



## **ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT**

### **FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2015**

The financial information for the quarter ended 31 March 2015 in the announcement have been extracted from the interim financial statements for the period from 1 January 2015 to 31 March 2015, 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; privately-held REITs in South Korea; 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 2015**

**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	1/1/15 to 31/3/15 ("1Q2015") S\$'000	1/1/14 to 31/3/14 ("1Q2014") S\$'000	Change %
Management fees	(a)	30,110	29,684	1%
Acquisition, divestment and performance fees	(a)	5,380	2,613	106%
Finance income	(b)	2,079	5,817	(64%)
Other income		127	69	84%
Total revenue		<u>37,696</u>	<u>38,183</u>	(1%)
Administrative expenses	(c)	(11,859)	(12,943)	(8%)
Operating lease expenses	(d)	(1,003)	(995)	1%
Other expenses	(e)	(2,669)	(2,711)	(2%)
Finance costs	(f)	(2,055)	(651)	216%
Results from operating activities		<u>20,110</u>	<u>20,883</u>	(4%)
Share of profit of associates, net of tax	(g)	3,235	807	301%
Profit before tax	(h)	<u>23,345</u>	<u>21,690</u>	8%
Tax expense	(i)	(3,474)	(3,193)	9%
Profit for the period		<u>19,871</u>	<u>18,497</u>	7%
Attributable to:				
Equity holders of the Company		18,970	17,830	6%
Non-controlling interests		901	667	35%
		<u>19,871</u>	<u>18,497</u>	7%

**Financial Results Announcement  
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**1(a)(ii) Explanatory notes to the income statement of the Group**
**(a) Revenue**

		<b>1Q2015</b>	<b>1Q2014</b>	<b>Change</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Management fees</b>		<b>30,110</b>	<b>29,684</b>	<b>1%</b>
REIT base and performance fees	(i)	20,857	18,481	13%
Portfolio management and service fees	(ii)	4,405	6,094	(28%)
Real estate management services fees	(iii)	4,848	5,109	(5%)
<b>Acquisition, divestment and performance fees</b>	(iv)	<b>5,380</b>	<b>2,613</b>	<b>106%</b>
Acquisition and performance fees		4,471	1,770	153%
Advisory and consultancy fees		909	843	8%

- (i) REIT management fees increased to S\$20.9 million in 1Q2015 from S\$18.5 million in 1Q2014 due to higher REIT management fees arising from better asset performance post the asset enhancement initiatives undertaken, which resulted in higher valuation of the property portfolios of the REITs under management. Fortune REIT's acquisition of Laguna Plaza in January 2015, Cache Logistics Trust's ("Cache") acquisition of 3 properties located in Australia in February 2015 and the acquisition of ARA Korea Limited ("ARA Korea") in April 2014 also contributed to the higher REIT management fees.
- (ii) Portfolio management and service fees declined to S\$4.4 million in 1Q2015 from S\$6.1 million in 1Q2014, mainly due to lower management fees from the ARA Asia Dragon Fund ("ADF I") which has entered into its divestment phase since 2012. The decline was partially offset by higher management fees from (i) the launch of the ARA Summit Development Fund I, L.P. ("SDF I") in May 2014; (ii) higher fees received from the Morningside Investment Partners, LLC ("MIP") subsequent to the acquisition of its first two properties in August and September 2014 and (iii) higher valuation of the property in the ARA Harmony Fund II ("Harmony II") following the completion of asset enhancement works at Suntec Singapore Convention and Exhibition Centre ("SSICEC").
- (iii) Real estate management fees declined to S\$4.8 million in 1Q2015 from S\$5.1 million in 1Q2014, mainly due to lower leasing commission recognised by the APM Group of companies ("APM") as a result of lower leasing activities during the quarter. This was partially offset by higher property management fees and convention and exhibition services fees received by the Group following the completion of Phases 1 and 2 of the asset enhancement works at the Suntec City Mall and SSICEC.
- (iv) Acquisition, divestment and performance fees increased to S\$5.4 million in 1Q2015 from S\$2.6 million in 1Q2014, mainly due to higher acquisition fees received in relation to Fortune REIT's acquisition of Laguna Plaza in January 2015 and Cache's acquisition of three properties located in Australia in February 2015. This was in comparison with acquisition fees in 1Q2014 in relation to Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014. Advisory and consultancy fees of S\$0.9 million received in 1Q2015 (1Q2014: S\$0.8 million) were primarily in relation to project management services provided by APM and its related corporations to the properties it manages in Malaysia, China and Singapore.

