



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2015

The financial information for the quarter ended 30 June 2015 in the announcement have been extracted from the interim financial statements for the period from 1 January 2015 to 30 June 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 30 June 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	1/4/15 to 30/06/15 S\$'000	1/4/14 to 30/06/14 S\$'000	Change %	1/1/15 to 30/06/15 S\$'000	1/1/14 to 30/06/14 S\$'000	Change %
Management fees	(a)	31,666	31,300	1%	61,776	60,984	1%
Acquisition, divestment and performance fees	(a)	2,149	603	256%	7,529	3,216	134%
Finance income	(b)	2,979	6,373	(53%)	4,877	12,190	(60%)
Other income	(c)	19	2,151	(99%)	146	2,220	(93%)
Total revenue		36,813	40,427	(9%)	74,328	78,610	(5%)
Administrative expenses	(d)	(12,467)	(12,116)	3%	(24,326)	(25,059)	(3%)
Operating lease expenses	(e)	(991)	(897)	10%	(1,994)	(1,892)	5%
Other expenses	(f)	(2,738)	(3,076)	(11%)	(5,407)	(5,787)	(7%)
Finance costs	(g)	(2,820)	(232)	n.m.	(4,694)	(883)	432%
Results from operating activities		17,797	24,106	(26%)	37,907	44,989	(16%)
Share of profit of associates, net of tax	(h)	2,353	1,142	106%	5,588	1,949	187%
Profit before tax	(i)	20,150	25,248	(20%)	43,495	46,938	(7%)
Tax expense	(j)	(3,256)	(3,517)	(7%)	(6,730)	(6,710)	-
Profit for the period		16,894	21,731	(22%)	36,765	40,228	(9%)
Attributable to:							
Equity holders of the Company		16,442	20,834	(21%)	35,412	38,664	(8%)
Non-controlling interests		452	897	(50%)	1,353	1,564	(13%)
		16,894	21,731	(22%)	36,765	40,228	(9%)

n.m.: not meaningful

Net Profit ⁽¹⁾	16,442	20,834	(21%)	35,412	38,664	(8%)
Adjusted Net Profit ⁽²⁾	16,875	15,192	11%	34,111	31,093	10%

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

(2) Adjusted Net Profit refers to "Net Profit excluding one-off adjustments: (i) gain / (loss) on fair valuation / disposal of financial assets; (ii) acquisition, divestment and performance fees; (iii) negative goodwill arising from acquisition; (iv) impairment on available-for-sale financial assets; (v) gain / (loss) on disposal of investments and (vi) performance-based bonuses"

**Financial Results Announcement
For the quarter ended 30 June 2015**
1(a)(ii) Explanatory notes to the income statement of the Group
(a) Revenue

		2Q2015 S\$'000	2Q2014 S\$'000	Change %	1H2015 S\$'000	1H2014 S\$'000	Change %
Management fees		31,666	31,300	1%	61,776	60,984	1%
REIT base and performance fees	(i)	21,317	18,861	13%	42,174	37,342	13%
Portfolio management and service fees	(ii)	4,775	6,105	(22%)	9,180	12,199	(25%)
Real estate management services fees	(iii)	5,574	6,334	(12%)	10,422	11,443	(9%)
Acquisition, divestment and performance fees	(iv)	2,149	603	n.m.	7,529	3,216	134%
Acquisition, divestment and performance fees		1,768	157	n.m.	6,239	1,927	224%
Advisory and consultancy fees		381	446	(15%)	1,290	1,289	-

