

The fair values of interest rate swaps and interest rate caps are based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates for a similar financial instrument at the measurement date.

(iv) Non-derivative financial liabilities

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

(v) Intra-group financial guarantees

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

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Year ended 31 December 2014

33 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(a) Determining fair value *(continued)*

(vi) Other financial assets and liabilities

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

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

(b) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Note	Designated at fair value \$'000	Carrying amount			Fair value			
			Fair value – hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2014									
Financial assets									
Financial assets measured at fair value									
Financial derivatives	9	353	–	–	–	–	353	–	353
Financial assets not measured at fair value									
Deposits	11	–	–	20,250	–	–	20,250	–	–
Trade and other receivables	13	–	–	32,677	–	–	32,677	–	–
Cash and cash equivalents	14	–	–	192,556	–	–	192,556	–	–
		–	–	245,483	–	–	245,483	–	–
Financial liabilities									
Financial liabilities measured at fair value									
Financial derivatives	9	–	(14,135)	–	–	–	(14,135)	–	(14,135)
Financial liabilities not measured at fair value									
Secured bank loans	15	–	–	–	(943,480)	–	(943,480)	–	–
Unsecured bank loans	15	–	–	–	(83,304)	–	(83,304)	–	–
Medium term notes	15	–	–	–	(511,212)	–	(511,212)	–	–
Finance lease liabilities	15	–	–	–	(12,916)	–	(12,916)	–	–
Trade and other payables	16	–	–	–	(118,534)	–	(118,534)	–	–
		–	–	–	(1,669,446)	–	(1,669,446)	–	–

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Year ended 31 December 2014

33 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Accounting classifications and fair values (continued)

Group	Note	Designated at fair value \$'000	Carrying amount				Fair value			
			Fair value – hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2013										
Financial assets measured at fair value										
Financial derivatives	9	–	929	–	–	929	–	929	–	929
Financial assets not measured at fair value										
Deposits	11	–	–	20,250	–	20,250				
Trade and other receivables	13	–	–	29,195	–	29,195				
Cash and cash equivalents	14	–	–	204,518	–	204,518				
		–	–	253,963	–	253,963				
Financial liabilities measured at fair value										
Financial derivatives	9	(938)	(11,287)	–	–	(12,225)	–	(12,225)	–	(12,225)
Financial liabilities not measured at fair value										
Secured bank loans	15	–	–	–	(793,095)	(793,095)				
Unsecured bank loans	15	–	–	–	(75,583)	(75,583)				
Medium term notes	15	–	–	–	(311,038)	(311,038)				
Finance lease liabilities	15	–	–	–	(17,368)	(17,368)	–	(311,012)	–	(311,012)
Trade and other payables	16	–	–	–	(112,208)	(112,208)				
		–	–	–	(1,309,292)	(1,309,292)				

33 FAIR VALUE OF ASSETS AND LIABILITIES (continued)
(b) Accounting classifications and fair values (continued)

Trust	Note	Designated at fair value \$'000	Carrying amount			Fair value						
			Fair value – hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000		
31 December 2014												
Financial assets												
measured at fair value												
Financial derivatives	9	353	–	–	–	353	–	353	–	–	–	353
Financial assets not												
measured at fair value												
Deposits	11	–	–	20,250	–	20,250	–	–	–	–	–	–
Trade and other receivables	13	–	–	1,973,472	–	1,973,472	–	–	–	–	–	–
Cash and cash equivalents	14	–	–	50,618	–	50,618	–	–	–	–	–	–
		–	–	2,044,340	–	2,044,340	–	–	–	–	–	–
Financial liabilities												
measured at fair value												
Financial derivatives	9	–	(10,441)	–	–	(10,441)	–	(10,441)	–	–	–	(10,441)
Financial liabilities not												
measured at fair value												
Secured bank loans	15	–	–	–	(390,651)	(390,651)	–	–	–	–	–	–
Unsecured bank loans	15	–	–	–	(83,304)	(83,304)	–	–	–	–	–	–
Intra-group financial												
guarantees	15	–	–	–	(602)	(602)	–	–	–	–	–	–
Trade and other payables	16	–	–	–	(597,472)	(597,472)	–	–	–	–	–	–
		–	–	–	(1,072,029)	(1,072,029)	–	–	–	–	–	–

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Year ended 31 December 2014

33 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)* (b) Accounting classifications and fair values *(continued)*