**(b) Finance income**

Finance income comprises mainly distribution income, interest income, net gain on fair valuation / disposal of financial assets and net foreign exchange gain. Finance income declined to S\$2.1 million in 1Q2015 from S\$5.8 million in 1Q2014. This was primarily due to a lower distribution income of S\$1.9 million in 1Q2015 compared to S\$5.1 million in 1Q2014, of which the latter had included the distribution of profits by the ADF I post the divestment of properties under its portfolio. In addition, a net gain on fair valuation / disposal of financial assets of S\$0.7 million was included in 1Q2014 (1Q2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.4 million under finance costs).

**Financial Results Announcement  
For the quarter ended 31 March 2015**
**(c) Administrative expenses**

Administrative expenses comprise primarily staff-related expenses and advisory fees. Administrative expenses was S\$11.9 million in 1Q2015 compared to S\$12.9 million in 1Q2014. Included in 1Q2015 was an adjustment for bonus expenses as the actual payment was lower than the amount accrued in the previous year. Excluded from administrative expenses were staff-related expenses of S\$5.3 million (1Q2014: S\$4.1 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which was fully reimbursed from Harmony II.

**(d) Operating lease expenses**

Operating lease expenses were S\$1.0 million in 1Q2015, comparable to that of 1Q2014.

**(e) Other expenses**

Other expenses comprise primarily other staff-related expenses (such as travelling expenses), telecommunications expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, depreciation, continuing listing expenses, board meeting expenses and other miscellaneous expenses. Other expenses in 1Q2015 were S\$2.7 million, comparable to that of 1Q2014.

**(f) Finance costs**

Finance costs comprise net loss on fair valuation / disposal of financial assets, net foreign exchange loss and interest expense. Finance costs in 1Q2015 increased to S\$2.1 million from S\$0.7 million in 1Q2014 mainly due to a net loss on fair valuation / disposal of financial assets of S\$1.4 million (1Q2014 had recorded a net gain on fair valuation / disposal of financial assets of S\$0.7 million under finance income).

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

Share of profit of associates (net of tax) comprise the Group's share of profits arising from its (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 to S\$3.2 million in 1Q2015 from S\$0.8 million in 1Q2014, mainly due to the acquisition fees recorded by Hui Xian Asset Management Limited in relation to Hui Xian REIT's acquisition of Metropolitan Oriental Plaza in Chongqing, China in March 2015.

**(h) Profit before income tax**

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

	1Q2015 S\$'000	1Q2014 S\$'000	Change %
<u>Finance income</u>			
Distribution income	1,851	5,086	(64%)
Foreign exchange gain, net	181	-	n.m.
Gain on fair valuation / disposal of financial assets	-	716	(100%)
Interest income	47	15	213%
<u>Other expenses</u>			
Amortisation of intangible assets	60	-	n.m.
Depreciation of plant and equipment	185	180	3%
<u>Finance costs</u>			
Foreign exchange loss, net	-	478	(100%)
Interest expense	180	173	4%
Impairment loss on available-for-sale financial assets	483	-	n.m.
Loss on fair valuation / disposal of financial assets	1,392	-	n.m.

*n.m.: not meaningful*

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For the quarter ended 31 March 2015**

(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.

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

	1Q2015	1Q2014	Change
	S\$'000	S\$'000	%
Profit for the period	19,871	18,497	7%
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Translation differences relating to financial statements of foreign subsidiaries	7,525	(514)	n.m.
Net change in fair value of available-for-sale financial assets	(3,766)	(3,184)	3%
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	483	–	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<b>4,242</b>	<b>(3,698)</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>24,113</b>	<b>14,799</b>	<b>63%</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	23,192	14,132	(64%)
Non-controlling interests	921	667	(38%)
<b>Total comprehensive income for the period</b>	<b>24,113</b>	<b>14,799</b>	<b>63%</b>