n.m.: not meaningful

- (i) REIT management fees increased to S\$42.2 million in 1H2015 from S\$37.3 million in 1H2014 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\$9.2 million in 1H2015 from S\$12.2 million in 1H2014, 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\$10.4 million in 1H2015 from S\$11.4 million in 1H2014, mainly due to lower leasing commission recognised by the APM Group of companies ("APM") as a result of lower leasing activities during the period. 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\$7.5 million in 1H2015 from S\$3.2 million in 1H2014, mainly in relation to Fortune REIT's acquisition of Laguna Plaza in January 2015, Cache's acquisition of three properties located in Australia in February 2015 and acquisition fees received by the SDF I following its maiden acquisition in Australia. Divestment fees were in relation to the sale of certain properties held under the SIP's portfolio, Fortune REIT's divestment of Nob Hill Square which was completed in April 2015 and Cache's divestment of Kim Heng Warehouse which was completed in June 2015. This was in comparison with acquisition fees in 1H2014 in relation to Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014. Advisory and consultancy fees of S\$1.3 million received in 1H2015 (1H2014: S\$1.3 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\$4.9 million in 1H2015 from S\$12.2 million in 1H2014. This was primarily due to a lower distribution income of S\$4.5 million in 1H2015 compared to S\$7.3 million in 1H2014, 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\$4.8 million was included in 1H2014 (1H2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.7 million under finance costs).

**Financial Results Announcement
For the quarter ended 30 June 2015****(c) Other Income**

In 1H2014, other income comprised mainly negative goodwill arising from the acquisition of ARA Korea Limited amounting to S\$2.1 million.

(d) Administrative expenses

Administrative expenses comprise primarily staff-related expenses and advisory fees. Administrative expenses were S\$24.3 million in 1H2015 compared to S\$25.1 million in 1H2014. Included in 1H2015 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\$8.2 million (1H2014: S\$6.8 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which were fully reimbursed from Harmony II.

(e) Operating lease expenses

Operating lease expenses increased to S\$2.0 million in 1H2015 from S\$1.9 million in 1H2014, in line with the Group's continuing business expansion.

(f) 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 1H2015 were S\$5.4 million, as compared to S\$5.8 million in 1H2014. The higher other expenses recorded in 1H2014 were mainly due to higher professional fees incurred in relation to the acquisition of ARA Korea Limited in April 2014.

(g) Finance costs

Finance costs comprise net loss on fair valuation / disposal of financial assets, impairment on available-for-sale financial assets, net foreign exchange loss and interest expense. Finance costs in 1H2015 increased to S\$4.7 million from S\$0.9 million in 1H2014 mainly due to (i) a net loss on fair valuation / disposal of financial assets of S\$1.7 million (1H2014 had recorded a net gain on fair valuation / disposal of financial assets of S\$4.8 million under finance income); (ii) an impairment on available-for-sale financial assets of S\$2.0 million (1H2014: Nil) mainly attributable to the divestment of a portfolio of assets and revaluation of those remaining in the ADF I and (iii) higher interest expense of S\$0.7 million recorded by the Group. (1H2014: S\$0.3 million).

(h) 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\$5.6 million in 1H2015 from S\$1.9 million in 1H2014, 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, in addition to higher income contribution from Cache Property Management Pte. Ltd. and Hui Xian Asset Management Limited.

**Financial Results Announcement
For the quarter ended 30 June 2015**

(i) Profit before income tax

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

	2Q2015 S\$'000	2Q2014 S\$'000	Change %	1H2015 S\$'000	1H2014 S\$'000	Change %
<u>Finance income</u>						
Distribution income	2,659	2,227	19%	4,510	7,313	(38%)
Gain on fair valuation / disposal of financial assets	-	4,121	(100%)	-	4,837	(100%)
Interest income	51	25	104%	98	40	145%
Gain on disposal of investments	269	-	n.m.	269	-	n.m.
<u>Other income</u>						
Negative goodwill	-	2,102	(100%)	-	2,102	(100%)
<u>Other expenses</u>						
Amortisation of intangible asset	59	50	18%	119	50	138%
Depreciation of plant and equipment	199	183	9%	384	363	6%
<u>Finance costs</u>						
Foreign exchange loss, net	564	97	481%	383	575	(33%)
Interest expense	513	135	280%	693	308	125%
Impairment on available-for-sale financial assets	1,482	-	n.m.	1,965	-	n.m.
Loss on fair valuation / disposal of financial assets	261	-	n.m.	1,653	-	n.m.