Carrying amount							Fair value			
	Note	Designated at fair value \$'000	Fair value – hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust										
31 December 2013										
Financial assets measured at fair value										
Financial derivatives	9	–	929	–	–	929	–	929	–	929
Financial assets not measured at fair value										
Deposits	11	–	–	20,250	–	20,250				
Trade and other receivables	13	–	–	1,703,598	–	1,703,598				
Cash and cash equivalents	14	–	–	91,654	–	91,654				
		–	–	1,815,502	–	1,815,502				
Financial liabilities measured at fair value										
Financial derivatives	9	(938)	(10,017)	–	–	(10,955)	–	(10,955)	–	(10,955)
Financial liabilities not measured at fair value										
Secured bank loans	15	–	–	–	(394,635)	(394,635)				
Unsecured bank loans	15	–	–	–	(75,583)	(75,583)				
Intra-group financial guarantees	15	–	–	–	(1,162)	(1,162)				
Trade and other payables	16	–	–	–	(392,397)	(392,397)				
		–	–	–	(863,777)	(863,777)				

33 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*
(b) Accounting classifications and fair values *(continued)*

The following table shows the carrying amounts and fair values of significant non-financial assets, including their values in the fair value hierarchy.

	Note	Level 1	Fair value			Total
		\$'000	Level 2	Level 3		\$'000
			\$'000	\$'000		
Group						
31 December 2014						
Serviced residence properties	4	–	–	3,724,036		3,724,036
Assets held for sale	12	–	–	87,403		87,403
		–	–	3,811,439		3,811,439
31 December 2013						
Serviced residence properties	4	–	–	3,177,020		3,177,020
Assets held for sale	12	–	–	87,033		87,033
		–	–	3,264,053		3,264,053
Trust						
31 December 2014						
Serviced residence properties	4	–	–	558,693		558,693
31 December 2013						
Serviced residence properties	4	–	–	556,392		556,392

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33 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(c) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The following table presents the reconciliation from the beginning balances to the ending balances for Level 3 fair values.

	Group \$'000	Trust \$'000
Serviced residence properties		
Balance at 1 January 2014	3,177,020	556,392
Acquisition of subsidiaries and serviced residence properties	546,441	–
Capital expenditure	34,816	526
Transfer from plant and equipment	734	125
Translation difference	(76,156)	–
Balance at 31 December 2014	3,682,855	557,043
Gains and losses for the year		
Net change in fair value recognised in statement of total return	57,203	1,650
Assets written off	(16,022)	–
Balance at 31 December 2014	3,724,036	558,693
		Group \$'000
Assets held for sale		
Balance at 1 January 2014		87,033
Disposal of assets held for sale		(5,457)
Balance at 31 December 2014		81,576
Gains and losses for the year		
Net change in fair value recognised in statement of total return		5,827
Balance at 31 December 2014		87,403

33 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*
(c) Level 3 fair value measurements *(continued)*
(i) Reconciliation of Level 3 fair value *(continued)*

	Group \$'000	Trust \$'000
Serviced residence properties		
Balance at 1 January 2013	2,785,147	551,222
Acquisition of subsidiaries and serviced residence properties	291,807	–
Capital expenditure	35,403	863
Transfer to assets held for sale	(47,446)	–
Translation difference	11,602	–
Balance at 31 December 2013	3,076,513	552,085
Gains and losses for the year		
Net change in fair value recognised in statement of total return	100,507	4,307
Balance at 31 December 2013	3,177,020	556,392
		Group \$'000
Assets held for sale		
Balance at 1 January 2013		–
Transfer from plant and equipment		668
Transfer from serviced residence properties		47,446
Balance at 31 December 2013		48,114
Gains and losses for the year		
Net change in fair value recognised in statement of total return		39,025
Disposal/written off		(106)
Balance at 31 December 2013		87,033

Notes to the Financial Statements

Year ended 31 December 2014

33 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Level 3 fair value measurements (continued)

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Serviced residence properties	<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	Group <ul style="list-style-type: none"> Discount rate: 4.60% – 15.00% (2013: 4.60% – 15.00%) Terminal capitalisation rate: 3.25% – 9.50% (2013: 3.25% – 10.00%) Trust <ul style="list-style-type: none"> Discount rate: 5.75% – 8.00% (2013: 5.75% – 8.00%) Terminal capitalisation rate: 3.25% – 5.50% (2013: 3.25% – 5.50%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the discount rate were lower (higher); or the terminal capitalisation rate were lower (higher).
Assets held for sale	<i>Direct comparison and income capitalisation approaches:</i> The direct comparison approach is used by making reference to comparable sales and asking prices of similar properties in the relevant market, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant matters. The income capitalisation approach is used by capitalising the income potential.	Group <ul style="list-style-type: none"> Capitalisation rate: 4.25% (2013: 5.00%) Direct comparison – price/sqm: \$8,656/sqm (2013: \$8,534/sqm) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the terminal capitalisation rate were lower (higher).

