



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

### **FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2016**

The financial information for the quarter ended 31 March 2016 in the announcement have been extracted from the interim financial statements for the period from 1 January 2016 to 31 March 2016, 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 the following business segments:

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

**Financial Results Announcement  
For the quarter ended 31 March 2016**

**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	1/1/16 to 31/3/16 ("1Q2016") S\$'000	1/1/15 to 31/3/15 ("1Q2015") S\$'000	Change %
Management fees	(a)	34,295	30,110	14%
Acquisition, divestment and performance fees	(a)	1,799	5,380	(67%)
Finance income	(b)	5,040	2,079	142%
Other income		290	127	128%
<b>Total revenue</b>		<b>41,424</b>	<b>37,696</b>	<b>10%</b>
Administrative expenses	(c)	(13,359)	(11,859)	13%
Operating lease expenses	(d)	(1,032)	(1,003)	3%
Other expenses	(e)	(2,513)	(2,669)	(6%)
Finance costs	(f)	(1,965)	(2,055)	(4%)
<b>Results from operating activities</b>		<b>22,555</b>	<b>20,110</b>	<b>12%</b>
Share of profit of associates and joint venture, net of tax	(g)	1,262	3,235	(61%)
<b>Profit before tax</b>	(h)	<b>23,817</b>	<b>23,345</b>	<b>2%</b>
Tax expense	(i)	(3,776)	(3,474)	9%
<b>Profit for the period</b>		<b>20,041</b>	<b>19,871</b>	<b>1%</b>
<b>Attributable to:</b>				
Equity holders of the Company		19,354	18,970	2%
Non-controlling interests		687	901	(24%)
		<b>20,041</b>	<b>19,871</b>	<b>1%</b>

<b>Net Profit</b> <sup>(1)</sup>	<b>19,354</b>	<b>18,970</b>	<b>2%</b>
<b>Adjusted Net Profit</b> <sup>(2)</sup>	<b>18,980</b>	<b>17,237</b>	<b>10%</b>
<p>(1) Net profit refers to "Profit for the period attributable to equity holders of the Company"</p> <p>(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 of a subsidiary; (iv) impairment on available-for-sale financial assets; (v) gain / (loss) on disposal of investments and (vi) performance-based bonuses"</p>			

Seed Capital Investment

The fair value gains arising from ARA's seed capital investments into its private real estate funds under management from inception to date which are not recorded in the income statement but accounted for in the statement of comprehensive income amounted to approximately US\$21.7 million as at 31 December 2015. These gains reflect the underlying performance of the funds, excluding the impact of foreign exchange.

This amount has not been crystallised and there is no guarantee that such amount will be realised at the end of the fund life of each respective fund. Past performance of the funds is not indicative of the future prospects and returns.

ARA intends to hold these seed capital investments in its private real estate funds under management over the long term. The fair values of the respective funds may increase or decrease depending on various factors, risks and assumptions.

**Financial Results Announcement  
For the quarter ended 31 March 2016**
**1(a)(ii) Explanatory notes to the income statement of the Group**
**(a) Revenue**

		1Q2016 S\$'000	1Q2015 S\$'000	Change %
<b>Management fees</b>		<b>34,295</b>	<b>30,110</b>	<b>14%</b>
REIT base and performance fees	(i)	21,996	20,857	5%
Portfolio management and service fees	(ii)	6,541	4,405	48%
Real estate management services fees	(iii)	5,758	4,848	19%
<b>Acquisition, divestment and performance fees</b>	(iv)	<b>1,799</b>	<b>5,380</b>	<b>(67%)</b>
Acquisition, divestment and performance fees		1,570	4,471	(65%)
Advisory and consultancy fees		229	909	(75%)