*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 2015**
**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	
		31/3/15 S\$'000	31/12/14 S\$'000	31/3/15 S\$'000	31/12/14 S\$'000
<b>Assets</b>					
Plant and equipment		1,733	1,766	-	-
Intangible assets	(a)	995	1,055	-	-
Subsidiaries	(b)	-	-	201,111	197,006
Associates	(c)	8,125	6,006	-	-
Financial assets	(d)	269,557	265,842	-	-
Deferred tax asset	(e)	759	745	-	-
Other receivables	(f)	5,998	5,871	-	-
<b>Total non-current assets</b>		<b>287,167</b>	<b>281,285</b>	<b>201,111</b>	<b>197,006</b>
Financial assets	(g)	52,916	38,454	-	-
Trade and other receivables	(h)	33,395	43,467	13,965	13,932
Cash and cash equivalents		68,604	64,430	4,910	2,310
<b>Total current assets</b>		<b>154,915</b>	<b>146,351</b>	<b>18,875</b>	<b>16,242</b>
<b>Total assets</b>		<b>442,082</b>	<b>427,636</b>	<b>219,986</b>	<b>213,248</b>
<b>Equity</b>					
Share capital		1,690	1,690	1,690	1,690
Reserves		116,777	112,555	74,859	74,859
Accumulated profits		245,871	226,901	110,784	101,374
<b>Equity attributable to equity holders of the Company</b>		<b>364,338</b>	<b>341,146</b>	<b>187,333</b>	<b>177,923</b>
<b>Non-controlling interests</b>	(i)	<b>7,962</b>	<b>6,988</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>372,300</b>	<b>348,134</b>	<b>187,333</b>	<b>177,923</b>
<b>Liabilities</b>					
Loan and borrowings	(j)	152	163	-	-
Other payables		1,250	1,192	18,900	19,000
Deferred tax liabilities		125	124	-	-
<b>Total non-current liabilities</b>		<b>1,527</b>	<b>1,479</b>	<b>18,900</b>	<b>19,000</b>
Trade and other payables	(k)	22,051	32,719	1,753	1,676
Loan and borrowings	(j)	31,545	34,194	12,000	14,649
Current tax payable		14,659	11,110	-	-
<b>Total current liabilities</b>		<b>68,255</b>	<b>78,023</b>	<b>13,753</b>	<b>16,325</b>
<b>Total liabilities</b>		<b>69,782</b>	<b>79,502</b>	<b>32,653</b>	<b>35,325</b>
<b>Total equity and liabilities</b>		<b>442,082</b>	<b>427,636</b>	<b>219,986</b>	<b>213,248</b>

**Financial Results Announcement  
For the quarter ended 31 March 2015**

**Footnotes:**

- (a) *Intangible assets represents the Group's contractual rights to receive the expected future economic benefits embodied in each of the management agreements between ARA Korea and the two privately held Korean REITs under its management that will flow to the Group. The intangible assets are measured at cost less accumulated amortisation and impairment losses. As at 31 March 2015, an accumulated amortisation of S\$229,000 (31 December 2014: S\$169,000) had been made.*
- (b) *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.*
- (c) *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.*
- (d) *Non-current financial assets as at 31 March 2015 comprise primarily (i) 34.1 million Suntec REIT units held by the Group as a strategic stake; (ii) 14.1 million Cache units held by the Group as a strategic stake; (iii) 36.2 million AmFIRST REIT units held by the Group as strategic stake; (iv) seed capital investments in the ADF, the ADF II, the CIP and the MIP; (v) a 10.02% strategic stake in ARA-NPS Real Estate Investment Company and (vi) investment in the APN SICAV-APN Asian Asset Income Fund (previously known as ARA Asian Asset Income Fund). The Suntec REIT units and Cache units have been pledged as securities for certain credit facilities of the Group (see 1(b)(ii) – Details of any collateral).*
- (e) *Deferred tax asset as at 31 March 2015 relates to unutilised tax losses carried forward.*
- (f) *This relates to the payment of the agent fees in relation to certain private real estate funds under management, which will be amortised over the life of the relevant funds, and tenancy deposits in relation to the operating lease agreements for the Group's office space.*
- (g) *Current financial assets as at 31 March 2015 comprise REIT units received by the Group as part payment of management fees by certain REITs under management and REIT units received by the Group as payment for dividend income declared by an associate.*
- (h) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables. The decrease in trade and other receivables was mainly due to the receipt of divestment fees from the Straits Investment Partners ("SIP") in 1Q2015. The divestment fees were in relation to the sale of certain properties held under the SIP's portfolio during 4Q2014.*
- (i) *Non-controlling interest relates to the non-controlling shareholders' proportionate interest in ARA-CWT Trust Management (Cache) Limited, Asia Property Management (China) Limited and its subsidiaries, ARA Korea, ARA Real Estate Investors X Pte Ltd and ARAM Australia Pty Ltd.*
- (j) *Loan and borrowings as at 31 March 2015 relate to (i) a current unsecured money market line of S\$12.0 million (31 December 2014: S\$14.6 million); (ii) a current secured revolving credit facility of S\$19.5 million (31 December 2014: S\$19.5 million) and (iii) finance lease liability of S\$197,000 (31 December 2014: S\$208,000). The Group's gearing ratio as at 31 March 2015 stood at 9% (31 December 2014: 10%).*
- (k) *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 the payment of staff-related costs and other expenses in 1Q2015.*