33 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Level 3 fair value measurements (continued)

(ii) Valuation techniques and significant unobservable inputs (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Forward exchange contracts and interest rate swap	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value for which fair values are disclosed

Type	Valuation technique	Significant unobservable inputs
Medium term notes	Discounted cashflows	Not applicable

Sensitivity analysis for key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the Group's serviced residence properties and assets held for sale are discount rate, terminal capitalisation rate and capitalisation rate. Significant decreases in the discount rate, terminal capitalisation rate and capitalisation rate in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

34 ACQUISITION OF SERVICED RESIDENCE PROPERTIES, NET OF CASH MOVEMENTS

Acquisition of serviced residence properties and subsidiaries

On 20 March 2014, the Group acquired a 100% interest in Island City Pte. Ltd. from Ascott Investment Holdings Ltd and ArcResidential Japan Investments Limited. Island City Pte. Ltd. owns the trust beneficial interest in respect of the property Infini Garden, through its indirectly wholly-owned subsidiary, Infini Garden TMK.

On 20 June 2014, the Group acquired a 100% interest in Wangze (Dalian) Enterprise Co., Limited, which owns the property Somerset Grand Central Dalian, from a third party.

On 18 August 2014, the Group acquired the following:

- a 100% interest in Somerset Ampang (Malaysia) Sdn. Bhd., which owns the property Somerset Ampang Kuala Lumpur, from Ascott Investment Holdings Ltd.

Notes to the Financial Statements

Year ended 31 December 2014

34 ACQUISITION OF SERVICED RESIDENCE PROPERTIES, NET OF CASH MOVEMENTS

(continued)

Acquisition of serviced residence properties and subsidiaries *(continued)*

- a 100% interest in Zhuankou Investments (Hong Kong) Limited from Zhuankou Investments (BVI) Limited. Zhuankou Investments (Hong Kong) Limited owns the property Citadines Zhuankou Wuhan, through its wholly-owned subsidiary, Wuhan Citadines Property Development Co., Ltd..
- a 100% interest in Gaoxin Investments (Hong Kong) Limited from Gaoxin Investments (BVI) Limited. Gaoxin Investments (Hong Kong) Limited owns the property Citadines Gaoxin Xi'an, through its wholly-owned subsidiary, Citadines (Xi'an) Property Co., Ltd..

On 16 October 2014, the Group acquired the Best Western Shinjuku Astina Hotel property from a third party.

On 10 December 2014, the Group acquired a portfolio of three serviced residence properties located in Greater Sydney, namely Quest Campbelltown, Quest Mascot and Quest Sydney Olympic Park, from a third party.

From the respective acquisition dates to 31 December 2014, the serviced residence properties and subsidiaries contributed loss after tax of \$1,808,000, mainly arising from a loss on revaluation of these serviced residence properties. If the acquisitions had occurred on 1 January 2014, the Manager estimates that the consolidated revenue would have been \$390,732,000 and consolidated profit for the year would have been \$134,019,000.

On 28 June 2013, the Group acquired the following:

- a 100% interest in Heping Investments (Hong Kong) Limited from Heping Investments (BVI) Limited. Heping Investments (Hong Kong) Limited owns the property Somerset Heping Shenyang, through its wholly-owned subsidiary, Somerset Heping (Shenyang) Property Co., Ltd..
- a 100% interest in Biyun Investments (Hong Kong) Limited from Biyun Investments (BVI) Limited. Biyun Investments (Hong Kong) Limited owns the property Citadines Biyun Shanghai, through its wholly-owned subsidiary, Gain Mark Properties (Shanghai) Ltd..
- a 100% interest in Citadines SIP Pte. Ltd. from The Ascott Holdings Limited. Citadines SIP Pte. Ltd. owns the property Citadines Xinghai Suzhou, through its wholly-owned subsidiary, Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd..
- a 100% interest in ARC-CapitaLand Three TMK from ACRJ3 Investments Pte. Ltd., Japan Branch and RAV Three Pte. Ltd.. ARC-CapitaLand Three TMK holds the trust beneficial interest in respect of the 11 rental housing properties.

From 28 June 2013 to 31 December 2013, the serviced residence properties and subsidiaries contributed profit after taxation of \$19,496,000. If the acquisitions had occurred on 1 January 2013, the Manager estimates that the consolidated revenue would have been \$331,119,000 and consolidated profit for the year would have been \$213,148,000.

34 ACQUISITION OF SERVICED RESIDENCE PROPERTIES, NET OF CASH MOVEMENTS (continued)

Acquisition of serviced residence properties and subsidiaries (continued)

The cash flows and net assets and liabilities of serviced residence properties and subsidiaries acquired are provided below:

	Recognised values on acquisition	
	2014	2013
	\$'000	\$'000
Serviced residence properties	546,441	291,807
Plant and equipment	8,798	6,496
Deferred tax assets	56	–
Inventories	46	–
Trade and other receivables	2,637	2,199
Cash and bank balances	19,779	15,331
Trade and other payables	(13,964)	(9,981)
Bank loans	(115,592)	(131,262)
Provision for taxation	(34)	(92)
Deferred tax liabilities	(31)	(142)
Net identifiable assets and liabilities acquired	448,136	174,356
Total consideration	448,136	174,356
Cash of subsidiaries acquired	(19,779)	(15,331)
Cash outflow on acquisition of serviced residence properties	428,357	159,025

35 COMMITMENTS

As at the reporting date, the Group and the Trust had the following commitments:

(a) Capital commitments

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Capital expenditure commitments:				
– contracted but not provided for	8,602	12,227	313	1,031

Notes to the Financial Statements

Year ended 31 December 2014

35 COMMITMENTS (continued)

(b) Operating leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2014	2013
	\$'000	\$'000
Within 1 year	64,700	54,627
After 1 year but within 5 years	167,091	172,811
After 5 years	85,208	54,476
	316,999	281,914

(c) Operating leases as lessee

The Group leases the land on which one of the serviced residence properties is constructed. The lease has a tenure of 24 years until 2020, subject to renewal for another 24 years.

Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Within 1 year	1,113	1,003
After 1 year but within 5 years	5,683	5,120
After 5 years	—	1,615
	6,796	7,738

(d) DBS Trustee Limited, as trustee of the Trust, entered into a sale and purchase agreement for the purchase of a new serviced residence, to be developed on the site on which Somerset Grand Cairnhill Singapore was previously located, for a consideration of \$405.0 million. A deposit of \$20.3 million was paid in 2013.

36 SUBSEQUENT EVENTS

On 22 January 2015, the Manager declared a distribution of 4.264 cents per Unit amounting to \$65,451,000 in respect of the period from 1 July 2014 to 31 December 2014.

On 2 February 2015, the Trust issued 2,709,539 Units at an issue price of \$1.286 per Unit to the Manager. These Units were issued to the Manager as payment of the Management Fees (as defined in the Trust Deed) for the period from 1 October 2014 to 31 December 2014. The balance of the Management Fee of \$1,041,598 (excluding applicable goods and services tax) was paid in cash.

Statistics of Unitholdings

As at 2 March 2015

ISSUED AND FULLY PAID UNITS

1,537,732,123 (Voting rights: 1 vote per Unit)

Market capitalisation of S\$1,991,363,099.29 based on market closing Unit price of S\$1.295 on 2 March 2015

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	63	0.48	980	0.00
100 – 1,000	736	5.58	680,985	0.04
1,001 – 10,000	7,907	59.96	41,814,953	2.72
10,001 – 1,000,000	4,446	33.71	208,824,601	13.58
1,000,001 AND ABOVE	36	0.27	1,286,410,604	83.66
Total	13,188	100.00	1,537,732,123	100.00

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	12,816	97.18	1,528,507,336	99.40
Malaysia	216	1.64	5,386,020	0.35
Others	156	1.18	3,838,767	0.25
Total	13,188	100.00	1,537,732,123	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	The Ascott Limited	369,110,400	24.00
2	Somerset Capital Pte Ltd	243,517,200	15.84
3	Citibank Nominees Singapore Pte Ltd	174,297,969	11.33
4	DBS Nominees (Private) Limited	133,299,707	8.67
5	Ascott Residence Trust Management Limited	92,580,878	6.02
6	HSBC (Singapore) Nominees Pte Ltd	76,161,874	4.95
7	Raffles Nominees (Pte) Limited	66,012,716	4.29
8	DBSN Services Pte. Ltd.	15,586,423	1.01
9	NTUC Fairprice Co-operative Ltd	13,800,000	0.90
10	Bank of Singapore Nominees Pte. Ltd.	13,244,795	0.86
11	DB Nominees (Singapore) Pte Ltd	12,382,358	0.81
12	United Overseas Bank Nominees (Private) Limited	9,200,090	0.60
13	DBS Vickers Securities (Singapore) Pte Ltd	8,152,000	0.53
14	Ko Woon Hong	6,478,000	0.42
15	BNP Paribas Nominees Singapore Pte Ltd	5,447,400	0.35
16	UOB Kay Hian Private Limited	5,131,900	0.33
17	Toh Lam Tiong	4,400,000	0.29
18	Goh Foundation Limited	3,782,400	0.25
19	OCBC Nominees Singapore Private Limited	3,463,095	0.23
20	OCBC Securities Private Limited	3,306,291	0.22
Total		1,259,355,496	81.90

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2015

Based on the Register of Directors' Unitholdings, save for those disclosed below, none of the Directors holds any interest in Units and convertible securities issued by Ascott Reit.

Name of Director	No. of Units	
	Direct Interest	Deemed Interest
Lim Jit Poh	60,803	–
Lim Ming Yan	263,509	–
S. Chandra Das	47,527	100,000
Giam Chin Toon @ Jeremy Giam	44,337	–
Ku Moon Lun	54,955	–
Lee Chee Koon	36,000	–
Zulkifli Bin Baharudin	10,044	–

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 2 MARCH 2015

Based on the information available to the Manager as at 2 March 2015, the unitholdings of Substantial Unitholders of Ascott Reit are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units	%	No. of Units	%
Temasek Holdings (Private) Limited (THPL)	–	–	722,493,696	46.98
CapitaLand Limited (CL)	–	–	705,208,478	45.86
The Ascott Limited (Ascott)	369,110,400	24.00	336,098,078	21.86
Somerset Capital Pte Ltd (SCPL)	243,517,200	15.84	–	–
Ascott Residence Trust Management Limited (ARTML)	92,580,878	6.02	–	–

1 By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, THPL is deemed to have an interest in 722,493,696 units in Ascott Reit in which its subsidiary and associated companies, which are independently managed portfolio companies, have or are deemed to have an interest. THPL is not involved in business or operating decisions of its independently managed portfolio companies, including those regarding such companies' positions in the voting units of Ascott Reit.

2 CL is deemed to have an interest in the unitholdings of its wholly-owned subsidiaries namely, Ascott, SCPL and ARTML.

3 Ascott is deemed to have an interest in the unitholdings of its wholly-owned subsidiaries namely, SCPL and ARTML.

FREE FLOAT

Based on the information available to the Manager as at 2 March 2015, approximately 52% of the Units were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Interested Person/Party Transactions

INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS

The transactions entered into during the financial year are as follow:

NAME OF INTERESTED PERSON/PARTY	AGGREGATE VALUE ⁽¹⁾ OF ALL INTERESTED PERSON/PARTY TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN S\$100,000 AND TRANSACTIONS CONDUCTED UNDER UNITHOLDERS' MANDATE PURSUANT TO RULE 920) S\$'000	AGGREGATE VALUE ⁽¹⁾ OF ALL INTERESTED PERSON/PARTY TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW UNDER UNITHOLDER'S MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS LESS THAN S\$100,000) S\$'000
CapitaLand Limited & its subsidiaries		
Asset management fees	668	—
The Ascott Limited & its subsidiaries and/or associated companies		
Acquisition of interest in 3 serviced residence properties	131,600 ⁽²⁾	—
Serviced residence management fees	49,627	—
Manager's management fees	16,649	—
Acquisition of interest in a rental housing property	9,100	—
Acquisition fees	2,073	—
Project management fee	653	—
Rental Income	170	—
DBS Trustee Limited (as trustee of Ascott Residence Trust)		
Trustee's fee	384	—
Total	210,924	—

(1) The aggregate value is for the contract period.

(2) This had been approved by unitholders at Extraordinary General Meeting held on 31 July 2014.

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