- (i) REIT management fees increased to S\$22.0 million in 1Q2016 from S\$20.9 million in 1Q2015, mainly 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. Suntec REIT's acquisition of three floors of strata office space at Suntec Tower Two and Cache Logistics Trust's ("Cache") acquisition of three properties located in Australia in 4Q2015 also contributed to the higher REIT management fees in 1Q2016.
- (ii) Portfolio management and service fees grew to S\$6.5 million in 1Q2016 from S\$4.4 million in 1Q2015, mainly due to higher management fees from (i) the ARA China Investment Partners, LLC ("CIP") following the acquisition of two commercial properties in China in September and December 2015 and (ii) the launch of the ARA Harmony Fund III ("Harmony III") and the ARA Harmony Fund V ("Harmony V") in August and December 2015 respectively.
- (iii) Real estate management fees increased to S\$5.8 million in 1Q2016 from S\$4.8 million in 1Q2015, mainly due to (i) higher property management fees and convention and exhibition services fees received by the Group following the completion of the asset enhancement works at Suntec City and (ii) additional management fees recognised by the APM Group of companies ("APM") in relation to the property management services rendered to the two commercial properties acquired by the CIP in September and December 2015.
- (iv) Acquisition, divestment and performance fees were lower at S\$1.8 million in 1Q2016 compared to S\$5.4 million in 1Q2015. The acquisition fees received in 1Q2016 were primarily in relation to (i) AmFIRST REIT's acquisition of Mydin HyperMall in January 2016 and (ii) fees received in relation to Suntec REIT's progressive development of 177 Pacific Highway in Australia. In comparison, acquisition fees received in 1Q2015 were mainly in relation to (i) Fortune REIT's acquisition of Laguna Plaza in January 2015 and (ii) Cache's acquisition of three Australian properties in February 2015. Advisory and consultancy fees of S\$0.2 million in 1Q2016 were lower than the S\$0.9 million received in 1Q2015 mainly due to a decrease in project management services provided by APM and its related corporations to the properties it manages in Singapore, China and Malaysia.

**(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 increased to S\$5.0 million in 1Q2016 from S\$2.1 million in 1Q2015. This was primarily attributed to (i) a higher distribution income of S\$3.7 million in 1Q2016 compared to S\$1.9 million in 1Q2015 and (ii) a net gain on fair valuation / disposal of financial assets of S\$1.1 million in 1Q2016 (1Q2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.4 million under finance costs).

**(c) Administrative expenses**

Administrative expenses comprise primarily staff-related expenses and advisory fees. Administrative expenses were S\$13.4 million in 1Q2016 compared to S\$11.9 million in 1Q2015. 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\$5.6 million (1Q2015: S\$5.3 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which were fully reimbursed from the ARA Harmony Fund II ("Harmony II").

**Financial Results Announcement  
For the quarter ended 31 March 2016**
**(d) Operating lease expenses**

Operating lease expenses were S\$1.0 million in 1Q2016, comparable to that of 1Q2015.

**(e) Other expenses**

Other expenses comprise primarily other staff-related expenses (such as travelling expenses), agency commission, 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 were S\$2.5 million in 1Q2016, marginally lower than that of S\$2.7 million in 1Q2015. The lower other expenses in 1Q2016 were mainly due to lower professional fees incurred during the quarter.

**(f) 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 1Q2016 of S\$2.0 million were marginally lower than that of S\$2.1 million in 1Q2015. The finance costs in 1Q2016 included an impairment loss on the investment in AmFIRST REIT units of S\$1.8 million (1Q2015: Nil). In comparison, the finance costs in 1Q2015 included a net loss on fair valuation / disposal of financial assets of S\$1.4 million (1Q2016 had recorded a net gain on fair valuation / disposal of financial assets of S\$1.1 million under finance income).

**(g) Share of profit of associates and joint venture (net of tax)**

Share of profit of associates and joint venture (net of tax) comprise the Group's share of profit arising from the joint venture in ARA-ShinYoung REIT, the 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. The Group's share of profit of associates and joint venture declined to S\$1.3 million in 1Q2016 from S\$3.2 million in 1Q2015 as the latter had included the acquisition fee 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:*

	1Q2016	1Q2015	Change
	S\$'000	S\$'000	%
<b><u>Finance income</u></b>			
Distribution income	3,706	1,851	100%
Foreign exchange gain, net	103	181	(43%)
Gain on fair valuation / disposal of financial assets	1,139	-	n.m.
Interest income	92	47	96%
<b><u>Other expenses</u></b>			
Amortisation of intangible asset	66	60	10%
Depreciation of plant and equipment	307	185	66%
<b><u>Finance costs</u></b>			
Interest expense	133	180	(26%)
Impairment on available-for-sale financial assets	1,832	483	279%
Loss on fair valuation / disposal of financial assets	-	1,392	(100%)