**Financial Results Announcement  
For the quarter ended 31 March 2015**

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

	31/3/15		31/12/14	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	19,545	12,000	19,545	14,649
Amount repayable after one year	152	–	163	–
	<u>19,697</u>	<u>12,000</u>	<u>19,708</u>	<u>14,649</u>

**Footnotes:**

- (a) As at 31 March 2015, the Group's borrowings included:
- (i) a secured revolving credit facility of S\$19.5 million (31 December 2014: S\$19.5 million) for the Group's general working capital purposes and seed capital contributions into the private real estate funds;
  - (ii) an unsecured money market line of S\$12.0 million (31 December 2014: S\$14.6 million) to finance the Group's various investments; and
  - (iii) finance lease liability of S\$197,000 (31 December 2014: S\$208,000) which relates to the purchase of certain plant and equipment.
- (b) As at 31 March 2015, the Group has the following facilities available for utilisation:
- (i) a multicurrency revolving credit facility of S\$30.1 million secured on the Group's strategic stake in Suntec REIT and Cache (31 December 2014: S\$30.1 million);
  - (ii) an unsecured money market line of S\$38.0 million (31 December 2014: S\$35.4 million); and
  - (iii) unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2014: S\$6.0 million and HK\$3.0 million).

**Details of any collateral**

As at 31 March 2015, the Group has pledged 34.1 million units of Suntec REIT and 14.1 million units of Cache as security for a S\$50.0 million multicurrency revolving credit facility. The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies and terminates on 15 March 2017.



**Financial Results Announcement  
For the quarter ended 31 March 2015**
**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	1Q2015 S\$'000	1Q2014 S\$'000
<b>Cash flows from operating activities</b>			
Profit for the period		19,871	18,497
Adjustments for:			
Amortisation of intangible assets		60	-
Depreciation of plant and equipment		185	180
Distribution income		(1,851)	(5,086)
(Gain) / loss on fair valuation / disposal of financial assets		1,392	(716)
Gain on disposal of plant and equipment		(1)	-
Interest expense		180	173
Interest income		(47)	(15)
Impairment loss on available-for-sale financial assets		483	-
Management fees received / receivable in units of REITs		(16,108)	(16,271)
Share of profit of associates		(3,235)	(807)
Tax expense		3,474	3,193
Operating profit / (loss) before working capital changes		<u>4,403</u>	<u>(852)</u>
Changes in working capital:			
Change in trade and other receivables		10,307	2,863
Change in trade and other payables		(10,610)	(5,118)
Cash generated from / (used in) operating activities		<u>4,100</u>	<u>(3,107)</u>
Distribution income received		1,883	5,124
Proceeds from sale of units in REITs		394	35,355
Tax refund / (paid)		75	(668)
<b>Cash flows generated from operating activities</b>	(a)	<u>6,452</u>	<u>36,704</u>
<b>Cash flows from investing activities</b>			
Dividend received from associates		472	416
Interest received		47	15
Proceeds from disposal of plant and equipment		9	4
Purchase of plant and equipment		(153)	(93)
Contribution from a non-controlling interest		53	-
Purchase of available-for-sale financial assets, net		(563)	(2,543)
<b>Cash flows used in investing activities</b>	(b)	<u>(135)</u>	<u>(2,201)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(180)	(173)
Payment of finance lease liabilities, net		(11)	(12)
Repayment of borrowings, net		(2,746)	(25,610)
<b>Cash flows used in financing activities</b>	(c)	<u>(2,937)</u>	<u>(25,795)</u>
<b>Net increase in cash and cash equivalents</b>		<b>3,380</b>	<b>8,708</b>
Cash and cash equivalents at beginning of period		64,430	39,060
Effect of exchange rate fluctuations on cash held		794	(215)
<b>Cash and cash equivalents at end of period</b>		<u><b>68,604</b></u>	<u><b>47,553</b></u>

**Footnotes:**

- (a) *Cash flows from operating activities decreased to S\$6.5 million in 1Q2015 from S\$36.7 million in 1Q2014 primarily due to lower proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management fees.*
- (b) *Net cash outflow for investing activities decreased from S\$2.2 million in 1Q2014 to S\$0.1 million in 1Q2015. The higher net cash outflow for investing activities in 1Q2014 was primarily due to higher seed capital contributions to the private real estate funds, which are classified as available-for-sale securities.*
- (c) *Net cash outflow for financing activities was S\$2.9 million in 1Q2015 as compared to S\$25.8 million in 1Q2014. The decrease was mainly due to a repayment of S\$25.6 million during 1Q2014 for the secured revolving credit facility.*

**Financial Results Announcement  
For the quarter ended 31 March 2015**

**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
<b>Company</b>				
<b>At 1 January 2014</b>	1,690	74,859	66,935	143,484
Total comprehensive income for the period				
- Profit for the period	-	-	5,464	5,464
<i>Transactions with owners, recorded directly in equity</i>				
<b>At 31 March 2014</b>	<b>1,690</b>	<b>74,859</b>	<b>72,399</b>	<b>148,948</b>
<b>At 1 January 2015</b>	1,690	74,859	101,374	177,923
Total comprehensive income for the period				
- Profit for the period	-	-	9,410	9,410
<i>Transactions with owners, recorded directly in equity</i>				
<b>At 31 March 2015</b>	<b>1,690</b>	<b>74,859</b>	<b>110,784</b>	<b>187,333</b>

	Share capital and premium S\$'000	Fair value reserve S\$'000	Foreign currency translation 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
<b>Group</b>							
<b>At 1 January 2014</b>	76,549	22,291	(3,126)	181,856	277,570	2,827	280,397
Total other comprehensive income	-	(3,184)	(514)	-	(3,698)	-	(3,698)
Profit for the period	-	-	-	17,830	17,830	667	18,497
Total comprehensive income for the period	-	(3,184)	(514)	17,830	14,132	667	14,799
<b>At 31 March 2014</b>	<b>76,549</b>	<b>19,107</b>	<b>(3,640)</b>	<b>199,686</b>	<b>291,702</b>	<b>3,494</b>	<b>295,196</b>
<b>At 1 January 2015</b>	76,549	31,271	6,425	226,901	341,146	6,988	348,134
Total other comprehensive income	-	(3,303)	7,525	-	4,222	20	4,242
Profit for the period	-	-	-	18,970	18,970	901	19,871
Total comprehensive income for the period	-	(3,303)	7,525	18,970	23,192	921	24,113
<i>Transactions with owners, recorded directly in equity</i>							
<i>Change in ownership interest in a subsidiary, without a change in control</i>							
Contribution from a non-controlling interest	-	-	-	-	-	53	53
Total change in ownership interest in a subsidiary	-	-	-	-	-	53	53
<b>At 31 March 2015</b>	<b>76,549</b>	<b>27,968</b>	<b>13,950</b>	<b>245,871</b>	<b>364,338</b>	<b>7,962</b>	<b>372,300</b>

**Notes:**

- Included in the share capital is a share premium account of S\$74.9 million as at 31 March 2015 (31 March 2014: S\$74.9 million).

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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**

There were no changes in the Company's share capital since the end of the last quarter financial results announcement, which was reported on 16 February 2015.