n.m.: not meaningful

(j) 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

	2Q2015 S\$'000	2Q2014 S\$'000	Change %	1H2015 S\$'000	1H2014 S\$'000	Change %
Profit for the period	16,894	21,731	(22%)	36,765	40,228	(9%)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
- Translation differences relating to financial statements of foreign subsidiaries	(4,823)	(1,105)	336%	2,702	(1,619)	(267%)
- Net change in fair value of available-for-sale financial assets	(10,123)	3,966	(355%)	(13,889)	782	n.m.
- Net change in fair value of available-for-sale financial assets reclassified to profit or loss	1,482	-	n.m.	1,965	-	n.m.
Other comprehensive income for the period, net of tax	(13,464)	2,861	(571%)	(9,222)	(837)	n.m.
Total comprehensive income for the period	3,430	24,592	(86%)	27,543	39,391	(30%)
Total comprehensive income attributable to:						
Equity holders of the Company	3,007	23,695	(87%)	26,199	37,827	(31%)
Non-controlling interests	423	897	(53%)	1,344	1,564	(14%)
Total comprehensive income for the period	3,430	24,592	(86%)	27,543	39,391	(30%)

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 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	
		30/06/15 S\$'000	31/12/14 S\$'000	30/06/15 S\$'000	31/12/14 S\$'000
Assets					
Plant and equipment		1,743	1,766	-	-
Intangible assets	(a)	1,029	1,055	-	-
Subsidiaries	(b)	-	-	259,139	197,006
Associates	(c)	10,170	6,006	-	-
Financial assets	(d)	354,177	265,842	-	-
Deferred tax asset	(e)	717	745	-	-
Other receivables	(f)	5,701	5,871	-	-
Total non-current assets		373,537	281,285	259,139	197,006
Financial assets	(g)	24,812	38,454	-	-
Trade and other receivables	(h)	35,868	43,467	13,931	13,932
Cash and cash equivalents		61,434	64,430	2,532	2,310
Total current assets		122,114	146,351	16,463	16,242
Total assets		495,651	427,636	275,602	213,248
Equity					
Share capital		1,690	1,690	1,690	1,690
Reserves		103,342	112,555	74,859	74,859
Accumulated profits		239,494	226,901	91,555	101,374
Equity attributable to equity holders of the Company		344,526	341,146	168,104	177,923
Non-controlling interests	(i)	5,674	6,988	-	-
Total equity		350,200	348,134	168,104	177,923
Liabilities					
Loan and borrowings	(j)	60,141	163	60,000	-
Other payables		1,449	1,192	33,700	19,000
Deferred tax liabilities		124	124	-	-
Total non-current liabilities		61,714	1,479	93,700	19,000
Trade and other payables	(k)	21,040	32,719	1,798	1,676
Loan and borrowings	(j)	50,545	34,194	12,000	14,649
Current tax payable		12,152	11,110	-	-
Total current liabilities		83,737	78,023	13,798	16,325
Total liabilities		145,451	79,502	107,498	35,325
Total equity and liabilities		495,651	427,636	275,602	213,248

**Financial Results Announcement
For the quarter ended 30 June 2015****Footnotes:**

- (a) *Intangible assets represent 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 30 June 2015, an accumulated amortisation of S\$288,000 (31 December 2014: S\$169,000) had been made.*
- (b) *Interests 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) *Interests in associates relates to the Group's 40% equity interest in Cache Property Management Pte. Ltd., as well as 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 respectively.*
- (d) *Non-current financial assets as at 30 June 2015 comprised primarily (i) 89.5 million Suntec REIT units held by the Group as a strategic stake; (ii) 15.3 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). As at 30 June 2015, the liquidation of APN SICAV-APN Asian Asset Income Fund has been substantially completed, with the realised liquidation proceeds returned to its investors. 34.1 million Suntec REIT units and the 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 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 comprises 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 1H2015. The divestment fees were in relation to the sale of certain properties held under the SIP's portfolio during 4Q2014.*
- (i) *Non-controlling interests relate 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 30 June 2015 related 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\$38.5 million (31 December 2014: S\$19.5 million); (iii) finance lease liability of S\$186,000 (31 December 2014: S\$208,000) and (iv) a non-current unsecured shareholder's loan of S\$60.0 million (31 December 2014: Nil). The Group's gearing ratio as at 30 June 2015 stood at approximately 32% (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 1H2015.*

**Financial Results Announcement
For the quarter ended 30 June 2015**

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

	30/6/15		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	38,545	12,000	19,545	14,649
Amount repayable after one year	141	60,000	163	–
	38,686	72,000	19,708	14,649

Footnotes:

- (a) As at 30 June 2015, the Group's borrowings included the following:
- (i) a secured revolving credit facility of S\$38.5 million (31 December 2014: S\$19.5 million) drawn 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) drawn to finance the Group's various investments;
 - (iii) an unsecured shareholder's loan of S\$60.0 million (31 December 2014: Nil) drawn to finance the Group's investments; and
 - (iv) finance lease liability of S\$186,000 (31 December 2014: S\$208,000) which relates to the purchase of certain plant and equipment.
- (b) As at 30 June 2015, the Group has the following facilities available for utilisation:
- (i) a multicurrency revolving credit facility of S\$11.1 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 30 June 2015, the Group has pledged 34.1 million units of Suntec REIT and 15.3 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 30 June 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	2Q2015 S\$'000	2Q2014 S\$'000	1H2015 S\$'000	1H2014 S\$'000
Cash flows from operating activities					
Profit for the period		16,894	21,731	36,765	40,228
Adjustments for:					
Amortisation of intangible assets		59	50	119	50
Depreciation of plant and equipment		199	183	384	363
Distribution income		(2,659)	(2,227)	(4,510)	(7,313)
(Gain) / loss on fair valuation / disposal of financial assets		261	(4,121)	1,653	(4,837)
Gain on disposal of plant and equipment		-	12	(1)	12
Interest expense		513	135	693	308
Interest income		(51)	(25)	(98)	(40)
Impairment loss on available-for-sale financial assets		1,482	-	1,965	-
Management fees received / receivable in units of REITs		(16,495)	(14,615)	(32,603)	(30,886)
Negative goodwill		-	(2,102)	-	(2,102)
Share of profit of associates		(2,353)	(1,142)	(5,588)	(1,949)
Tax expense		3,256	3,517	6,730	6,710
Operating profit before working capital changes		1,106	1,396	5,509	544
Changes in working capital:					
Change in trade and other receivables		(945)	(991)	9,362	1,872
Change in trade and other payables		(812)	345	(11,422)	(4,773)
Cash generated from / (used in) operating activities		(651)	750	3,449	(2,357)
Distribution income received		2,659	2,228	4,542	7,352
Proceeds from sale of units in REITs		677	19,148	1,071	54,503
Tax refund / (paid)		(5,763)	(4,988)	(5,688)	(5,656)
Cash flows generated from / (used in) operating activities	(a)	(3,078)	17,138	3,374	53,842
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		-	(363)	-	(363)
Dividend received from associates		-	-	472	416
Interest received		51	25	98	40
Proceeds from disposal of plant and equipment		-	4	9	8
Purchase of plant and equipment		(215)	(406)	(368)	(499)
Contribution from a non-controlling interest		-	-	53	-
Purchase of available-for-sale financial assets, net		(56,253)	(11,368)	(56,816)	(13,911)
Cash flows used in investing activities	(b)	(56,417)	(12,108)	(56,552)	(14,309)
Cash flows from financing activities					
Dividends paid		(25,530)	(22,819)	(25,530)	(22,819)
Interest paid		(513)	(135)	(693)	(308)
Payment of finance lease liabilities, net		(11)	(12)	(22)	(24)
Proceeds from / (Repayment of) borrowings, net		79,051	20,989	76,305	(4,621)
Cash flows from / (used in) financing activities	(c)	52,997	(1,977)	50,060	(27,772)
Net increase/ (decrease) in cash and cash equivalents		(6,498)	3,053	(3,118)	11,761
Cash and cash equivalents at beginning of period		68,604	47,553	64,430	39,060
Effect of exchange rate fluctuations on cash held		(672)	(67)	122	(282)
Cash and cash equivalents at end of period		61,434	50,539	61,434	50,539

Footnotes:

- (a) Cash flows from operating activities decreased to S\$3.4 million in 1H2015 from S\$53.8 million in 1H2014 primarily due to the significant proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management fees in 1H2014.
- (b) Net cash outflow for investing activities increased to S\$56.6 million in 1H2015 from S\$14.3 million in 1H2014. The higher net cash outflow for investing activities in 1H2015 was primarily due to the purchase of Suntec REIT units to increase the Group's strategic stake in Suntec REIT as announced by ARA on 13 May 2015 and seed capital contributions to the private real estate funds which are classified as available-for-sale securities.
- (c) Net cash inflow for financing activities was S\$50.1 million in 1H2015 as compared to net cash outflow of S\$27.8 million in 1H2014. The cash inflow was mainly due (i) an unsecured shareholders' loan of S\$60.0 million drawn to fund the investment of Suntec REIT units as announced on 13 May 2015 and (ii) S\$19.0 million drawn from the Group's revolving credit facility for general working capital purposes during 1H2015.

**Financial Results Announcement
For the quarter ended 30 June 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

<u>Company</u>	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
At 1 January 2014	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>				
At 31 March 2014	1,690	74,859	72,399	148,948
Total comprehensive income for the period				
- Profit for the period	-	-	34,142	34,142
<i>Transactions with owners, recorded directly in equity</i>				
Final tax-exempt dividend paid of S\$0.027 per share	-	-	(22,819)	(22,819)
At 30 June 2014	1,690	74,859	83,722	160,271
At 1 January 2015	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>				
At 31 March 2015	1,690	74,859	110,784	187,333
Total comprehensive income for the period				
- Profit for the period	-	-	3,590	3,590
<i>Transactions with owners, recorded directly in equity</i>				
Final tax-exempt dividend paid of S\$0.027 per share	-	-	(22,819)	(22,819)
At 30 June 2015	1,690	74,859	91,555	168,104

**Financial Results Announcement
For the quarter ended 30 June 2015**

Group	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
At 1 January 2014	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
At 31 March 2014	76,549	19,107	(3,640)	199,686	291,702	3,494	295,196
Total other comprehensive income	-	3,966	(1,105)	-	2,861	-	2,861
Profit for the period	-	-	-	20,834	20,834	897	21,731
Total comprehensive income for the period	-	3,966	(1,105)	20,834	23,695	897	24,592
<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	-	-	-	(22,819)	(22,819)	-	(22,819)
Total transactions with owners	-	-	-	(22,819)	(22,819)	-	(22,819)
At 30 June 2014	76,549	23,073	(4,745)	197,701	292,578	4,391	296,969
At 1 January 2015	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
At 31 March 2015	76,549	27,968	13,950	245,871	364,338	7,962	372,300
Total other comprehensive income	-	(8,612)	(4,823)	-	(13,435)	(29)	(13,464)
Profit for the period	-	-	-	16,442	16,442	452	16,894
Total comprehensive income for the period	-	(8,612)	(4,823)	16,442	3,007	423	3,430
<i>Transactions with owners, recorded directly in equity</i>							
<i>Contributions by and distributions to owners</i>							
Dividend paid to non-controlling interest	-	-	-	-	-	(2,711)	(2,711)
Final tax-exempt dividend paid of S\$0.027 per share	-	-	-	(22,819)	(22,819)	-	(22,819)
Total contributions by and distributions to owners	-	-	-	(22,819)	(22,819)	(2,711)	(25,530)
At 30 June 2015	76,549	19,356	9,127	239,494	344,526	5,674	350,200

Notes:

- Included in the share capital is a share premium account of S\$74.9 million as at 30 June 2015 (30 June 2014: S\$74.9 million).

**Financial Results Announcement
For the quarter ended 30 June 2015**

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 6 May 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

	30/6/15	As at 31/12/14
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 six-month period ended 30 June 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.

**Financial Results Announcement
For the quarter ended 30 June 2015**

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)	2Q2015	2Q2014	1H2015	1H2014
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	1.95	2.47	4.19	4.57
(ii) On a fully diluted basis	1.95	2.47	4.19	4.57

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 30 June 2015 and 30 June 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

(Singapore cents)	Group		Company	
	30/6/15	31/12/14	30/6/15	31/12/14
Net asset value per ordinary share	40.77	40.37	19.89	21.05
Net tangible asset per ordinary share	40.64	40.24	19.89	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.

**Financial Results Announcement
For the quarter ended 30 June 2015**

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

	2Q2015	2Q2014	Change	1H2015	1H2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total Revenue	36,813	40,427	(9%)	74,328	78,610	(5%)
Management fees	31,666	31,300	1%	61,776	60,984	1%
Acquisition, divestment and performance fees	2,149	603	256%	7,529	3,216	134%
Finance income	2,979	6,373	(53%)	4,877	12,190	(60%)
Other income	19	2,151	(99%)	146	2,220	(93%)
Total Expenses	(19,016)	(16,321)	17%	(36,421)	(33,621)	8%
Share of Profit of Associates, Net of Tax	2,353	1,142	106%	5,588	1,949	187%
Net Profit ⁽¹⁾	16,442	20,834	(21%)	35,412	38,664	(8%)
Adjusted Net Profit ⁽²⁾	16,875	15,192	11%	34,111	31,093	10%

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

(2) Adjusted Net Profit refers to "Net Profit excluding one-off adjustments: (i) gain / (loss) on fair valuation / disposal of financial assets; (ii) acquisition, divestment and performance fees; (iii) negative goodwill arising from acquisition; (iv) impairment on available-for-sale financial assets; (v) gain / (loss) on disposal of investments and (vi) performance-based bonuses"

2Q2015 vs 2Q2014

The Group's recurrent management fees increased to S\$31.7 million in 2Q2015 from S\$31.3 million in 2Q2014. 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 2Q2015 were higher at S\$2.1 million compared to S\$0.6 million in 2Q2014. Acquisition fees received in 2Q2015 were mainly in relation to acquisition fees received by the SDF I following its maiden acquisition in Australia. Divestment fees were in relation to the sale of certain properties held under the SIP's portfolio, Fortune REIT's divestment of Nob Hill Square which was completed in April 2015 and Cache's divestment of Kim Heng Warehouse which was completed in June 2015. Advisory and consultancy fees of S\$0.4 million received in 2Q2015 (2Q2014: S\$0.4 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\$3.0 million in 2Q2015 from S\$6.4 million in 2Q2014. This was primarily due to a net gain on fair valuation / disposal of financial assets of S\$4.1 million included in 2Q2014 (2Q2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$0.3 million under finance costs).

Other income was significantly lower in 2Q2015 compared to 2Q2014 due to a negative goodwill arising from the acquisition of ARA Korea amounting to S\$2.1 million which was recognised in 2Q2014.

Total expenses in 2Q2015 increased to S\$19.0 million from S\$16.3 million in 2Q2014, mainly due to higher finance costs as the Group recorded a net loss on fair valuation / disposal of financial assets of S\$0.3 million in 2Q2015 against a net gain of S\$4.1 million recorded in 2Q2014; impairment on available-for-sale financial

**Financial Results Announcement
For the quarter ended 30 June 2015**

assets of S\$1.5 million mainly attributable to the divestment of a portfolio of assets and revaluation of those remaining in the ADF I, in addition to higher foreign exchange and interest expenses incurred.

The Group's share of profits of associates increased to S\$2.4 million in 2Q2015 from S\$1.1 million in 2Q2014, mainly due to higher income contribution from Cache Property Management Pte. Ltd. and Hui Xian Asset Management Limited.

Net profit was lower at S\$16.4 million in 2Q2015 compared to S\$20.8 million in 2Q2014. However, the adjusted net profit after taking into account one-off adjustments was higher at S\$16.9 million in 2Q2015 compared to S\$15.2 million in 2Q2014.

1H2015 vs 1H2014

The Group's recurrent management fees increased to S\$61.8 million in 1H2015 from S\$61.0 million in 1H2014. 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 1H2015 were higher at S\$7.5 million compared to S\$3.2 million in 1H2014. Acquisition fees received in 1H2015 were mainly in relation to Fortune REIT's acquisition of Laguna Plaza in January 2015, Cache's acquisition of three properties located in Australia in February 2015 and acquisition fees received by the SDF I following its maiden acquisition in Australia. Divestment fees were in relation to the sale of certain properties held under the SIP's portfolio, Fortune REIT's divestment of Nob Hill Square which was completed in April 2015 and Cache's divestment of Kim Heng Warehouse which was completed in June 2015. Acquisition fees received in 1H2014 were mainly in relation to Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014. Advisory and consultancy fees of S\$1.3 million received in 1H2015 (1H2014: S\$1.3 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\$4.9 million in 1H2015 from S\$12.2 million in 1H2014. This was primarily due to a lower distribution income of S\$4.8 million in 1H2015 compared to S\$7.3 million in 1H2014, 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\$4.8 million was included in 1H2014 (1H2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.7 million under finance costs).

Other income was significantly lower in 1H2015 compared to 1H2014 due to a negative goodwill arising from the acquisition of ARA Korea amounting to S\$2.1 million which was recognised in 1H2014.

Total expenses in 1H2015 increased to S\$36.4 million from S\$33.6 million in 1H2014, mainly due to higher finance costs as the Group recorded a net loss on fair valuation / disposal of financial assets in 1H2015 against a net gain recorded in 1H2014; impairment on available-for-sale financial assets of S\$2.0 million mainly attributable to the divestment of a portfolio of assets and revaluation of those remaining in the ADF I, in addition to higher interest expense. These were partially offset by lower administrative and other expenses incurred.

The Group's share of profits of associates increased to S\$5.6 million in 1H2015 from S\$1.9 million in 1H2014, 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, in addition to higher income contribution from Cache Property Management Pte. Ltd. and Hui Xian Asset Management Limited.

Net profit was lower at S\$35.4 million in 1H2015 compared to S\$38.7 million in 1H2014. However, the adjusted net profit after taking into account one-off adjustments was higher at S\$34.1 million in 1H2015 compared to S\$31.1 million in 1H2014.

As at 30 June 2015, the Group's total assets under management stood at S\$26.9 billion (approximately US\$20.0 billion).

**Financial Results Announcement
For the quarter ended 30 June 2015****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

In July 2015, the International Monetary Fund ("IMF") reduced its projection for global economic growth in 2015 to 3.3 per cent from 3.5 per cent projected previously. In the same month, the Asian Development Bank ("ADB") reduced its 2015 and 2016 growth forecasts for China and the rest of Asia, largely as a result of the slower than expected growth in China and in developed economies elsewhere. The region is now projected to grow at 6.1 per cent in 2015 against ADB's initial forecast of 6.3 per cent.