*n.m.: not meaningful*

**Financial Results Announcement  
For the quarter ended 31 March 2016**

**(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**

	1Q2016 S\$'000	1Q2015 S\$'000	Change %
Profit for the period	20,041	19,871	1%
<b>Other comprehensive income / (loss)</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
- Translation differences relating to financial statements of foreign subsidiaries	(11,873)	7,525	n.m.
- Net change in fair value of available-for-sale financial assets	13,117	(3,766)	n.m.
- Net change in fair value of available-for-sale financial assets reclassified to profit or loss	1,832	483	279%
<b>Other comprehensive income for the period, net of tax</b>	3,076	4,242	(27%)
<b>Total comprehensive income for the period</b>	<b>23,117</b>	<b>24,113</b>	<b>(4%)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	22,401	23,192	(3%)
Non-controlling interests	716	921	(22%)
<b>Total comprehensive income for the period</b>	<b>23,117</b>	<b>24,113</b>	<b>(4%)</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  
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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	
		31/3/16 S\$'000	31/12/15 S\$'000	31/3/16 S\$'000	31/12/15 S\$'000
<b>Assets</b>					
Plant and equipment		2,484	2,105	-	-
Intangible assets	(a)	1,200	1,147	-	-
Subsidiaries	(b)	-	-	286,640	292,008
Associates and joint venture	(c)	15,413	16,191	-	-
Financial assets	(d)	395,987	397,294	-	-
Deferred tax assets	(e)	744	712	-	-
Other receivables	(f)	5,124	5,566	-	-
<b>Total non-current assets</b>		<b>420,952</b>	<b>423,015</b>	<b>286,640</b>	<b>292,008</b>
Financial assets	(g)	27,265	33,509	-	-
Trade and other receivables	(h)	45,594	47,827	16,409	13,292
Cash and cash equivalents		110,609	76,742	34,039	31,517
<b>Total current assets</b>		<b>183,468</b>	<b>158,078</b>	<b>50,448</b>	<b>44,809</b>
<b>Total assets</b>		<b>604,420</b>	<b>581,093</b>	<b>337,088</b>	<b>336,817</b>
<b>Equity</b>					
Share capital		1,995	1,995	1,995	1,995
Reserves		258,673	255,616	225,297	225,287
Retained earnings		282,056	262,702	103,979	102,912
<b>Equity attributable to equity holders of the Company</b>		<b>542,724</b>	<b>520,313</b>	<b>331,271</b>	<b>330,194</b>
<b>Non-controlling interests</b>	(i)	<b>8,011</b>	<b>7,295</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>550,735</b>	<b>527,608</b>	<b>331,271</b>	<b>330,194</b>
<b>Liabilities</b>					
Loan and borrowings	(j)	14,276	14,118	-	-
Other payables		1,826	1,832	5,280	5,280
Deferred tax liabilities		115	115	-	-
<b>Total non-current liabilities</b>		<b>16,217</b>	<b>16,065</b>	<b>5,280</b>	<b>5,280</b>
Trade and other payables	(k)	22,896	25,001	537	1,343
Loan and borrowings	(j)	146	45	-	-
Current tax payable		14,426	12,374	-	-
<b>Total current liabilities</b>		<b>37,468</b>	<b>37,420</b>	<b>537</b>	<b>1,343</b>
<b>Total liabilities</b>		<b>53,685</b>	<b>53,485</b>	<b>5,817</b>	<b>6,623</b>
<b>Total equity and liabilities</b>		<b>604,420</b>	<b>581,093</b>	<b>337,088</b>	<b>336,817</b>

**Financial Results Announcement  
For the quarter ended 31 March 2016****Footnotes:**

- (a) *Intangible assets primarily represent the Group's contractual rights to receive the expected future economic benefits embodied in each of the management agreements between ARA Korea Limited and two privately-held Korean REITs under its management that is expected to flow to the Group, subsequent to the acquisition of ARA Korea Limited in April 2014. The intangible assets are measured at cost less accumulated amortisation and impairment losses. As at 31 March 2016, an accumulated amortisation of S\$479,000 (31 December 2015: S\$414,000) 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 and joint venture relates to the Group's joint venture in ARA-ShinYoung REIT, 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 31 March 2016 comprised primarily (i) 94.3 million Suntec REIT units held by the Group as a strategic stake; (ii) 19.5 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 ARA Asia Dragon Fund ("ADF I"), the ARA Asia Dragon Fund II ("ADF II"), the CIP, the Morningside Investment Partners, LLC ("MIP"), and the Harmony III; and (v) a 10.02% strategic stake in ARA-NPS Real Estate Investment Company.*
- (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 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.*
- (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 31 March 2016 relate to a non-current secured term loan of S\$14.0 million (31 December 2015: S\$14.0 million) and finance lease liabilities of S\$422,000 (31 December 2015: S\$163,000). The Group's gearing ratio as at 31 March 2016 stood at approximately 3% (31 December 2015: 3%).*
- (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 mainly due to the payment of staff-related costs in 1Q2016, partially offset by the accruals of other expenses.*

**Financial Results Announcement  
For the quarter ended 31 March 2016**

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

	31/03/2016		31/12/2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	146	-	45	-
Amount repayable after one year	14,276	-	14,118	-
	<u>14,422</u>	<u>-</u>	<u>14,163</u>	<u>-</u>

**Footnotes:**

- (a) As at 31 March 2016, the Group's borrowings included the following:
- (i) a secured term loan facility of S\$14.0 million (31 December 2015: S\$14.0 million) drawn for the Group's seed capital contributions into existing and new funds which it manages; and
  - (ii) finance lease liabilities of S\$422,000 (31 December 2015: S\$163,000) which relates to the purchase of certain plant and equipment.
- (b) As at 31 March 2016, the Group has the following facilities available for utilisation:
- (i) a multicurrency revolving credit facility of S\$49.6 million secured on the Group's strategic stake in Suntec REIT and Cache (31 December 2015: S\$49.6 million);
  - (ii) a term loan of S\$16.0 million secured on the Group's strategic stake in Suntec REIT (31 December 2015: S\$16.0 million);
  - (iii) an unsecured money market line of S\$80.0 million (31 December 2015: S\$80.0 million); and
  - (iv) unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2015: S\$6.0 million and HK\$3.0 million).

**Details of any collateral**

As at 31 March 2016, the Group has pledged 67.3 million units of Suntec REIT and 19.5 million units of Cache as security for the above facilities, which bear interest at a fixed spread over the corresponding benchmark rate of the available currencies.



**Financial Results Announcement  
For the quarter ended 31 March 2016**
**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	1Q2016 S\$'000	1Q2015 S\$'000
<b>Cash flows from operating activities</b>			
Profit for the period		20,041	19,871
Adjustments for:			
Amortisation of intangible assets		66	60
Depreciation of plant and equipment		308	185
Distribution income		(3,706)	(1,851)
(Gain) / Loss on fair valuation / disposal of financial assets		(1,139)	1,392
Gain on disposal of plant and equipment		(21)	(1)
Interest expense		133	180
Interest income		(92)	(47)
Impairment loss on available-for-sale financial assets		1,832	483
Management fees received / receivable in units of REITs		(17,000)	(16,108)
Share of profit of associates and joint venture		(1,262)	(3,235)
Tax expense		3,776	3,474
Operating profit before working capital changes		2,936	4,403
Changes in working capital:			
Change in trade and other receivables		2,067	10,307
Change in trade and other payables		(2,101)	(10,610)
Cash generated from operating activities		2,902	4,100
Distribution income received		3,743	1,883
Proceeds from sale of units in REITs		22,700	394
Tax (paid) / refund		(1,724)	75
<b>Cash flows generated from operating activities</b>	<b>(a)</b>	<b>27,621</b>	<b>6,452</b>
<b>Cash flows from investing activities</b>			
Dividend received from associates		546	472
Interest received		92	47
Proceeds from disposal of plant and equipment		22	9
Software development expenditure		(118)	-
Purchase of plant and equipment		(775)	(153)
Contribution from a non-controlling interest		-	53
Redemption / (Purchase) of available-for-sale financial assets, net		7,403	(563)
<b>Cash flows from / (used in) investing activities</b>	<b>(b)</b>	<b>7,170</b>	<b>(135)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(133)	(180)
Proceeds from / (Payment) of finance lease liabilities, net		259	(11)
Payment of borrowings, net		-	(2,746)
<b>Cash flows from / (used in) financing activities</b>	<b>(c)</b>	<b>126</b>	<b>(2,937)</b>
<b>Net increase in cash and cash equivalents</b>		<b>34,917</b>	<b>3,380</b>
Cash and cash equivalents at beginning of period		76,742	64,430
Effect of exchange rate fluctuations on cash held		(1,050)	794
<b>Cash and cash equivalents at end of period</b>		<b>110,609</b>	<b>68,604</b>

**Footnotes:**

- (a) Cash flows from operating activities increased to S\$27.6 million in 1Q2016 from S\$6.5 million in 1Q2015, mainly due to (i) higher proceeds received from the sale of REIT units received by the Group as part payment for REIT management fees and (ii) higher distribution income proceeds received during the year.
- (b) Net cash inflow for investing activities was S\$7.2 million in 1Q2016 as compared to a net cash outflow of S\$0.1 million in 1Q2015. The cash inflow in 1Q2016 was mainly attributed to capital distributions from the ADF I and the ADF II, partially offset by seed capital contributions to the various private real estate funds.
- (c) Against a net cash outflow of S\$2.9 million in 1Q2015, net cash inflow for financing activities amounted to S\$0.1 million in 1Q2016. The cash outflow in 1Q2015 was mainly due to the repayment of bank borrowings during the quarter.

**Financial Results Announcement  
For the quarter ended 31 March 2016**

**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	Retained earnings S\$'000	Total equity S\$'000
<b>Company</b>				
<b>At 1 January 2015</b>	<b>1,690</b>	<b>74,859</b>	<b>101,374</b>	<b>177,923</b>
Profit for the period	-	-	9,410	9,410
Total comprehensive income for the period	-	-	9,410	9,410
<b>At 31 March 2015</b>	<b>1,690</b>	<b>74,859</b>	<b>110,784</b>	<b>187,333</b>
<b>At 1 January 2016</b>	<b>1,995</b>	<b>225,287</b>	<b>102,912</b>	<b>330,194</b>
Profit for the period	-	-	1,067	1,067
Total comprehensive income for the period	-	-	1,067	1,067
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Issue expenses in relation to Rights Issue	-	10	-	10
Total contributions by and distributions to owners	-	10	-	10
<b>At 31 March 2016</b>	<b>1,995</b>	<b>225,297</b>	<b>103,979</b>	<b>331,271</b>

	Share capital and premium S\$'000	Fair value reserve S\$'000	Foreign currency translation reserves S\$'000	Retained earnings 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 2015</b>	<b>76,549</b>	<b>31,271</b>	<b>6,425</b>	<b>226,901</b>	<b>341,146</b>	<b>6,988</b>	<b>348,134</b>
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>
<b>At 1 January 2016</b>	<b>227,282</b>	<b>11,783</b>	<b>18,546</b>	<b>262,702</b>	<b>520,313</b>	<b>7,295</b>	<b>527,608</b>
Total other comprehensive income	-	14,920	(11,873)	-	3,047	29	3,076
Profit for the period	-	-	-	19,354	19,354	687	20,041
Total comprehensive income for the period	-	14,920	(11,873)	19,354	22,401	716	23,117
<i>Transactions with owners, recorded directly in equity</i>							
<i>Contributions by and distributions to owners</i>							
Issue expenses in relation to Rights Issue	10	-	-	-	10	-	10
Total contributions by and distributions to owners	10	-	-	-	10	-	10
<b>At 31 March 2016</b>	<b>227,292</b>	<b>26,703</b>	<b>6,673</b>	<b>282,056</b>	<b>542,724</b>	<b>8,011</b>	<b>550,735</b>

**Notes:**

- Included in the share capital is a share premium account of S\$225.3 million as at 31 March 2016 (31 March 2015: 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 4 February 2016.

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

	31/3/16	As at 31/12/15
Total number of issued shares	997,278,289	997,278,289

**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 2016 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 2015.

**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**

(Singapore cents)	1Q2016	1Q2015 (Restated)	1Q2015 (Previously reported)
Weighted average number of ordinary shares	997,278,289	865,285,575	845,151,093
Earnings per share ("EPS") – Basic and Diluted	1.94	2.19	2.24

The calculation of Basic and Diluted EPS for the relevant periods are based on the profit attributable to equity holders of the Company for the respective financial periods and weighted average ordinary shares on a pro-rata basis based on an adjustment factor calculated based on the market price and theoretical ex-rights price of an ordinary share. The Basic and Diluted EPS are the same as there is no dilutive instrument in issue at the reporting date.

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

(Singapore cents)	Group		Company	
	31/3/16	31/12/15	31/3/16	31/12/15
Net asset value per ordinary share	54.42	52.17	33.22	33.11
Net tangible asset per ordinary share	54.30	52.06	33.22	33.11

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 997,278,289 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 997,278,289 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**

	1Q2016 S\$'000	1Q2015 S\$'000	Change %
<b>Total Revenue</b>	<b>41,424</b>	<b>37,696</b>	<b>10%</b>
Management fees	34,295	30,110	14%
Acquisition, divestment and performance fees	1,799	5,380	(67%)
Finance income	5,040	2,079	142%
Other income	290	127	128%
Total expenses	(18,869)	(17,586)	7%
Share of profit of associates and joint venture, net of tax	1,262	3,235	(61%)
<b>Net Profit <sup>(1)</sup></b>	<b>19,354</b>	<b>18,970</b>	<b>2%</b>
<b>Adjusted Net Profit <sup>(2)</sup></b>	<b>18,980</b>	<b>17,237</b>	<b>10%</b>

(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 of a subsidiary; (iv) impairment on available-for-sale financial assets; (v) gain / (loss) on disposal of investments and (vi) performance-based bonuses"

**1Q2016 vs 1Q2015**

The Group's recurrent management fees increased to S\$34.3 million in 1Q2016 from S\$30.1 million in 1Q2015. This was mainly due to (a) 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 and (ii) fee contribution from Suntec REIT's acquisition of three floors of strata office space at Suntec Tower Two and Cache's acquisition of three Australian properties in the last quarter of 2015, (b) higher portfolio management fees arising from (i) the CIP's acquisition of two commercial properties in China in September and December 2015 and (ii) the launch of the Harmony III and Harmony V in August and December 2015 respectively, and (c) higher real estate management services fees mainly from higher property management fees received by the Group.

Acquisition, divestment and performance fees for 1Q2016 were lower at S\$1.8 million compared to S\$5.4 million in 1Q2015. The acquisition fees received by the Group in 1Q2016 were mainly related to (i) AmFIRST REIT's acquisition of Mydin HyperMall in January 2016 and (ii) fees received in relation to Suntec REIT's progressive development of 177 Pacific Highway in Australia. In comparison, fees in 1Q2015 were mainly attributed to (i) Fortune REIT's acquisition of Laguna Plaza in January 2015 and (ii) Cache's acquisition of three properties located in Australia in February 2015.

Finance income at S\$5.0 million in 1Q2016 was higher compared to S\$2.1 million in 1Q2015. This increase was mainly contributed by higher distribution income received in 1Q2016 of S\$1.8 million and a net gain on fair valuation / disposal of financial assets of S\$1.1 million during the same period (1Q2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.4 million under finance costs).

Total expenses was S\$18.9 million in 1Q2016, up from S\$17.6 million in 1Q2015, mainly due to administrative expenses. In 1Q2015, there was an adjustment of bonus provision in the administrative expenses as the actual payment was lower than the amount accrued in the previous year. Excluding this adjustment, the administrative expenses for 1Q2016 and 1Q2015 were comparable.

The Group's share of profit of associates and joint venture declined from S\$3.2 million in 1Q2015 to S\$1.3 million in 1Q2016 as the former had included the acquisition fee 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.

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Hence, net profit was higher at S\$19.4 million in 1Q2016 compared to S\$19.0 million in 1Q2015. The adjusted net profit after taking into account one-off adjustments was higher at S\$19.0 million in 1Q2016 compared to S\$17.2 million in 1Q2015, an increase of 10% year-on-year.

As at 31 March 2016, the Group's total assets under management stood at S\$28.9 billion (approximately US\$21.5 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 FY2015 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"), in its April 2016 "World Economic Outlook" report, revised the global growth forecast downwards to 3.2 per cent on the back of a weakened outlook on global recovery amid increasing financial turbulence. However, the IMF expects global recovery to strengthen in 2017, driven primarily by emerging market and developing economies as conditions gradually normalise. The Asia Pacific region is projected to grow by 5.3 per cent in 2016, with China's projected GDP growth rate at 6.5 per cent in 2016 compared to 6.9 per cent in 2015.

The US Federal Open Market Committee had in its last meeting in April 2016 maintained the US Federal Funds Rate at 50 basis points. The Committee continues to closely monitor inflation indicators and global economic and financial developments. With gradual adjustments in the stance of monetary policy, economic activity is expected to expand at a moderate pace and labour market indicators to continue to strengthen. Overall, the Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate and that the federal funds rate is likely for some time, to remain below levels that are expected to prevail in the longer run.

The outlook for Asia Pacific economies is expected to be stable overall, with positive GDP growth expected for some countries in 2016. In Singapore, according to the Ministry of Trade and Industry, the economy grew by 2.0 per cent in 2015 and the growth forecast for 2016 is projected at between 1.0 and 3.0 per cent. Hong Kong's GDP growth rate for 2015 was 2.4 per cent and the growth forecast for 2016 is projected at between 1.0 and 2.0 per cent. Malaysia's economy grew by 5.0 per cent in 2015 and is expected to grow between 4.5 and 5.5 per cent in 2016. South Korea's GDP growth rate was 2.6 per cent for 2015, with 3.0 per cent projected for 2016. Australia's GDP growth rate was 3.0 per cent for the year 2015, with 2016 growth rate projected at between 2.5 and 3.5 per cent.

**REITs**

Notwithstanding sector headwinds, the performance of the office and retail portfolios under management is expected to be stable for the year. On-going enhancement initiatives to the properties in the REITs platform and pursuit of long-term growth initiatives will add value to stakeholders.

The development of 177 Pacific Highway in North Sydney held by Suntec REIT is progressing well within schedule and is expected to complete in the second half of FY2016. AmFIRST REIT had during the quarter completed the acquisition of the Mydin HyperMall for RM250 million and the divestment of AmBank Group Leadership Centre for RM36 million.

**Financial Results Announcement  
For the quarter ended 31 March 2016**

**Private Funds**

With 10 private real estate funds under management, the Group continues to further the growth of ARA Private Funds and in tandem, pursue its Country Desk strategies in the target markets of China, South Korea and Australia. The Group is actively evaluating investment opportunities in Australia, South Korea and China for its various funds.

During the quarter the SDF I made its second investment into a residential development in Australia. The Peninsula Investment Partners L.P. which was established in September 2015, has to date entered into two sale and purchase agreements to acquire two office properties in Australia.

**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.

**Financial Results Announcement  
For the quarter ended 31 March 2016**
**13. Interested Person Transactions**

A mandate was obtained from shareholders at the Company's Annual General Meeting ("AGM") held on 24 April 2015 and renewed at the Company's AGM on 15 April 2016.

	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 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	1Q2016 S\$'000	1Q2016 S\$'000
<u>Name of interested person</u>		
Straits Trading Company Limited and its subsidiaries and associates		
- Portfolio Management fee	-	901
- Property Management fees	-	239
- Property letting fees	-	27
	-	<b>1,167</b>

**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 2016 and for the three months ended on that date to be false or misleading in any material aspect.

**15. Undertakings confirmation pursuant to Rule 720(1)**

The Board of Directors of the Company hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

**16. Update on the Use of Proceeds from the Renounceable Underwritten Rights Issue**

As at 31 March 2016, out of the gross proceeds of approximately S\$152.1 million that was raised from the Rights Issue, (i) S\$60.0 million has been utilised to repay in full the STC Shareholder Loan; (ii) S\$2.3 million has been used to pay for the expenses incurred in connection with the Rights Issue; and (iii) S\$8.7 million has been utilised for strategic investments and seed capital for the existing funds which the Company manages. Of the remaining proceeds from the Rights Issue of approximately S\$81.1 million, approximately S\$63.9 million has been used to repay short term debts, pending the deployment of such funds for their intended use.

The use of proceeds is in accordance with the stated use disclosed in the Offer Information Statement dated 19 November 2015.



**Financial Results Announcement  
For the quarter ended 31 March 2016**

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

Lim Hwee Chiang  
Director  
3 May 2016

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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ARA Asset Management Limited  
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3 May 2016

Dear Sirs

## **Review of Interim Financial Statements**

### *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 2016, and the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the period from 1 January 2016 to 31 March 2016 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**