**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**

	<b>31/3/15</b>	<b>As at 31/12/14</b>
Total number of issued shares	845,151,093	845,151,093

**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 2015 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 Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current 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, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

There is no change in the accounting policies and methods of computation adopted.

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**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**

<b>(Singapore cents)</b>	<b>1Q2015</b>	<b>1Q2014</b>
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	2.24	2.11
(ii) On a fully diluted basis	2.24	2.11

The calculation of basic and diluted earnings per share for the relevant period was based on the profit for the period attributable to equity holders of the Company for the financial periods ended 31 March 2015 and 31 March 2014 and the issued share capital of 845,151,093 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**

<b>(Singapore cents)</b>	<b>Group</b>		<b>Company</b>	
	<b>31/3/15</b>	<b>31/12/14</b>	<b>31/3/15</b>	<b>31/12/14</b>
Net asset value per ordinary share	43.12	40.37	22.17	21.05
Net tangible asset per ordinary share	43.00	40.24	22.17	21.05

Net asset value per share was calculated based on the net assets of the Group, excluding non-controlling interests, as at the relevant dates and the issued share capital of 845,151,093 shares.

Net tangible asset per share was calculated based on the net assets of the Group, excluding intangible assets and non-controlling interests, as at the relevant dates and the issued share capital of 845,151,093 shares.

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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**

	<b>1Q2015 S\$'000</b>	<b>1Q2014 S\$'000</b>	<b>Change %</b>
<b>Total Revenue</b>	<b>37,696</b>	<b>38,183</b>	<b>(1%)</b>
Management fees	30,110	29,684	1%
Acquisition, divestment and performance fees	5,380	2,613	106%
Finance income	2,079	5,817	(64%)
Other income	127	69	84%
<b>Net profit <sup>(1)</sup></b>	<b>18,970</b>	<b>17,830</b>	<b>6%</b>

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

**1Q2015 vs 1Q2014**

The Group's recurrent management fees increased to S\$30.1 million in 1Q2015 from S\$29.7 million in 1Q2014. This was mainly due to higher REIT management fees arising from (i) better asset performance post the asset enhancement initiatives undertaken, which resulted in higher valuation of the property portfolios of the REITs under management, (ii) fee contribution from Fortune REIT's acquisition of Laguna Plaza in January 2015 and Cache's acquisition of three properties located in Australia in February 2015; (iii) fee contribution from the acquisition of ARA Korea in April 2014 and (iv) higher portfolio management fees arising from the launch of the SDF I in May 2014, the MIP's acquisition of its first two properties in August and September 2014 and the higher valuation of SSICEC in Harmony II following the completion of asset enhancement works. These were partially offset by reduced management fees received from the ADF I which has entered into its divestment phase since 2012.

Acquisition, divestment and performance fees for 1Q2015 were higher at S\$5.4 million compared to S\$2.6 million in 1Q2014. Acquisition fees received in 1Q2015 were mainly in relation to Fortune REIT's acquisition of Laguna Plaza in January 2015 and Cache's acquisition of three properties located in Australia in February 2015, whilst acquisition fees received in 1Q2014 were mainly in relation to Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014. Advisory and consultancy fees of S\$0.9 million received in 1Q2015 (1Q2014: S\$0.8 million) were primarily in relation to project management services provided by APM and its related corporations to the properties it manages in Malaysia, China and Singapore.

Finance income declined to S\$2.1 million in 1Q2015 from S\$5.8 million in 1Q2014. This was primarily due to a lower distribution income of S\$1.9 million in 1Q2015 compared to S\$5.1 million in 1Q2014, of which the latter had included the distribution of profits by the ADF I post the divestment of some properties under its portfolio. In addition, a net gain on fair valuation / disposal of financial assets of S\$0.7 million was included in 1Q2014 (1Q2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.4 million under finance costs).

Total expenses in 1Q2015 was S\$17.6 million for 1Q2015, up marginally from S\$17.3 million in 1Q2014, mainly due to higher finance costs as the Group recorded a net loss on fair valuation / disposal of financial assets in 1Q2015, against a net gain recorded in 1Q2014. This was partially offset by lower administrative expenses incurred.

The Group's share of profits of associates increased to S\$3.2 million in 1Q2015 from S\$0.8 million in 1Q2014, mainly due to the acquisition fees recorded by Hui Xian Asset Management Limited in relation to Hui Xian REIT's acquisition of Metropolitan Oriental Plaza in Chongqing, China in March 2015.

Net profit was therefore higher at S\$19.0 million in 1Q2015 compared to S\$17.8 million in 1Q2014.

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As at 31 March 2015, the Group's total assets under management stood at S\$27.2 billion (approximately US\$19.8 billion).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The current results are broadly in line with the Company's commentary made in the FY2014 financial results announcement under item 10. The Company has not disclosed any financial forecast to the market.

**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 International Monetary Fund ("IMF") is projecting that the world economy would expand by 3.5 per cent in 2015 and 3.8 per cent in 2016. It noted that currency fluctuations and lower oil prices would have varying impact on the world's major economies.

The US Federal Open Market Committee ("FOMC") in its last meeting in end April continued to reaffirm its view of maintaining the US Federal Funds Rate at 0.25%. The Committee has also stated its intent to raise the target range for the federal funds rate in the year when "it has seen further improvement in the labour market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term."

In Singapore, according to the Ministry of Trade and Industry, Singapore's economy grew by 2.9 per cent in 2014, following the 2.1 per cent growth in the fourth quarter of 2014. The growth forecast for 2015 is between 2.0 and 4.0 per cent. China's economic growth for the first quarter of 2015 was 7.0 per cent year-on-year, compared with 7.3 per cent in the previous quarter. The IMF projects slowing growth for China for the next two years at an estimated growth of 6.8 per cent for 2015 and 6.3 per cent for 2016. The Hong Kong economy grew by 2.3 per cent for 2014 compared to 2.9 per cent in the previous year, dragged by weaker exports amid a resilient domestic sector. The growth forecast for 2015 is between 1.0 and 3.0 per cent. In Malaysia, the economy expanded 5.8 per cent in the fourth quarter of 2014 compared to 5.6 per cent in the previous quarter, raising its full year 2014 growth to 6.0 per cent.

Overall, the IMF has cautioned that uncertainties arising from geopolitical tensions and financial volatility will render a moderate and uneven pace of economic recovery.

**REITs**

In November 2014, Hui Xian REIT entered into a sale and purchase agreement to acquire the Metropolitan Oriental Plaza in Chongqing, China for RMB3,910 million. The acquisition was successfully completed on 2 March 2015.

The Group will continue to work on the conceptualisation and execution of active asset management strategies to add value to the properties managed under the REIT platform, whilst pursuing growth through value-adding acquisitions. We also seek to further broaden our existing multi-product/jurisdiction platform by listing new REITs in new markets and jurisdictions.

**Private Funds**

With the development of the various private real estate fund franchises over the last few years ranging from development-focused products to core investment products, the Group will continue to focus on further growing the private real estate fund platform, as well as tapping the investment and capital raising opportunities available in South Korea and Australia.

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**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. Interested Person Transactions**

A mandate was obtained from shareholders at the Company's Annual General Meeting held on 24 April 2015.

	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)
	<b>1Q2015 S\$'000</b>	<b>1Q2015 S\$'000</b>
<u>Name of interested person</u>		
1) Straits Developments Private Limited <sup>(i)</sup>	–	406
2) ARA Summit Development Fund I, L.P./ SRE Venture 1 Pte. Ltd. <sup>(ii)</sup>	–	317
	<b>–</b>	<b>723</b>

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

- (i) the asset management and property management agreements whereby the Group receives asset management fees, property management fees and divestment strategy fees for its role as the manager of a portfolio of properties owned by The Straits Trading Company Limited and/or Straits Developments Private Limited (“SDPL”) in which SDPL acts as a principal for; and
- (ii) the limited partnership agreement for ARA Summit Development Fund I, L.P. and other related agreements with SRE Venture 1 Pte. Ltd., being a local partner of ARA Summit Development Fund I, L.P., whereby the Group receives net portfolio management fees for its role as the fund manager of ARA Summit Development Fund I.

**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 2015 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  
6 May 2015

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 any of the forward-looking statements in this announcement, which are based on the current view of management on future events. Information from external sources in this announcement has not been independently verified by us.





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

6 May 2015

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 2015, and the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the period from 1 January 2015 to 31 March 2015 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  
Chartered Accountants*

**Singapore**