



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2012

The financial information for the quarter ended 30 June 2012 in the announcement have been extracted from the interim financial statements for the period from 1 January 2012 to 30 June 2012, which have been reviewed by the auditors in accordance with the Singapore Standard on Review Engagements 2410.

ARA Asset Management Limited (“ARA” or the “Group”) is a real estate fund management company listed on the main board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The ARA Group comprises four primary business segments:

- Real estate investment trusts (“REITs”);
- Private real estate funds;
- Real estate management services; and
- Corporate finance advisory services.

ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail, industrial/office and logistics sectors; private real estate funds investing in real estate in Asia; and provides real estate management services, including property management services and convention & exhibition services; and corporate finance advisory services.

**Financial Results Announcement
For the quarter ended 30 June 2012**

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

		1/4/12 to 30/6/12	1/4/11 to 30/6/11	Change	1/1/12 to 30/6/12	1/1/11 to 30/6/11	Change
	Note	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Management fees	(a)	24,676	22,598	9%	47,782	44,661	7%
Acquisition and performance fees	(a)	653	239	173%	4,663	2,499	87%
Other income	(b)	3,767	2,517	50%	10,978	5,394	104%
Total revenue		29,096	25,354	15%	63,423	52,554	21%
Administrative expenses	(c)	(9,421)	(7,336)	28%	(18,650)	(14,861)	25%
Operating lease expenses	(d)	(781)	(509)	53%	(1,365)	(1,074)	27%
Other expenses	(e)	(1,375)	(1,035)	33%	(3,553)	(2,918)	22%
Results from operating activities		17,519	16,474	6%	39,855	33,701	18%
Finance costs	(f)	(53)	(96)	(45%)	(86)	(353)	(76%)
		17,466	16,378	7%	39,769	33,348	19%
Share of profit of associates (net of tax)	(g)	788	720	9%	2,168	885	145%
Profit before income tax	(h)	18,254	17,098	7%	41,937	34,233	23%
Income tax expense	(i)	(2,483)	(2,014)	23%	(5,872)	(4,006)	47%
Profit for the period		15,771	15,084	5%	36,065	30,227	19%
Attributable to:							
Equity holders of the Company		15,381	14,744	4%	35,384	29,571	20%
Non-controlling interests		390	340	15%	681	656	4%
		15,771	15,084	5%	36,065	30,227	19%

**Financial Results Announcement
For the quarter ended 30 June 2012**

1(a)(ii) Explanatory notes to the income statement of the Group

(a) Revenue

		2Q2012	2Q2011	Change	1H2012	1H2011	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Management fees		24,676	22,598	9%	47,782	44,661	7%
REIT base and performance fees	(i)	15,304	13,800	11%	30,546	27,037	13%
Portfolio management and service fees	(ii)	6,403	5,714	12%	11,426	11,450	0%
Real estate management services fees	(iii)	2,969	3,084	(4%)	5,810	6,174	(6%)
Acquisition and performance fees		653	239	173%	4,663	2,499	87%
Acquisition and performance fees	(iv)	653	239	173%	4,663	2,499	87%

- (i) REIT management fees increased to S\$30.5 million in 1H2012 compared with S\$27.0 million in 1H2011 primarily due to higher management fees arising from an increase in the valuation of the property portfolios of the REITs under management. Fortune REIT's acquisition of The Belvedere Square and The Provident Square on 17 February 2012 and Cache Logistics Trust's ("Cache") acquisition of 21 Changi North Way on 30 April 2012 also contributed to the higher REIT management fees.
- (ii) Portfolio management and service fees was S\$11.4 million in 1H2012 compared with S\$11.5 million in 1H2011. Since 4Q2011, the ARA Asia Dragon Fund ("ADF") has commenced to return part capital to investors by means of proceeds from the divestment of some of its assets. This reduced the portfolio management fees received by the Group due to the lower contributed capital amount. The lower fees received from the ADF was mitigated by additional management fee income generated from the ARA Asia Dragon Fund II ("ADF II") and a higher asset valuation of the ARA Harmony Fund for the six months ended 30 June 2012.
- (iii) Real estate management fees decreased to S\$5.8 million in 1H2012 compared with S\$6.2 million in 1H2011, primarily due to lower leasing commission received by APM Holdings Pte. Ltd. ("APM") from its Singapore and Malaysia operations.
- (iv) The Group's acquisition and performance fees of S\$4.7 million in 1H2012 comprises acquisition and divestment fees received in relation to (i) Suntec REIT's divestment of Chijmes in January 2012, (ii) Fortune REIT's acquisition of The Belvedere Square and The Provident Square in February 2012 and (iii) Cache's acquisition of 21 Changi North Way on 30 April 2012 and project management fees received by APM in relation to the remaking of Suntec City. In 1H2011, the Group received acquisition and performance fees of S\$2.5 million, which comprised primarily performance fees received in relation to the ARA Harmony Fund and acquisition fees in relation to 3 acquisitions (namely 6 Changi North Way and 4 Penjuru Lane in Singapore and Jinshan Chemical Warehouse in Shanghai, China) that were completed by Cache.

(b) Other income

Other income comprised primarily of distribution income, interest income and a net gain on disposal of marketable securities. Other income increased to S\$11.0 million in 1H2012 from S\$5.4 million in 1H2011. This was primarily due to a higher net gain on disposal of certain REIT units received by the Group as part payment for REIT management and acquisition fees and an increase in distribution income.

(c) Administrative expenses

Administrative expenses comprised primarily of staff-related expenses and strategic advisory fees. Administrative expenses increased to S\$18.7 million in 1H2012 from S\$14.9 million in 1H2011, primarily due to an increase in headcount and staff-related expenses in line with the Group's continuing business expansion. Excluded from administrative expense was staff-related expenses of S\$10.5 million (1H2011: S\$10.2 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which was fully reimbursed from the ARA Harmony Fund.

**Financial Results Announcement
For the quarter ended 30 June 2012**

(d) Operating lease expenses

Operating lease expenses increased to S\$1.4 million in 1H2012 from S\$1.1 million in 1H2011 due to additional office space secured for its operations, in line with the Group's continuing business expansion.

(e) Other expenses

Other expenses comprised primarily of other staff-related expenses (such as travelling expenses), telecommunications expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, amortisation of intangible asset, depreciation, continuing listing expenses, board meeting expenses and other miscellaneous expenses. Other expenses increased to S\$3.6 million in 1H2012 from S\$2.9 million in 1H2011 primarily due to higher expenses incurred for professional fees and overseas marketing trips for the establishment of new business segments, including the ADF II and the ARA China Investment Partners Fund ("CIP Fund").

(f) Finance costs

The finance cost of S\$353,000 incurred in 1H2011 was primarily due to interest paid on borrowings of RM44.9 million (equivalent to approximately S\$18.9 million), taken up in May 2007. The RM44.9 million loan facility was fully repaid in May 2011. The finance cost for 1H2012 relates primarily to commitment fees and interest from the lease of certain fixed assets.

(g) Share of profit of associates (net of tax)

Share of profit of associates (net of tax) was primarily due to the recognition of our share of profits arising from the Group's (i) 30% effective interest in Am ARA REIT Managers Sdn Bhd, the manager of AmFIRST REIT, (ii) 40% effective interest in Cache Property Management Pte. Ltd., the property manager of Cache, and (iii) 30% effective interest in Hui Xian Asset Management Limited, the manager of Hui Xian REIT. The Group's share of profits of associates increased from S\$0.9 million to S\$2.2 million primarily due to the contribution from Hui Xian Asset Management Limited as Hui Xian REIT was only listed on 29 April 2011.

(h) Profit before income tax

The following items have been included in arriving at profit for the period:

	2Q2012	2Q2011	Change	1H2012	1H2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other Income</u>						
Distribution income	2,060	2,364	(13%)	4,373	3,914	12%
Interest income	43	180	(76%)	71	349	(80%)
Gain on disposal of held-for-trading securities	1,066	(46)	n.m.	5,899	1,103	435%
<u>Operating Expenses</u>						
Amortisation of intangible asset	-	218	(100%)	-	436	(100%)
Depreciation of plant and equipment	138	131	5%	273	254	7%
Foreign exchange loss - net	30	153	(80%)	52	244	(79%)

n.m.: not meaningful

(i) Income tax expense

The current tax expense is based on the statutory tax rates of the respective countries in which the subsidiaries of the Group operate.

**Financial Results Announcement
For the quarter ended 30 June 2012**

1(a)(iii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

	2Q2012	2Q2011	Change	1H2012	1H2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	15,771	15,084	5%	36,065	30,227	19%
Other comprehensive income:						
Translation differences relating to financial statements of foreign operations	192	(1,095)	118%	(963)	(1,815)	47%
Effective portion of changes in fair value of cash flow hedges	(29)	80	(136%)	510	239	113%
Net movement in fair value of available-for-sale financial assets	2,215	(4,576)	148%	9,409	(4,705)	300%
Other comprehensive income for the period, net of income tax	2,378	(5,591)	143%	8,956	(6,281)	243%
Total comprehensive income for the period	18,149	9,493	91%	45,021	23,946	88%
Attributable to:						
Equity holders of the Company	17,759	9,153	94%	44,340	23,290	90%
Non-controlling interests	390	340	15%	681	656	4%
Total comprehensive income for the period	18,149	9,493	91%	45,021	23,946	88%

n.m.: not meaningful

Note: There is no tax effect relating to the components of the other comprehensive income for the period.

Financial Results Announcement
For the quarter ended 30 June 2012
1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		30/6/12 S\$'000	31/12/11 S\$'000	30/6/12 S\$'000	31/12/11 S\$'000
Non-current assets					
Plant and equipment		1,154	1,360	-	-
Tenancy deposits		917	502	-	-
Subsidiaries	(a)	-	-	87,246	87,690
Associates	(b)	4,717	3,100	-	-
Financial assets	(c)	108,526	96,920	-	-
		<u>115,314</u>	<u>101,882</u>	<u>87,246</u>	<u>87,690</u>
Current assets					
Financial assets	(d)	3,782	24,764	-	-
Trade and other receivables	(e)	29,672	30,616	26	62
Amounts due from related corporations	(f)	-	-	5,355	5,242
Cash and cash equivalents		92,911	57,291	49,267	31,091
		<u>126,365</u>	<u>112,671</u>	<u>54,648</u>	<u>36,395</u>
Total assets		<u>241,679</u>	<u>214,553</u>	<u>141,894</u>	<u>124,085</u>
Equity attributable to equity holders					
Share capital		1,537	1,537	1,537	1,537
Reserves		210,961	187,365	138,929	121,122
		<u>212,498</u>	<u>188,902</u>	<u>140,466</u>	<u>122,659</u>
Non-controlling interests	(g)	1,340	659	-	-
Total equity		<u>213,838</u>	<u>189,561</u>	<u>140,466</u>	<u>122,659</u>
Non-current liabilities					
Loan and borrowings	(h)	208	268	-	-
Deferred tax liabilities		140	117	-	-
		<u>348</u>	<u>385</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	(i)	18,388	17,343	1,415	1,419
Amounts due to related corporations	(f)	-	-	13	7
Loan and borrowings	(h)	118	120	-	-
Derivative liabilities	(j)	207	717	-	-
Current tax payable		8,780	6,427	-	-
		<u>27,493</u>	<u>24,607</u>	<u>1,428</u>	<u>1,426</u>
Total liabilities		<u>27,841</u>	<u>24,992</u>	<u>1,428</u>	<u>1,426</u>
Total equity and liabilities		<u>241,679</u>	<u>214,553</u>	<u>141,894</u>	<u>124,085</u>

**Financial Results Announcement
For the quarter ended 30 June 2012****Footnotes:**

- (a) *Interest in subsidiaries comprise equity investments in the Company's subsidiaries and loans to subsidiaries where the settlement of the amount is neither planned nor likely to occur in the foreseeable future.*
- (b) *Interest in associates relates to the Group's 40% equity interest in Cache Property Management Pte. Ltd., and 30% equity interest in Am ARA REIT Holdings Sdn. Bhd., Am ARA REIT Managers Sdn. Bhd., World Deluxe Enterprises Limited, Hui Xian Asset Management Limited and Beijing Hui Xian Enterprise Services Limited.*
- (c) *Non-current financial assets as at 30 June 2012 comprise (i) 34.1 million Suntec REIT units held by the Group as a strategic stake and which have been pledged as security for a credit facility (see 1(b)(ii) – Details of any collateral); (ii) 11.9 million Cache units held by the Group as a strategic stake, (iii) 23.1 million AmFIRST REIT units held by the Group as strategic stake; (iv) seed capital investment in the ARA Asia Dragon Fund ("ADF"); (v) investment in the ARA Asian Asset Income Fund ("AAIF"); (vi) a 13.9% strategic stake in APN Property Group Limited ("APN"); and (vii) seed capital investment in the ARA Asia Dragon Fund II ("ADF II").*
- (d) *Current financial assets as at 30 June 2012 primarily comprise REIT units received by the Group as payment of acquisition fees for the acquisition of The Belvedere Square and The Provident Square by Fortune REIT's acquisition on 17 February 2012. The REIT units received as payment for acquisition fees are subject to a one-year moratorium as stipulated in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.*
- (e) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables.*
- (f) *Amounts due from/to related corporations relate mainly to advances to subsidiaries and amounts paid on behalf by related corporations.*
- (g) *Non-controlling interest relates to the non-controlling shareholders' proportionate interest in ARA-CWT Trust Management (Cache) Limited.*
- (h) *Financial liabilities as at 30 June 2012 relate to finance lease liabilities for the purchase of certain plant and equipment.*
- (i) *Trade and other payables comprise accrued fees payable, net GST output tax payable, provision for staff related benefits to employees and other payables. The increase in trade and other payables is primarily due to higher provision of staff related benefits in relation to the services rendered by the Group's employees for the period ended 30 June 2012, in line with the Group's continuing business expansion.*
- (j) *Derivative liabilities relate to the fair value of foreign currency forward contracts entered into by the Group to hedge the Group's foreign currency exposure.*

**Financial Results Announcement
For the quarter ended 30 June 2012**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	30/6/12		31/12/11	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	118	-	120	-
Amount repayable after one year	208	-	268	-
	<u>326</u>	<u>-</u>	<u>388</u>	<u>-</u>

Footnotes:

- (a) The Group's borrowings includes S\$326,000 (31 December 2011: S\$388,000) relating to finance lease liabilities for the purchase of certain plant and equipment.
- (b) As at 30 June 2012, the Group has the following facilities:
- (i) an unutilised revolving credit facility of S\$20.0 million secured on the Group's strategic stake in Suntec REIT (31 December 2011: S\$20.0 million);
 - (ii) an unutilised revolving credit facility of RM16.0 million secured on the Group's strategic stake in AmFIRST REIT (31 December 2011: RM16.0 million); and
 - (iii) unutilised unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2011: S\$6.0 million and HK\$3.0 million).

Details of any collateral

On 15 March 2011, the Group pledged 34.1 million units of Suntec REIT as security for a S\$20.0 million revolving credit facility with United Overseas Bank Limited. The facility bears interest at a floating rate of 1.35% p.a. above the Association of Banks in Singapore Swap Offer Rate and terminates on 15 March 2014.

On 28 September 2011, the Group pledged 23.1 million units of AmFIRST REIT as security for a RM16.0 million revolving credit facility with United Overseas Bank (Malaysia) Bhd. The facility bears interest at a floating rate of 1.4% p.a. above the bank's cost of funds. The facility is available for a period of 3 years with an option to extend for another 3 years.

Financial Results Announcement
For the quarter ended 30 June 2012
1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	2Q2012 S\$'000	2Q2011 S\$'000	1H2012 S\$'000	1H2011 S\$'000
Operating activities				
Profit for the period	15,771	15,084	36,065	30,227
Adjustments for:				
Management fees received / receivable in units of REITs	(12,142)	(11,123)	(27,327)	(21,566)
Amortisation of intangible asset	-	218	-	436
Depreciation	138	131	273	254
Share of profit of associates	(788)	(720)	(2,168)	(885)
Interest income	(43)	(180)	(71)	(349)
(Gain)/loss on fair valuation / disposal of held-for-trading securities	(1,066)	46	(5,899)	(1,103)
Loss on disposal of plant and equipment	1	-	1	-
Distribution income	(2,060)	(2,364)	(4,373)	(3,914)
Finance cost	53	96	86	353
Income tax expense	2,483	2,014	5,872	4,006
Operating profit before working capital changes	2,347	3,202	2,459	7,459
Changes in working capital:				
Trade and other receivables	(2,612)	1,816	606	3,757
Trade and other payables	716	(1,383)	1,045	(6,947)
Cash generated from operating activities	451	3,635	4,110	4,269
Proceeds from sale of units in REITs	12,756	9,695	54,028	20,351
Income tax paid	(3,323)	(4,701)	(3,496)	(4,893)
Distribution income received	2,060	2,364	4,373	3,914
Cash flows from operating activities	11,944	10,993	59,015	23,641
Investing activities:				
Proceeds from sale of available-for-sale securities	-	12,390	-	12,390
Dividend received from associate	494	286	494	286
Interest received	43	180	71	349
Proceeds from disposal of plant and equipment	-	6	-	6
Purchase of plant and equipment	(51)	(182)	(71)	(332)
Investment in associate	-	-	-	(243)
Net purchase of available-for-sale securities - unquoted	(1,215)	(574)	(2,821)	(972)
Cash flows (used in)/from investing activities	(729)	12,106	(2,327)	11,484
Financing activities:				
Repayment of revolving credit facility	-	(18,851)	-	(18,851)
Net payment of finance lease liabilities	(29)	(33)	(62)	(66)
Interest paid	(53)	(96)	(86)	(353)
Dividend paid	(20,744)	(17,910)	(20,744)	(17,910)
Cash flows used in financing activities	(20,826)	(36,890)	(20,892)	(37,180)
Net (decrease)/increase in cash & cash equivalents	(9,611)	(13,791)	35,796	(2,055)
Cash and cash equivalents at beginning of period	102,489	53,974	57,291	42,327
Effect of exchange rate fluctuations on cash held	33	(130)	(176)	(219)
Cash and cash equivalents at end of period	92,911	40,053	92,911	40,053

**Financial Results Announcement
For the quarter ended 30 June 2012**

Footnotes:

- (a) As at 30 June 2012, the Group had utilised S\$62.0 million of the net IPO proceeds raised of S\$75.5 million as follows:-

	As at	
	30/6/12 S\$'000	31/12/11 S\$'000
Seed capital investment in the ADF	26,792	24,723
Strategic stake in REIT	27,200	27,200
Investment in mezzanine loan ⁽¹⁾	8,000	8,000
	61,992	59,923

- (1) This investment was made in relation to the establishment of the ARA Harmony Fund.
- (b) Cash flows from operating activities increased to S\$59.0 million in 1H2012 from S\$23.6 million in 1H2011 primarily due to higher proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management and acquisition fees.
- (c) Net cash outflow in investing activities was S\$2.3 million in 1H2012 as compared to a net cash inflow of S\$11.5 million in 1H2011. The net cash outflow for investing activities in 1H2012 was primarily due to seed capital investment in both ADF and ADF II pursuant to capital calls by both funds. The net cash inflow from investing activities in 1H2011 was primarily due to proceeds received from the partial sale of AmFirst REIT units in April 2011.
- (d) Net cash outflow for financing activities decreased to S\$20.9 million in 1H2012 from S\$37.2 million in 1H2011. This was primarily due to the repayment of the RM44.9 million loan facility in 2Q2011 partially offset by higher dividend paid subsequent to (i) the Company's enlarged share based after the 1-for-10 bonus issue in June 2011 and (ii) a higher final tax exempt dividend of S\$0.027 per share (1H2011: S\$0.025 per share) declared in 1H2012.

**Financial Results Announcement
For the quarter ended 30 June 2012**

- (e) **1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<u>Company</u>	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
At 1 January 2011	1,397	75,152	29,569	106,118
Total comprehensive income for the period				
- Profit for the period	-	-	4,893	4,893
At 31 March 2011	1,397	75,152	34,462	111,011
Total comprehensive income for the period				
- Profit for the period	-	-	13,989	13,989
Transactions with owners, recorded directly in equity				
- Issue of 1-for-10 bonus shares	140	(140)	-	-
Final tax-exempt dividend paid of S\$0.025 per share	-	-	(17,462)	(17,462)
At 30 June 2011	1,537	75,012	30,989	107,538
At 1 January 2012	1,537	75,012	46,110	122,659
Total comprehensive income for the period				
- Profit for the period	-	-	7,407	7,407
At 31 March 2012	1,537	75,012	53,517	130,066
Total comprehensive income for the period				
- Profit for the period	-	-	31,144	31,144
Transactions with owners, recorded directly in equity				
Final tax-exempt dividend paid of S\$0.027 per share	-	-	(20,744)	(20,744)
At 30 June 2012	1,537	75,012	63,917	140,466

**Financial Results Announcement
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<u>Group</u>	Share capital and premium S\$'000	Fair value reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Attributable to equity holders of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
At 1 January 2011	76,549	17,129	(3,303)	82,505	172,880	638	173,518
Total other comprehensive income	-	(129)	(561)	-	(690)	-	(690)
Profit for the period	-	-	-	14,827	14,827	316	15,143
Total comprehensive income for the period	-	(129)	(561)	14,827	14,137	316	14,453
At 31 March 2011	76,549	17,000	(3,864)	97,332	187,017	954	187,971
Total other comprehensive income	-	(4,576)	(1,015)	-	(5,591)	-	(5,591)
Profit for the period	-	-	-	14,744	14,744	340	15,084
Total comprehensive income for the period	-	(4,576)	(1,015)	14,744	9,153	340	9,493
<i>Transactions with owners, recorded directly in equity</i>							
<i>Contributions by and distributions to owners</i>							
Waiver of loan to subsidiary	-	-	-	-	-	231	231
Dividend paid to non-controlling interest	-	-	-	-	-	(448)	(448)
Final tax-exempt dividend paid of S\$0.025 per share	-	-	-	(17,462)	(17,462)	-	(17,462)
Total transactions with owners	-	-	-	(17,462)	(17,462)	(217)	(17,679)
At 30 June 2011	76,549	12,424	(4,879)	94,614	178,708	1,077	179,785
At 1 January 2012	76,549	755	(3,976)	115,574	188,902	659	189,561
Total other comprehensive income	-	7,194	(616)	-	6,578	-	6,578
Profit for the period	-	-	-	20,003	20,003	291	20,294
Total comprehensive income for the period	-	7,194	(616)	20,003	26,581	291	26,872
At 31 March 2012	76,549	7,949	(4,592)	135,577	215,483	950	216,433
Total other comprehensive income	-	2,215	163	-	2,378	-	2,378
Profit for the period	-	-	-	15,381	15,381	390	15,771
Total comprehensive income for the period	-	2,215	163	15,381	17,759	390	18,149
<i>Transactions with owners, recorded directly in equity</i>							
<i>Contributions by and distributions to owners</i>							
Final tax-exempt dividend paid of S\$0.027 per share	-	-	-	(20,744)	(20,744)	-	(20,744)
Total transactions with owners	-	-	-	(20,744)	(20,744)	-	(20,744)
At 30 June 2012	76,549	10,164	(4,429)	130,214	212,498	1,340	213,838

Notes:

- Included in the share capital is a share premium account of S\$75.0 million as at 30 June 2012 (30 June 2011: S\$75.0 million).
- Other reserves comprised foreign currency translation reserves and hedging reserves.

**Financial Results Announcement
For the quarter ended 30 June 2012**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There are no changes in the Company's share capital since the end of the last quarter financial statements announcement, which was reported on 8 May 2012.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	30/6/12	As at	31/12/11
Total number of issued shares	768,319,189		768,319,189

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures for the six-month period ended 30 June 2012 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

Please refer to attached review report.

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

The same accounting policies and methods of computation were followed during the current financial period as compared to those reported in the audited consolidated financial statements for the financial year ended 31 December 2011.

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

Not applicable.

**Financial Results Announcement
 For the quarter ended 30 June 2012**
6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(Singapore cents)	2Q2012	2Q2011	1H2012	1H2011
Earnings per ordinary share for the period based on profit for the period attributable to equity holders of the Company:				
(i) Based on the number of ordinary shares in issue as at the end of the financial period	2.00	1.92	4.61	3.85
(ii) On a fully diluted basis	2.00	1.92	4.61	3.85

The calculation of basic and diluted earnings per share for the relevant period is based on the profit for the period attributable to equity holders of the Company for the financial periods ended 30 June 2012 and 30 June 2011 and the issued share capital of 768,319,189 shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

(Singapore cents)	Group		Company	
	30/6/12	31/12/11	30/6/12	31/12/11
Net asset value per ordinary share	27.66	24.59	18.28	15.96
Net tangible assets per ordinary share	27.66	24.59	18.28	15.96

Net asset value ("NAV") per share for the relevant period is calculated based on the net assets of the Group (excluding non-controlling interests) and the issued share capital of 768,319,189 shares.

Net tangible assets per share is calculated based on the NAV of the Group, excluding non-controlling interest and intangible asset, and the issued share capital of 768,319,189 shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on
Review of performance

	2Q2012 S\$'000	2Q2011 S\$'000	Change %	1H2012 S\$'000	1H2011 S\$'000	Change %
Total Revenue	29,096	25,354	15%	63,423	52,554	21%
Management fees	24,676	22,598	9%	47,782	44,661	7%
Acquisition and performance fees	653	239	173%	4,663	2,499	87%
Other income	3,767	2,517	50%	10,978	5,394	104%
Net profit⁽¹⁾	15,381	14,744	4%	35,384	29,571	20%

(1) Net profit refers to "Profit for the period attributable to equity holders of the Company"

**Financial Results Announcement
For the quarter ended 30 June 2012****2Q2012 vs 2Q2011**

Recurrent management fee income increased by 9% to S\$24.7 million in 2Q2012 from S\$22.6 million in 2Q2011. This was primarily due to higher REIT management and portfolio management fees arising from (i) an increase in the valuation of the property portfolios of the REITs under management, (ii) Fortune REIT's acquisition of The Belvedere Square and The Provident Square on 17 February 2012 and (iii) Cache's acquisition of 21 Changi North Way on 30 April 2012. In 2Q2012, the Group had also accrued for portfolio management fees receivable from the ADF II with the commencement of its investment period in March 2012.

Acquisition and performance fees of S\$0.7 million received in 2Q2012 comprises acquisition fees in relation to the acquisition by Cache of 21 Changi North Way on 30 April 2012 and project management fees received by APM in relation to the remaking of Suntec City.

Other income increased to S\$3.8 million in 2Q2012 from S\$2.5 million in 2Q2011, primarily due to a net gain on disposal of certain REIT units received by the Group as part payment for REIT management and acquisition fees.

The Group recorded higher operating expenses of S\$11.6 million in 2Q2012 compared to S\$8.9 million in 2Q2011, primarily due to higher staff-related expenses and higher operating lease expenses due to additional office space secured, both of which are in line with the Group's continuing business expansion. Higher expenses incurred for professional fees and overseas marketing trips for the establishment of new business segments, including the ADF II and the CIP Fund, also resulted in higher costs incurred during the period.

As a result of the above, net profit for 2Q2012 rose 4% to S\$15.4 million from S\$14.7 million in 2Q2011.

1H2012 vs 1H2011

Recurrent management fee income increased by 7% to S\$47.8 million in 1H2012 from S\$44.7 million in 1H2011. This was primarily due to higher REIT management and portfolio management fees arising from (i) an increase in the valuation of the property portfolios of the REITs under management, (ii) Fortune REIT's acquisition of The Belvedere Square and The Provident Square on 17 February 2012, (iii) Cache's acquisition of 21 Changi North Way on 30 April 2012 and (iv) a higher asset valuation of the ARA Harmony Fund. In 1H2012, the Group had also begun to accrue for portfolio management fees receivable from the ADF II with the commencement of its investment period in March 2012.

The Group's acquisition and performance fees of S\$4.7 million received in 1H2012 comprises acquisition and divestment fees received in relation to (i) Suntec REIT's divestment of Chijmes in January 2012, (ii) Fortune REIT's acquisition of The Belvedere Square and The Provident Square in February 2012 and (iii) Cache's acquisition of 21 Changi North Way on 30 April 2012 and project management fees received by APM in relation to the remaking of Suntec City. In 1H2011, the Group received acquisition and performance fees of S\$2.5 million, which comprised primarily performance fees received in relation to the ARA Harmony Fund and acquisition fees in relation to 3 acquisitions (namely 6 Changi North Way and 4 Penjuru Lane in Singapore and Jinshan Chemical Warehouse in Shanghai, China) that were completed by Cache.

Other income increased to S\$11.0 million in 1H2012 from S\$5.4 million in 1H2011, primarily due to higher net gain on disposal of certain REIT units received by the Group as part payment for REIT management fees and acquisition fees and an increase in distribution income.

The Group recorded higher operating expenses of S\$23.6 million in 1H2012 compared to S\$18.9 million in 1H2011, primarily due to higher staff-related expenses in line with the Group's continuing business expansion. Higher expenses incurred for professional fees and overseas marketing trips for the establishment of new business segments, including the ADF II and the CIP Fund, also resulted in higher costs incurred during the period.

As a result of the above, net profit for 1H2012 rose 20% to S\$35.4 million from S\$29.6 million in 1H2011.

As at 30 June 2012, the Group's total assets under management stood at S\$21.8 billion (approximately US\$17.2 billion).

**Financial Results Announcement
For the quarter ended 30 June 2012****9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group's business environment, similar to that faced by other real estate fund managers, remains vulnerable to the European debt crisis and slowing economic growth in the United States and China. While governments and central banks around the world have hinted in recent months that they stand prepared to implement a further round of stimulus packages should global economic growth falter, investor sentiment continues to be challenging as US unemployment rates and borrowing costs in Europe remain at elevated heights.

In China, gross domestic product expanded 7.6 per cent in the three months ended 30 June 2012, the sixth quarterly deceleration and the weakest pace in more than three years since the global financial crisis. China's slowdown undermines a global recovery already threatened by Europe's debt crisis and limited US job growth.

Although faced with headwinds arising from the ongoing economic uncertainty, ARA remains resolute in sourcing investment opportunities for both its listed and private real estate platforms in Asia, particularly in China, Hong Kong, Singapore and Malaysia. This is consistent with the Group's belief that regional real estate remains an attractive asset class as Asia's sound fundamentals should become more evident in the medium to long term.

REITs

For FY2012, the Group expects management fee income to be boosted by acquisitions already completed this year as well as an increase in the valuation of the property portfolios of the REITs under management.

In February 2012, Fortune REIT completed the acquisition of The Belvedere Square and The Provident Square for HK\$1.9 billion. Cache Logistics Trust also completed its recent acquisition of Pandan Logistics Hub for a consideration of S\$66.0 million.

The Group will continue to focus on active asset management to add value to the properties in its portfolio and seek to make value-adding acquisitions for the REITs under the Group's management. Concurrently, the Group is looking to develop and list new REITs focused on new market sectors and/or geographies.

Private Funds

The Group has raised close to US\$1 billion for its private real estate funds, for the quarter ended 30 June 2012. The gross investor commitments of US\$941 million was raised via two separate vehicles, namely a new fund, the CIP Fund, as well as through ARA's existing vehicle of the ADF II.

The CIP Fund with initial committed capital of US\$500 million has been established as a long term, core-plus separate account vehicle following a significant contribution from the California Public Employees' Retirement System ("CalPERS").

ARA will also be invested in the CIP Fund, which will adopt an investment strategy targeting high-quality, income producing office and retail properties in key cities in China, including Hong Kong. The initial term of the fund will be ten years with two additional extension options of six years each. Additional capital commitments will be made available upon deployment of the initial commitment at the discretion of CalPERS, and, therefore, the fund's portfolio is expected to grow significantly over time.

Separately, the ADF II has achieved a third and final closing, bringing the total fund size to US\$441 million. ADF II is a Pan-Asian opportunistic real estate fund with a primary focus on retail, office, and residential properties in China, Hong Kong, Singapore and Malaysia, with a secondary focus on real estate investments in other key cities in Asia (excluding Japan).

The Group will start recognising a full quarter of management fee contribution from the CIP Fund and the ADF II's enlarged investor commitment base from 3Q2012.

**Financial Results Announcement
For the quarter ended 30 June 2012****Outlook for FY2012**

Barring unforeseen circumstances, the Directors expect the Group's net profit in FY2012 to be comparable to that achieved in FY2011.

11. Dividend***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Amount	:	\$0.023 per share
Dividend Rate	:	Not applicable
Par value of shares	:	\$0.002 per share
Tax Rate	:	Tax exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Amount	:	\$0.023 per share
Dividend Rate	:	Not applicable
Par value of shares	:	\$0.002 per share
Tax Rate	:	Tax exempt (One-tier)

(c) Date payable

11 September 2012

(d) Book Closure date

Registerable transfers received by the Company up to 5.00 pm on 28 August 2012 will be registered before entitlements to the dividend are determined.

12. If no dividend has been declared/recommended, a statement to that effect

An interim dividend of S\$0.023 per share has been declared for the financial period from 1 January 2012 to 30 June 2012.

**Financial Results Announcement
For the quarter ended 30 June 2012**

13. Interested Person Transactions

A mandate was obtained from shareholders at the Company's Annual General Meeting held on 26 April 2012.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	2Q2012 S\$'000	1H2012 S\$'000	2Q2012 S\$'000	1H2012 S\$'000
Fortune REIT	-	-	3,345	9,567
Cheung Kong Group	-	-	1,070	2,399
	-	-	4,415	11,966

The interested person transactions have been entered into based on terms stipulated in the following:

- (i) the trust deed constituting Fortune REIT whereby the Group receives base, performance and acquisition fees for its role as the manager of Fortune REIT; and
- (ii) the shareholders' agreement of World Deluxe Enterprises Limited whereby Hui Xian Asset Management Limited pays property management and related consultancy services to the Cheung Kong Group.

14. Negative confirmation pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of ARA Asset Management Limited which may render the unaudited interim financial information (comprising the statements of financial position and statements of income, comprehensive income, changes in equity and cash flows, together with their accompanying notes) as at 30 June 2012 and for the six months ended on that date to be false or misleading in any material aspect.

On behalf of the Board,

Chiu Kwok Hung, Justin
Director

Lim Hwee Chiang
Director

**BY ORDER OF THE BOARD
ARA ASSET MANAGEMENT LIMITED**

Lim Hwee Chiang
Director
10 August 2012

This announcement 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 uncertainties, risks and assumptions. Representative examples of these factors include but are not limited to general market and economic conditions, interest rate trends, competition from other real estate investors, changes in operating expenses including employee wages and benefits, changes in government policies, and the continued availability of financing in the amounts and terms necessary to support future business. You are cautioned not to place undue reliance on the forward-looking statements in this release, which are based on the current view of management on future events. Information from external sources in this release has not been independently verified by us.



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ARA Asset Management Limited
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

10 August 2012

Dear Sirs

Review of Interim Financial Information

Introduction

We have reviewed the accompanying financial information of ARA Asset Management Limited (“the Company”) and its subsidiaries (collectively the “Group”), which comprise the statements of financial position of the Group and the Company as at 30 June 2012, and the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the six-month period ended 30 June 2012 and certain explanatory notes (the “Interim Financial Information”). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard (“FRS”) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*.

Restriction on use

Our report is provided on the basis that it is solely for the information of the directors and for the inclusion of our report in the Company’s interim announcement to its shareholders, to enable the directors to fulfil their responsibilities under the Singapore Exchange listing requirements. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors, the Company or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully

KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore