



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2013

The financial information for the quarter ended 31 March 2013 in the announcement have been extracted from the interim financial statements for the period from 1 January 2013 to 31 March 2013, 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 (commercial), industrial/office, logistics and hospitality sectors; private real estate funds investing in real estate in Asia; and provides real estate management services, including property management and convention & exhibition services; and corporate finance advisory services.

Financial Results Announcement
For the quarter ended 31 March 2013
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

	Note	1/1/13 to 31/3/13 ("1Q2013") S\$'000	1/1/12 to 31/3/12 ("1Q2012") S\$'000	Change %
Management fees	(a)	26,674	23,106	15%
Acquisition, divestment and performance fees	(a)	953	4,010	(76%)
Finance income	(b)	4,588	7,174	(36%)
Other income		21	37	(43%)
Total revenue		32,236	34,327	(6%)
Administrative expenses	(c)	(9,982)	(9,229)	8%
Operating lease expenses	(d)	(946)	(584)	62%
Other expenses	(e)	(1,968)	(2,156)	(9%)
Results from operating activities		19,340	22,358	(13%)
Finance costs	(f)	(105)	(55)	91%
Share of profit of associates, net of tax	(g)	845	1,380	(39%)
Profit before tax	(h)	20,080	23,683	(15%)
Tax expense	(i)	(2,411)	(3,389)	(29%)
Profit for the period		17,669	20,294	(13%)
Attributable to:				
Equity holders of the Company		16,815	20,003	(16%)
Non-controlling interests		854	291	193%
		17,669	20,294	(13%)

**Financial Results Announcement
For the quarter ended 31 March 2013**

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

(a) Revenue

		1Q2013 S\$'000	1Q2012 S\$'000	Change %
Management fees		26,674	23,106	15%
REIT base and performance fees	(i)	15,545	15,242	2%
Portfolio management and service fees	(ii)	6,468	5,023	29%
Real estate management services fees	(iii)	4,661	2,841	64%
Acquisition, divestment and performance fees	(iv)	953	4,010	(76%)
Acquisition, divestment and performance fees		-	3,965	(100%)
Advisory and consultancy fees		953	45	n.m.

n.m.: not meaningful

- (i) REIT management fees increased to S\$15.5 million in 1Q2013 compared with S\$15.2 million in 1Q2012 primarily due to better asset performance arising from asset enhancement initiatives which resulted in higher valuation of the property portfolios of the REITs under management. The increase in REIT base fees was partially offset by lower REIT performance fees received from Suntec REIT due to a decrease in the REIT's net property income from the partial closure of Suntec City Mall and Suntec Singapore for asset enhancement works.
- (ii) Portfolio management and service fees increased by 29% from S\$5.0 million in 1Q2012 to S\$6.5 million in 1Q2013. The ARA Asia Dragon Fund II ("ADF II") which commenced its investment period in March 2012 and the ARA China Investment Partners ("CIP") launched in June 2012 contributed to the additional portfolio management fee income for the Group. However, this increase was partially offset by the reduced management fees from the ARA Asia Dragon Fund ("ADF") following partial divestment of its assets which saw capital returns to investors in 2012.
- (iii) Real estate management services fees in 1Q2013 increased by 64% to S\$4.7 million from S\$2.8 million in 1Q2012 primarily due to higher leasing commission recognised and contributions from the APM Property Management (China) Limited group of companies ("APMC Group") from August 2012.
- (iv) In 1Q2013, acquisition, divestment and performance fees were down 76% against 1Q2012 primarily due to acquisition / divestment fees received in 1Q2012 relating to (i) Suntec REIT's divestment of Chijmes in January 2012 and (ii) Fortune REIT's acquisition of 2 properties in February 2012. The acquisition, divestment and performance fees of approximately S\$1.0 million received in 1Q2013 comprised advisory and consultancy fees received mainly in relation to project management services provided by APM Property Management Pte. Ltd. and its related corporations ("APM") to malls in Malaysia, as well as to Suntec REIT and the ARA Harmony Fund for the re-making of Suntec City.