In Singapore, according to the Ministry of Trade and Industry's advance estimates, the economy grew by 1.7 per cent in the second quarter of 2015, lower than the 2.8 per cent growth in the previous quarter. China's economic growth for second quarter of 2015 was at 7.0 per cent, the same pace of growth as recorded in the first quarter. In Hong Kong, the government announced that the economy grew modestly by 2.1 per cent in the first quarter of 2015, slightly slower than the 2.4 per cent growth in the preceding quarter. The growth forecast for 2015 remains at between 1.0 and 3.0 per cent after taking into account the first quarter's growth and the range of uncertainties still facing the Hong Kong economy. Malaysia's economy continued to grow at a relatively steady pace of 5.6 per cent in first quarter of 2015, down marginally from the 5.7 per cent growth in fourth quarter of 2014.

The ADB is of the view that ongoing weakness in the major industrialised economies (US, Japan and the Euro Area) will see a slowdown in the Asia region as a whole.

REITs

On 2 July 2015, the Monetary Authority of Singapore ("MAS") announced its finalised positions in response to the consultation feedback on strengthening the S-REIT market. The key measures, the majority of which are expected to be implemented on 1 January 2016, are intended to accord REIT unitholders better protection and greater accountability through strengthened corporate governance while providing REIT Managers increased operational flexibility.

Fortune REIT had on 2 April 2015 divested Nob Hill Square for HK\$648 million at 2.9% yield, whilst Cache Logistics Trust had on 12 June 2015 divested Kim Heng Warehouse for S\$9.7 million at a 9% premium over the original acquisition price.

On 29 June 2015, Suntec REIT had entered into a conditional property sale agreement for the sale of Park Mall at S\$411.8 million (the "Divestment"), in conjunction with a 30.0 per cent interest in a joint venture company, Park Mall Investment Limited, set up to redevelop Park Mall into a commercial development comprising two office blocks and an ancillary retail component. ARA is to be the strategic advisor, asset manager and property manager to Park Mall Investment Limited. The Divestment is expected to be completed by end of third quarter of 2015.

The Group will continue to work proactively in reviewing and evaluating asset plans of the properties in its portfolio and opportunistically acquire and divest in order to value add to its stakeholders.

Private Funds

In June 2015, ARA successfully raised capital commitments for ARA Harmony Fund III ("Harmony III"), a new private real estate fund with a portfolio size of MYR1,700 million with its acquisition of a portfolio of retail-focused, income-producing commercial properties in Malaysia from the ADF I.

Effective 1 July 2015, the CIP has received additional capital commitment of approximately US\$300 million, making a total of over US\$800 million to-date. The CIP is a long term, core-plus separate account vehicle with California Public Employees' Retirement System as its main investor.

The Group will continue to focus on further growing the private real estate fund platform.

**Financial Results Announcement
For the quarter ended 30 June 2015**

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

28 August 2015

(d) Book Closure date

Registerable transfers received by the Company up to 5.00 pm on 18 August 2015 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 2015 to 30 June 2015.

13. Interested Person Transactions

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

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)	
	2Q2015 S\$'000	1H2015 S\$'000	2Q2015 S\$'000	1H2015 S\$'000
1) Straits Developments Private Limited ⁽ⁱ⁾	–	–	644	1,049
2) ARA Summit Development Fund I, L.P./ SRE Venture 1 Pte Ltd ⁽ⁱⁱ⁾	–	–	318	636
3) Straits Real Estate Pte. Ltd. ⁽ⁱⁱⁱ⁾	–	–	30	110
4) The Straits Trading Company Limited ^(iv)	266	266	–	–
	266	266	992	1,795

**Financial Results Announcement
For the quarter ended 30 June 2015**

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

- (i) terms stipulated in 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 Group (“STC Group”);
- (ii) terms stipulated in 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;
- (iii) project advisory fees received from Straits Real Estate Pte. Ltd. for works performed in relation to a project in PRC, China; and
- (iv) terms stipulated in the shareholder’s loan agreement with STC.

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 2015 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
6 August 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.



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

6 August 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 30 June 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 30 June 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