(b) Finance income

Finance income comprised primarily of distribution income, interest income and net gain on fair valuation / disposal of held-for-trading securities. Finance income decreased to S\$4.6 million in 1Q2013 from S\$7.2 million in 1Q2012. This was primarily due to a lower net gain on fair valuation / disposal of certain REIT units received by the Group as part payment for REIT management and acquisition fees in 1Q2013 as compared to 1Q2012. Distribution income also declined by 22% from S\$2.3 million in 1Q2012 to S\$1.8 million in 1Q2013 primarily due to a lower number of REIT units held by the Group subsequent to the disposal of certain REIT acquisition fee units in 2Q2012.

(c) Administrative expenses

Administrative expenses comprised primarily of staff-related expenses and advisory fees. Administrative expenses increased to S\$10.0 million in 1Q2013 from S\$9.2 million in 1Q2012, primarily due to an increase in headcount and staff-related expenses in line with the Group's continuing business expansion. Excluded from administrative expenses were staff-related expenses of S\$2.7 million (1Q2012: S\$6.3 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 31 March 2013**

(d) Operating lease expenses

Operating lease expenses increased to S\$0.9 million in 1Q2013 from S\$0.6 million in 1Q2012 due to additional office space secured for both local and overseas operations which is 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, depreciation, listing expenses, board meeting expenses and other miscellaneous expenses. Other expenses decreased to S\$2.0 million in 1Q2013 from S\$2.2 million in 1Q2012 primarily due to lower expenses incurred for professional fees, overseas marketing trips and road shows for the establishment of the ADF II and the CIP.

(f) Finance costs

Finance costs comprised net loss on fair valuation / disposal of held-for-trading securities, net foreign exchange loss and interest expense.

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

Share of profits of associates (net of tax) was primarily due to the recognition of the Group's share of profits arising from (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 profit of associates decreased from S\$1.4 million in 1Q2012 to S\$0.8 million in 1Q2013 primarily due to lower contribution from Hui Xian Asset Management Limited. In 1Q2012, Hui Xian Asset Management Limited's profits were boosted by acquisition fees received in relation to Hui Xian REIT's acquisition of a 70% interest in Sofitel Shenyang Lido.

(h) Profit before income tax

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

	1Q2013	1Q2012	Change
	S\$'000	S\$'000	%
<u>Finance income</u>			
Distribution income	1,803	2,313	(22%)
Interest income	48	28	71%
Gain on fair valuation of held-for-trading securities	2,737	4,833	(43%)
<u>Other expenses</u>			
Depreciation of plant and equipment	171	135	27%
<u>Finance costs</u>			
Interest expense	77	33	133%
Foreign exchange loss, net	28	22	27%

(i) 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 31 March 2013
1(a)(iii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

	1Q2013 S\$'000	1Q2012 S\$'000	Change %
Profit for the period	17,669	20,294	(13%)
Other comprehensive income:			
Translation differences relating to financial statements of foreign subsidiaries	1,110	(1,155)	n.m.
Net change in fair value of available-for-sale financial assets	6,858	7,194	(5%)
Effective portion of changes in fair value of cash flow hedge	-	539	(100%)
Other comprehensive income for the year, net of tax	7,968	6,578	21%
Total comprehensive income for the period	25,637	26,872	(5%)
Total comprehensive income attributable to:			
Equity holders of the Company	24,783	26,581	(7%)
Non-controlling interests	854	291	193%
Total comprehensive income for the period	25,637	26,872	(5%)

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 31 March 2013
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	
		31/3/13 S\$'000	31/12/12 S\$'000	31/3/13 S\$'000	31/12/12 S\$'000
Assets					
Plant and equipment		1,511	1,640	-	-
Subsidiaries	(a)	-	-	135,046	85,923
Associates	(b)	4,245	3,578	-	-
Financial assets	(c)	188,664	123,209	-	-
Tenancy deposits		976	971	-	-
Total non-current assets		195,396	129,398	135,046	85,923
Financial assets	(d)	34,744	26,014	-	-
Trade and other receivables	(e)	33,248	33,420	4,043	4,029
Cash and cash equivalents		47,788	100,258	13,638	56,326
Total current assets		115,780	159,692	17,681	60,355
Total assets		311,176	289,090	152,727	146,278
Equity					
Share capital		1,690	1,537	1,690	1,537
Reserves		100,730	92,915	74,859	75,012
Accumulated profits		166,678	149,863	74,121	67,636
Equity attributable to equity holders of the Company		269,098	244,315	150,670	144,185
Non-controlling interests	(f)	2,358	2,304	-	-
Total equity		271,456	246,619	150,670	144,185
Liabilities					
Loan and borrowings	(g)	159	189	-	-
Deferred tax liabilities		118	118	-	-
Total non-current liabilities		277	307	-	-
Trade and other payables	(h)	21,395	26,099	2,057	2,093
Loan and borrowings	(g)	4,900	4,878	-	-
Current tax payable		13,148	11,187	-	-
Total current liabilities		39,443	42,164	2,057	2,093
Total liabilities		39,720	42,471	2,057	2,093
Total equity and liabilities		311,176	289,090	152,727	146,278

**Financial Results Announcement
For the quarter ended 31 March 2013****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 31 March 2013 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) 37.0 million AmFIRST REIT units held by the Group as strategic stake and of which a portion have been pledged as security for a credit facility (see 1(b)(ii) – Details of any collateral); (iv) seed capital investments in the ADF, the ADF II and the CIP; (v) investment in the ARA Asian Asset Income Fund ("AAIF"); and (vi) a 13.9% strategic stake in APN Property Group Limited ("APN").*
- (d) *Current financial assets as at 31 March 2013 comprise (i) REIT units received by the Group as part payment of management fees by certain REITs under management, (ii) REIT units received by the Group as payment of acquisition fees for the acquisition of Pandan Logistics Hub by Cache on 3 July 2012; and (iii) REIT units received by the Group as full payment for dividend income declared by an associate. 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 MAS.*
- (e) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables.*
- (f) *Non-controlling interest relates to the non-controlling shareholders' proportionate interest in ARA-CWT Trust Management (Cache) Limited, as well as APMC Group which was acquired in August 2012.*
- (g) *Loan and borrowings as at 31 March 2013 relate to (i) a secured revolving credit facility taken up with United Overseas Bank (Malaysia) Bhd to finance the subscription of a 3-for-5 rights issue by AmFIRST REIT (see 1(b)(ii) – Details of any collateral); and (ii) finance lease liabilities for the purchase of certain plant and equipment.*
- (h) *Trade and other payables comprise accrued fees payable, net GST output tax payable, provision for staff related benefits to employees and other payables. The decrease in trade and other payables was primarily due to payment of staff-related costs during 1Q2013.*

**Financial Results Announcement
For the quarter ended 31 March 2013**

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

	31/3/13		31/12/12	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	4,900	-	4,878	-
Amount repayable after one year	159	-	189	-
	<u>5,059</u>	<u>-</u>	<u>5,067</u>	<u>-</u>

Footnotes:

- (a) The Group's borrowings included S\$236,000 (31 December 2012: S\$266,000) relating to finance lease liabilities for the purchase of certain plant and equipment.
- (b) As at 31 March 2013, the Group has the following facilities:
- (i) an unutilised revolving credit facility of S\$19.8 million secured on the Group's strategic stake in Suntec REIT (31 December 2012: S\$19.8 million);
 - (ii) an unutilised revolving credit facility of RM4.0 million secured on the Group's strategic stake in AmFIRST REIT (31 December 2012: RM4.0 million); and
 - (iii) unutilised unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2012: 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 31 March 2013
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

	Note	1Q2013 S\$'000	1Q2012 S\$'000
Cash flows from operating activities			
Profit for the period		17,669	20,294
Adjustments for:			
Depreciation of plant and equipment		171	135
Distribution income		(1,803)	(2,313)
Interest expense		77	33
Interest income		(48)	(28)
Gain on fair valuation of held-for-trading securities		(2,737)	(4,833)
Management fees received / receivable in units of REITs		(12,288)	(15,185)
Share of profit of associates		(845)	(1,380)
Tax expense		2,411	3,389
Operating profit before working capital changes		<u>2,607</u>	<u>112</u>
Changes in working capital:			
Change in trade and other receivables		168	3,218
Change in trade and other payables		(4,704)	329
Cash (used in) / generated from operating activities		<u>(1,929)</u>	<u>3,659</u>
Distribution income received		1,803	2,313
Proceeds from sale of units in REITs		6,648	41,272
Tax paid		(449)	(173)
Cash flows from operating activities	(a)	<u>6,073</u>	<u>47,071</u>
Cash flows from investing activities			
Dividend received from associate		272	-
Interest received		48	28
Purchase of plant and equipment		(35)	(20)
Purchase of available-for-sale securities		(58,153)	(1,606)
Cash flows used in investing activities	(b)	<u>(57,868)</u>	<u>(1,598)</u>
Cash flows from financing activities			
Dividends paid		(800)	-
Interest paid		(77)	(33)
Payment of finance lease liabilities		(30)	(33)
Cash flows used in financing activities	(c)	<u>(907)</u>	<u>(66)</u>
Net (decrease) / increase in cash & cash equivalents		(52,702)	45,407
Cash and cash equivalents at beginning of period		100,258	57,291
Effect of exchange rate fluctuations on cash held		232	(209)
Cash and cash equivalents at end of period		<u>47,788</u>	<u>102,489</u>

Footnotes:

- (a) Cash flows from operating activities decreased to S\$6.1 million in 1Q2013 from S\$47.1 million in 1Q2012 primarily due to lower proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management and acquisition fees.
- (b) Net cash outflow from investing activities increased to S\$57.9 million in 1Q2013 from S\$1.6 million in 1Q2012. The net cash outflow from investing activities in 1Q2013 was primarily due to seed capital investment in both the ADF II (S\$57.8 million) and the CIP (S\$0.1 million) pursuant to capital calls by both funds. The net cash outflow for investing activities in 1Q2012 comprised mainly of seed capital investment in the ADF and the ADF II.
- (c) Net cash outflow for financing activities increased to S\$907,000 in 1Q2013 from S\$66,000 in 1Q2012. This was primarily due to dividends paid to the minority shareholder of a subsidiary in 1Q2013.

Financial Results Announcement
For the quarter ended 31 March 2013

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

	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Company				
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
At 1 January 2013	1,537	75,012	67,636	144,185
Total comprehensive income for the period				
- Profit for the period	-	-	6,485	6,485
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
- Issue of bonus shares	153	(153)	-	-
At 31 March 2013	1,690	74,859	74,121	150,670

	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
Group							
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
At 1 January 2013	76,549	23,788	(5,885)	149,863	244,315	2,304	246,619
Total other comprehensive income	-	6,858	1,110	-	7,968	-	7,968
Profit for the period	-	-	-	16,815	16,815	854	17,669
Total comprehensive income for the period	-	6,858	1,110	16,815	24,783	854	25,637
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividend paid to non-controlling interest	-	-	-	-	-	(800)	(800)
Total transactions with owners	-	-	-	-	-	(800)	(800)
At 31 March 2013	76,549	30,646	(4,775)	166,678	269,098	2,358	271,456

Notes:

- Included in the share capital is a share premium account of S\$74.9 million as at 31 March 2013 (31 March 2012: S\$75.0 million).
- Other reserves comprised foreign currency translation reserve and hedging reserve.

**Financial Results Announcement
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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

On 26 March 2013, 76,831,904 new ordinary shares of S\$0.002 each in the capital of the Company, credited as fully paid, were allotted and issued to shareholders of the Company on the basis of one (1) bonus share for every ten (10) existing shares held in the capital of the Company (the "Bonus Issue"). Following the Bonus Issue, the total number of issued shares in the Company increased from 768,319,189 to 845,151,093.

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

	31/3/13	As at 31/12/12
Total number of issued shares	845,151,093	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 three-month period ended 31 March 2013 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

Except for the adoption of Financial Reporting Standards ("FRS") 113 – Fair Value Measurement, which became effective for the Group's financial period beginning 1 January 2013, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 31 December 2012. The Group does not expect any significant financial impact on its financial position or performance from the adoption of FRS 113.

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 31 March 2013**

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)	1Q2013	1Q2012
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	1.99	2.60
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	1.99	2.37

The calculation of 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 31 March 2013 and 31 March 2012 and the issued share capital of 845,151,093 and 768,319,189 shares as at 31 March 2013 and 31 March 2012 respectively.

The calculation of adjusted 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 31 March 2013 and 31 March 2012 and the issued share capital of 845,151,093 shares after the Bonus Issue.

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	
	31/3/13	31/12/12	31/3/13	31/12/12
Net asset value per ordinary share				
(i) Based on the number of ordinary shares in issue as at the end of the financial period	31.84	31.80	17.83	18.77
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	31.84	28.91	17.83	17.06

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 845,151,093 and 768,319,189 shares as at 31 March 2013 and 31 December 2012 respectively.

The adjusted NAV per share for the relevant period is calculated based on the net assets of the Group (excluding non-controlling interests) as at 31 March 2013 and 31 December 2012 and the issued share capital of 845,151,093 shares after the Bonus Issue.

Financial Results Announcement
For the quarter ended 31 March 2013

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

	1Q2013 S\$'000	1Q2012 S\$'000	Change %
Total Revenue	32,236	34,327	(6%)
Management fees	26,674	23,106	15%
Acquisition, divestment and performance fees	953	4,010	(76%)
Finance income	4,588	7,174	(36%)
Other income	21	37	(43%)
Net profit ⁽¹⁾	16,815	20,003	(16%)
Recurrent Net Profit ⁽²⁾	12,216	10,720	14%

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

(2) Recurrent Net Profit refers to Net Profit excluding acquisition, divestment and performance fees and finance income, adjusted for the effects of tax.

1Q2013 vs 1Q2012

Recurrent management fees increased 15% to S\$26.7 million in 1Q2013 from S\$23.1 million in 1Q2012. This was primarily due to (i) higher REIT management fees arising from better asset performance due to asset enhancement initiatives which resulted in higher valuation of the property portfolios of the REITs under management, (ii) higher portfolio management fees arising from contribution from the ADF II and the CIP and (iii) higher real estate management services fees primarily due to higher leasing commission recognised and contributions from the APMC Group.

In 1Q2013, acquisition, divestment and performance fees were down 76% against 1Q2012 primarily due to acquisition / divestment fees received in 1Q2012 relating to (i) Suntec REIT's divestment of Chijmes in January 2012 and (ii) Fortune REIT's acquisition of 2 properties in February 2012. The acquisition, divestment and performance fees of approximately S\$1.0 million received in 1Q2013 comprised advisory and consultancy fees received mainly in relation to project management services provided by APM to malls in Malaysia, as well as to Suntec REIT and the ARA Harmony Fund for the re-making of Suntec City.

Finance income decreased to S\$4.6 million in 1Q2013 from S\$7.2 million in 1Q2012. This was primarily due to a lower net gain on fair valuation / disposal of certain REIT units received by the Group as part payment for REIT management and acquisition fees in 1Q2013 as compared to 1Q2012. Distribution income also declined by 22% from S\$2.3 million in 1Q2012 to S\$1.8 million in 1Q2013 primarily due to a lower number of REIT units held by the Group subsequent to the disposal of certain REIT acquisition fee units in 2Q2012.

The Group recorded higher total operating expenses of S\$12.9 million in 1Q2013 compared to S\$12.0 million in 1Q2012, primarily due to higher staff-related expenses and operating lease expenses, which is in line with the Group's continuing business expansion.

As a result of the above, net profit for 1Q2013 was down 16% to S\$16.8 million from S\$20.0 million in 1Q2012. However, excluding the one-off acquisition, divestment and performance fees and finance income received, the adjusted net profit for 1Q2013 would have been 14% higher as compared to 1Q2012, in line with the higher recurrent management fees.

As at 31 March 2013, the Group's total assets under management stood at S\$22.7 billion (approximately US\$18.3 billion).

**Financial Results Announcement
For the quarter ended 31 March 2013****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

Global economic outlook worsened over the first three months of 2013, with the International Monetary Fund ("IMF") lowering its forecast of US and global economic growth. Government spending cuts prompted the IMF to cut its outlook for the US and expects global economic growth to be a modest 3.3% for 2013. Concerns over the bailout of Cyprus in March revived fears about the ability of Eurozone governments to manage the region's sovereign debt crisis.

For Asia, the IMF expects growth to be about 5.7% for 2013, boosted by recovery in demand from outside the region and consumption and private investment within. The IMF however cautioned that the impact of external risks on Asia remain considerable.

Following China's once-in-a-decade power transition, new Prime Minister Li Keqiang presented a vision of economic growth driven by continued urbanization. The Group recognizes the long term opportunities to be created by this economic transformation, particularly in China's commercial and residential property sectors. In the near term, however, shifting policy risks may present investment challenges for private fund investors in the residential sector, and therefore, warrants cautious observation for continuing developments from the Group's perspective. China's fundamental economic growth prospects and long-term macro-economic outlook, however, remain promising, which should in turn facilitate the Group's efforts in growing its overall business in China.

REITs

Having built a sizeable, multi-product/jurisdiction REIT platform with over S\$16 billion in REIT assets under management as at 31 March 2013, the Group will seek to maintain growth in its REIT businesses by focusing on asset enhancement initiatives to unlock value in existing portfolios and making yield accretive acquisitions to bolster shareholder value. Concurrently, the Group is looking to develop and list new REITs focused on new market sectors and/or geographies.

Private Funds

ARA's Private Funds division continues to identify attractive investment opportunities to deploy its remaining capital commitments. Private capital fund raising initiatives also remain active with increasing interest in private fund strategies being observed. Asia-focused mandates, in particular, are attracting significant attention from both institutional and high net worth investors world-wide. In addition to traditional fund products, ARA is developing potential co-investment platforms and seeks to work with long-term strategic investors seeking direct real estate investment exposure with experienced operating partners. Accordingly, ARA aims to build a core network of strategic capital partners to pursue such investment mandates in its key markets.

Outlook for FY2013

Barring unforeseen circumstances, the Directors expect the Group's net profit in FY2013 to be comparable to that achieved in FY2012.

**Financial Results Announcement
For the quarter ended 31 March 2013****11. Dividend*****(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? No

Name of Dividend	:	Not applicable
Dividend Type	:	Not applicable
Dividend Amount	:	Not applicable
Dividend Rate	:	Not applicable
Par value of shares	:	Not applicable
Tax Rate	:	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? No

Name of Dividend	:	Not applicable
Dividend Type	:	Not applicable
Dividend Amount	:	Not applicable
Dividend Rate	:	Not applicable
Par value of shares	:	Not applicable
Tax Rate	:	Not applicable

(c) Date payable

Not applicable

(d) Book Closure date

Not applicable

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

No dividend has been declared or proposed for the financial period under review.

13. If the Group has obtained a general mandate from shareholders for IPTs , the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for interested person transactions.

**Financial Results Announcement
For the quarter ended 31 March 2013**

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 31 March 2013 and for the three 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
8 May 2013

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.



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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

8 May 2013

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 31 March 2013, and the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the three-month period ended 31 March 2013 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 in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Company’s announcement of its Interim Financial Information for the information of its shareholders. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

Yours faithfully

KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore