



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2016

The financial information for the quarter ended 30 June 2016 in the announcement have been extracted from the interim financial statements for the period from 1 January 2016 to 30 June 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 30 June 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	1/4/16 to 30/06/16 ("2Q2016") S\$'000	1/4/15 to 30/06/15 ("2Q2015") S\$'000	Change %	1/1/16 to 30/06/16 ("1H2016") S\$'000	1/1/15 to 30/06/15 ("1H2015") S\$'000	Change %
Management fees	(a)	33,645	31,666	6%	67,940	61,776	10%
Acquisition, divestment and performance fees	(a)	519	2,149	(76%)	2,318	7,529	(69%)
Finance income	(b)	5,732	2,979	92%	10,669	4,877	119%
Other income		383	19	n.m.	673	146	361%
Total revenue		40,279	36,813	9%	81,600	74,328	10%
Administrative expenses	(c)	(12,674)	(12,467)	2%	(26,033)	(24,326)	7%
Operating lease expenses	(d)	(1,041)	(991)	5%	(2,073)	(1,994)	4%
Other expenses	(e)	(2,681)	(2,738)	(2%)	(5,194)	(5,407)	(4%)
Finance costs	(f)	(820)	(2,820)	(71%)	(2,682)	(4,694)	(43%)
Results from operating activities		23,063	17,797	30%	45,618	37,907	20%
Share of profit of associates and joint venture, net of tax	(g)	1,046	2,353	(56%)	2,308	5,588	(59%)
Profit before tax	(h)	24,109	20,150	20%	47,926	43,495	10%
Tax expense	(i)	(3,850)	(3,256)	18%	(7,626)	(6,730)	13%
Profit for the period		20,259	16,894	20%	40,300	36,765	10%
Attributable to:							
Equity holders of the Company		19,324	16,442	18%	38,678	35,412	9%
Non-controlling interests		935	452	107%	1,622	1,353	20%
		20,259	16,894	20%	40,300	36,765	10%

n.m.: not meaningful

Net Profit ⁽¹⁾	19,324	16,442	18%	38,678	35,412	9%
Adjusted Net Profit ⁽²⁾	17,528	16,875	4%	36,508	34,111	7%
<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 comprising: (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\$29.5 million as at 30 June 2016. 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 30 June 2016**

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

(a) Revenue

	2Q2016 S\$'000	2Q2015 S\$'000	Change %	1H2016 S\$'000	1H2015 S\$'000	Change %
Management fees	33,645	31,666	6%	67,940	61,776	10%
REIT base and performance fees	(i) 21,696	21,317	2%	43,692	42,174	4%
Portfolio management and service fees	(ii) 6,102	4,775	28%	12,643	9,180	38%
Real estate management services fees	(iii) 5,847	5,574	5%	11,605	10,422	11%
Acquisition, divestment and performance fees	(iv) 519	2,149	(76%)	2,318	7,529	(69%)
Acquisition, divestment and performance fees	284	1,768	(84%)	1,854	6,239	(70%)
Advisory and consultancy fees	235	381	(38%)	464	1,290	(64%)

- (i) REIT management fees increased to S\$43.7 million in 1H2016 from S\$42.2 million in 1H2015, 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 1H2016.
- (ii) Portfolio management and service fees grew to S\$12.6 million in 1H2016 from S\$9.2 million in 1H2015, 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, (ii) the launch of the ARA Harmony Fund III (Malaysia Malls) ("Harmony III") and the ARA Harmony Fund V (Park Mall) ("Harmony V") in August and December 2015 respectively and (iii) contribution from the Peninsula Investment Partners L.P. ("PIP").
- (iii) Real estate management fees increased to S\$11.6 million in 1H2016 from S\$10.4 million in 1H2015, 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 declined to S\$2.3 million in 1H2016 from S\$7.5 million in 1H2015. The acquisition fees received in 1H2016 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, fees received in 1H2015 were mainly (a) acquisition fees in relation to (i) Fortune REIT's acquisition of Laguna Plaza in January 2015, (ii) Cache's acquisition of three Australian properties in February 2015 and (iii) the ARA Summit Development Fund I, L.P. ("SDF I")'s maiden acquisition in Australia and (b) divestment fees received in relation to (i) the sale of certain properties held under the Straits Investment Partners ("SIP")'s portfolio, (ii) Fortune REIT's divestment of Nob Hill Square which was completed in April 2015 and (iii) Cache's divestment of Kim Heng Warehouse which was completed in June 2015. Advisory and consultancy fees of S\$0.5 million in 1H2016 were lower than the S\$1.3 million received in 1H2015 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 rose to S\$10.7 million in 1H2016 from S\$4.9 million in 1H2015. This was primarily attributed to (i) a higher distribution income of S\$7.5 million in 1H2016 compared to S\$4.5 million in 1H2015 and (ii) a net gain on fair valuation / disposal of financial assets of S\$3.0 million in 1H2016 (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 2016****(c) Administrative expenses**

Administrative expenses comprise primarily staff-related expenses and advisory fees. Administrative expenses were S\$26.0 million in 1H2016 compared to S\$24.3 million in 1H2015. Included in 1H2015 were adjustments for bonus expenses as the actual payments were lower than the amount accrued in the previous year. Excluded from administrative expenses were staff-related expenses of S\$8.8 million (1H2015: S\$8.2 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which were fully reimbursed from the ARA Harmony Fund II (SSCEC) ("Harmony II").

(d) Operating lease expenses

Operating lease expenses were S\$2.1 million in 1H2016, comparable to that of 1H2015.

(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\$5.2 million in 1H2016, marginally lower than that of S\$5.4 million in 1H2015. The lower other expenses in 1H2016 were mainly attributed to lower agency commission incurred during the period, partially offset by higher depreciation expenses during the same period.

(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 1H2016 declined to S\$2.7 million from S\$4.7 million in 1H2015, primarily due to (i) a net loss on fair valuation / disposal of financial assets of S\$1.7 million in 1H2015 (1H2016 had recorded a net gain on fair valuation / disposal of financial assets of S\$3.0 million under finance income) and (ii) a lower interest expense of S\$0.5 million recorded by the Group in 1H2016 (1H2015: S\$0.7 million).

(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\$2.3 million in 1H2016 from S\$5.6 million in 1H2015 as the latter included (i) 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 and (ii) a higher income contribution from Cache Property Management Pte. Ltd. in 1H2015.

**Financial Results Announcement
For the quarter ended 30 June 2016**
(h) Profit before income tax

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

	2Q2016	2Q2015	Change	1H2016	1H2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
Distribution income	3,766	2,659	42%	7,472	4,510	66%
Gain on fair valuation / disposal of financial assets	1,889	-	n.m.	3,028	-	n.m.
Interest income	77	51	51%	169	98	72%
Gain on disposal of investments	-	269	(100%)	-	269	(100%)
Other expenses						
Amortisation of intangible asset	65	59	10%	131	119	10%
Depreciation of plant and equipment	433	199	118%	741	384	93%
Finance costs						
Foreign exchange loss, net	437	564	(23%)	334	383	(13%)
Interest expense	360	513	(30%)	493	693	(29%)
Impairment on available-for-sale financial assets	23	1,482	(98%)	1,855	1,965	(6%)
Loss on fair valuation / disposal of financial assets	-	261	(100%)	-	1,653	(100%)

n.m.: not meaningful

(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

	2Q2016	2Q2015	Change	1H2016	1H2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	20,259	16,894	20%	40,300	36,765	10%
Other comprehensive income / (loss)						
Items that are or may be reclassified subsequently to profit or loss:						
- Translation differences relating to financial statements of foreign subsidiaries	(602)	(4,823)	(88%)	(12,475)	2,702	n.m.
- Net change in fair value of available-for-sale financial assets	13,166	(10,123)	n.m.	26,283	(13,889)	n.m.
- Net change in fair value of available-for-sale financial assets reclassified to profit or loss	23	1,482	(98%)	1,855	1,965	(6%)
Other comprehensive income for the period, net of tax	12,587	(13,464)	n.m.	15,663	(9,222)	n.m.
Total comprehensive income for the period	32,846	3,430	n.m.	55,963	27,543	103%
Total comprehensive income attributable to:						
Equity holders of the Company	31,928	3,007	n.m.	54,329	26,199	107%
Non-controlling interests	918	423	117%	1,634	1,344	22%
Total comprehensive income for the period	32,846	3,430	n.m.	55,963	27,543	103%

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 2016

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	
		30/06/16 S\$'000	31/12/15 S\$'000	30/06/16 S\$'000	31/12/15 S\$'000
Assets					
Plant and equipment		2,590	2,105	-	-
Intangible assets	(a)	1,218	1,147	-	-
Subsidiaries	(b)	-	-	302,895	292,008
Associates and joint venture	(c)	15,406	16,191	-	-
Financial assets	(d)	485,524	397,294	-	-
Deferred tax assets	(e)	703	712	-	-
Other receivables	(f)	4,928	5,566	-	-
Total non-current assets		510,369	423,015	302,895	292,008
Financial assets	(g)	34,882	33,509	-	-
Trade and other receivables	(h)	53,873	47,827	13,620	13,292
Cash and cash equivalents		74,073	76,742	13,480	31,517
Total current assets		162,828	158,078	27,100	44,809
Total assets		673,197	581,093	329,995	336,817
Equity					
Share capital		1,995	1,995	1,995	1,995
Reserves		271,277	255,616	225,297	225,287
Retained earnings		274,453	262,702	97,386	102,912
Equity attributable to equity holders of the Company		547,725	520,313	324,678	330,194
Non-controlling interests	(i)	7,394	7,295	-	-
Total equity		555,119	527,608	324,678	330,194
Liabilities					
Loan and borrowings	(j)	53,240	14,118	-	-
Other payables		1,771	1,832	4,780	5,280
Deferred tax liabilities		115	115	-	-
Total non-current liabilities		55,126	16,065	4,780	5,280
Trade and other payables	(k)	24,861	25,001	537	1,343
Loan and borrowings	(j)	25,146	45	-	-
Current tax payable		12,945	12,374	-	-
Total current liabilities		62,952	37,420	537	1,343
Total liabilities		118,078	53,485	5,317	6,623
Total equity and liabilities		673,197	581,093	329,995	336,817

**Financial Results Announcement
For the quarter ended 30 June 2016****Footnotes:**

- (a) *Intangible assets mainly represent the Group's contractual rights to receive the expected future economic benefits embodied in each of the management agreements between ARA Korea Limited ("ARA Korea") and two privately-held Korean REITs under its management that is expected to flow to the Group, subsequent to the acquisition of ARA Korea in April 2014. The intangible assets are measured at cost less accumulated amortisation. As at 30 June 2016, an accumulated amortisation of S\$544,000 (31 December 2015: S\$413,000) 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 30 June 2016 comprised primarily (i) 132.2 million Suntec REIT units held by the Group as a strategic stake (31 December 2015: 94.3 million units); (ii) 21.0 million Cache units held by the Group as a strategic stake (31 December 2015: 17.9 million units); (iii) 36.2 million AmFIRST REIT units held by the Group as strategic stake (31 December 2015: 36.2 million units); (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"), the Harmony III and the PIP; 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. The increase in trade and other receivables was mainly due to the accrual of REIT management fees in 1H2016.*
- (i) *Non-controlling interests relate to the non-controlling shareholders' proportionate interest in ARA Fund Management (Harmony III) Limited, ARA-CWT Trust Management (Cache) Limited, Asia Property Management (China) Limited and its subsidiaries, APM (V) Consultancy Limited and its subsidiaries, ARA Korea, ARA Associates (Korea) Limited, ARA Real Estate Investors X Pte Ltd and ARAM Australia Pty Ltd.*
- (j) *Loan and borrowings as at 30 June 2016 relate to (i) a non-current secured term loan of S\$53.0 million (31 December 2015: S\$14.0 million); (ii) a current secured revolving credit facility of S\$25.0 million and (iii) finance lease liabilities of S\$386,000 (31 December 2015: S\$163,000). The Group's gearing ratio as at 30 June 2016 stood at approximately 14% (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.*

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

	30/06/2016		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	25,146	-	45	-
Amount repayable after one year	53,240	-	14,118	-
	<u>78,386</u>	<u>-</u>	<u>14,163</u>	<u>-</u>

Footnotes:

- (a) As at 30 June 2016, the Group's borrowings included the following:
- (i) a secured term loan facility of S\$53.0 million (31 December 2015: S\$14.0 million) drawn for the Group's seed capital contributions and investments into the various funds which it manages;
 - (ii) a secured revolving credit facility of S\$25.0 million (31 December 2015: Nil) drawn for the Group's investments and for general working capital purposes; and
 - (iii) finance lease liabilities of S\$386,000 (31 December 2015: S\$163,000) which relates to the purchase of certain plant and equipment.
- (b) As at 30 June 2016, the Group has the following facilities available for utilisation:
- (i) a term loan of S\$27.0 million secured on the Group's strategic stake in Suntec REIT (31 December 2015: S\$16.0 million);
 - (ii) a multicurrency revolving credit facility of S\$24.6 million secured on the Group's strategic stake in Suntec REIT and Cache (31 December 2015: S\$49.6 million);
 - (iii) an unsecured money market line of S\$100.0 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 30 June 2016, the Group has pledged 99.8 million units of Suntec REIT and 21.0 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
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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	2Q2016 S\$'000	2Q2015 S\$'000	1H2016 S\$'000	1H2015 S\$'000
Cash flows from operating activities				
Profit for the period	20,259	16,894	40,300	36,765
<u>Adjustments for:</u>				
Amortisation of intangible assets	65	59	131	119
Depreciation of plant and equipment	433	199	741	384
Distribution income	(3,766)	(2,659)	(7,472)	(4,510)
(Gain) / Loss on fair valuation / disposal of financial assets	(1,889)	(8)	(3,028)	1,384
Gain on disposal of plant and equipment	-	-	(21)	(1)
Interest expense	360	513	493	693
Interest income	(77)	(51)	(169)	(98)
Impairment loss on available-for-sale financial assets	23	1,482	1,855	1,965
Management fees received / receivable in units of REITs	(16,782)	(16,495)	(33,782)	(32,603)
Share of profit of associates and joint venture	(1,046)	(2,353)	(2,308)	(5,588)
Tax expense	3,850	3,256	7,626	6,730
Operating profit before working capital changes	1,430	837	4,366	5,240
Changes in working capital:				
Change in trade and other receivables	(4,983)	(945)	(2,916)	9,362
Change in trade and other payables	1,910	(812)	(191)	(11,422)
Cash (used in) / generated from operating activities	(1,643)	(920)	1,259	3,180
Distribution income received	3,789	2,659	7,532	4,542
Proceeds from sale of units in REITs	6,847	677	29,547	1,071
Tax paid	(5,331)	(5,763)	(7,055)	(5,688)
Net cash from / (used in) operating activities	(a) 3,662	(3,347)	31,283	3,105
Cash flows from investing activities				
Dividend received from associates	-	-	546	472
Interest received	77	51	169	98
Proceeds from disposal of plant and equipment	-	-	22	9
Software development expenditure	(84)	-	(202)	-
Purchase of plant and equipment	(521)	(215)	(1,296)	(368)
Contribution from a non-controlling interest	65	-	65	53
Purchase of available-for-sale financial assets, net	(75,022)	(55,984)	(67,619)	(56,547)
Net cash used in investing activities	(b) (75,485)	(56,148)	(68,315)	(56,283)
Cash flows from financing activities				
Dividends paid	(28,527)	(25,530)	(28,527)	(25,530)
Interest paid	(360)	(513)	(493)	(693)
(Payment of) / Proceeds from finance lease liabilities, net	(36)	(11)	223	(22)
Proceeds from borrowings, net	64,000	79,051	64,000	76,305
Net cash from financing activities	(c) 35,077	52,997	35,203	50,060
Net decrease in cash and cash equivalents				
	(36,746)	(6,498)	(1,829)	(3,118)
Cash and cash equivalents at beginning of period	110,609	68,604	76,742	64,430
Effect of exchange rate fluctuations on cash held	210	(672)	(840)	122
Cash and cash equivalents at end of period	74,073	61,434	74,073	61,434

Footnotes:

- (a) Cash flows from operating activities increased to S\$31.3 million in 1H2016 from S\$3.1 million in 1H2015 mainly due to the significant proceeds received from the sale of REIT units received by the Group as part payment for REIT management fees in 1H2016.
- (b) Net cash outflow for investing activities was S\$68.3 million in 1H2016 as compared to S\$56.3 million in 1H2015. The higher cash outflow in 1H2016 was primarily attributed to (i) the Group's further accumulation of Suntec REIT units and (ii) seed capital contributions to the various private real estate funds during the period.
- (c) Net cash inflow for financing activities amounted to S\$35.2 million in 1H2016, compared to S\$50.1 million in 1H2015. The cash inflows in both periods were mainly proceeds from borrowings to finance the further accumulation of Suntec REIT units by the Group, partially offset by the dividends paid.

**Financial Results Announcement
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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	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2015	1,690	74,859	101,374	177,923
Profit for the period	-	-	9,410	9,410
Total comprehensive income for the period	-	-	9,410	9,410
At 31 March 2015	1,690	74,859	110,784	187,333
Profit for the period	-	-	3,590	3,590
Total comprehensive income for the period	-	-	3,590	3,590
<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)
Total contributions by and distributions to owners	-	-	(22,819)	(22,819)
At 30 June 2015	1,690	74,859	91,555	168,104
At 1 January 2016	1,995	225,287	102,912	330,194
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>				
Adjustment to issue expenses in relation to Rights Issue	-	10	-	10
Total contributions by and distributions to owners	-	10	-	10
At 31 March 2016	1,995	225,297	103,979	331,271
Profit for the period	-	-	20,334	20,334
Total comprehensive income for the period	-	-	20,334	20,334
<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	-	-	(26,927)	(26,927)
Total contributions by and distributions to owners	-	-	(26,927)	(26,927)
At 30 June 2016	1,995	225,297	97,386	324,678

**Financial Results Announcement
For the quarter ended 30 June 2016**

<u>Group</u>	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
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
At 1 January 2016	227,282	11,783	18,546	262,702	520,313	7,295	527,608
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>							
Adjustment to issue expenses in relation to Rights Issue	10	-	-	-	10	-	10
Total contributions by and distributions to owners	10	-	-	-	10	-	10
At 31 March 2016	227,292	26,703	6,673	282,056	542,724	8,011	550,735
Total other comprehensive income	-	13,206	(602)	-	12,604	(17)	12,587
Profit for the period	-	-	-	19,324	19,324	935	20,259
Total comprehensive income for the period	-	13,206	(602)	19,324	31,928	918	32,846
<i>Transactions with owners, recorded directly in equity</i>							
<i>Contributions by and distributions to owners</i>							
Dividend paid to non-controlling interest	-	-	-	-	-	(1,600)	(1,600)
Final tax-exempt dividend paid of S\$0.027 per share	-	-	-	(26,927)	(26,927)	-	(26,927)
Total contributions by and distributions to owners	-	-	-	(26,927)	(26,927)	(1,600)	(28,527)
<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	-	-	-	-	-	65	65
Total change in ownership interest in a subsidiary	-	-	-	-	-	65	65
At 30 June 2016	227,292	39,909	6,071	274,453	547,725	7,394	555,119

Notes:

- Included in the share capital is a share premium account of S\$225.3 million as at 30 June 2016 (30 June 2015: S\$74.9 million).

**Financial Results Announcement
For the quarter ended 30 June 2016**

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 3 May 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

	30/06/16	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 six-month period ended 30 June 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.

**Financial Results Announcement
For the quarter ended 30 June 2016**
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)	2Q2016	2Q2015 (Restated)	2Q2015 (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	1.90	1.95

(Singapore cents)	1H2016	1H2015 (Restated)	1H2015 (Previously reported)
Weighted average number of ordinary shares	997,278,289	865,285,575	845,151,093
Earnings per share ("EPS") – Basic and Diluted	3.88	4.09	4.19

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	
	30/06/16	31/12/15	30/06/16	31/12/15
Net asset value per ordinary share	54.92	52.17	32.56	33.11
Net tangible asset per ordinary share	54.80	52.06	32.56	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.

**Financial Results Announcement
For the quarter ended 30 June 2016**

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

	2Q2016 S\$'000	2Q2015 S\$'000	Change %	1H2016 S\$'000	1H2015 S\$'000	Change %
Total Revenue	40,279	36,813	9%	81,600	74,328	10%
Management fees	33,645	31,666	6%	67,940	61,776	10%
Acquisition, divestment and performance fees	519	2,149	(76%)	2,318	7,529	(69%)
Finance income	5,732	2,979	92%	10,669	4,877	119%
Other income	383	19	n.m.	673	146	361%
Total expenses	(17,216)	(19,016)	(9%)	(35,982)	(36,421)	(1%)
Share of profit of associates and joint venture, net of tax	1,046	2,353	(56%)	2,308	5,588	(59%)
Net Profit ⁽¹⁾	19,324	16,442	18%	38,678	35,412	9%
Adjusted Net Profit ⁽²⁾	17,528	16,875	4%	36,508	34,111	7%

n.m.: not meaningful

(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 comprising: (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

2Q2016 vs 2Q2015

The Group's recurrent management fees increased to S\$33.6 million in 2Q2016 from S\$31.7 million in 2Q2015. 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, (ii) the launch of the Harmony III and the Harmony V in August and December 2015 respectively and (iii) contribution from the PIP, as well as (c) higher real estate management services fees mainly from higher property management fees received by the Group.

Acquisition, divestment and performance fees for 2Q2016 were lower at S\$0.5 million compared to S\$2.1 million in 2Q2015. The acquisition fees received by the Group in 2Q2016 were primarily related to fees received in relation to Suntec REIT's progressive development of 177 Pacific Highway in Australia. In comparison, fees in 2Q2015 were mainly attributed to (a) acquisition fees received by the SDF I following its maiden acquisition in Australia and (b) divestment fees received in relation to (i) the sale of certain properties held under the Straits Investment Partners ("SIP")'s portfolio, (ii) Fortune REIT's divestment of Nob Hill Square and (iii) Cache's divestment of Kim Heng Warehouse.

Finance income was S\$5.7 million in 2Q2016, compared to S\$3.0 million in 2Q2015. This increase was mainly attributed to a net gain on fair valuation / disposal of financial assets of S\$1.9 million during the quarter (2Q2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$0.3 million under finance costs) and higher distribution income received of S\$1.1 million during the same period.

Total expenses in 2Q2016 declined to S\$17.2 million from S\$19.0 million in 2Q2015, mainly due to lower finance costs as the latter included (i) an impairment on available-for-sale financial assets of S\$1.5 million and (ii) a net loss on fair valuation / disposal of financial assets of S\$0.3 million (2Q2016 had recorded a net gain on fair valuation / disposal of financial assets of S\$1.9 million under finance income).

**Financial Results Announcement
For the quarter ended 30 June 2016**

The Group's share of profit of associates and joint venture, net of tax declined to S\$1.0 million in 2Q2016 from S\$2.4 million in 2Q2015, mainly due to lower income contribution from Cache Property Management Pte. Ltd. and Hui Xian Asset Management Limited.

Net Profit increased 18% year-on-year to S\$19.3 million in 2Q2016. The Adjusted Net Profit excluding one-off adjustments was also higher at S\$17.5 million in 2Q2016 compared to S\$16.9 million in 2Q2015, an increase of 4% year-on-year.

1H2016 vs 1H2015

The Group's recurrent management fees for 1H2016 were higher at S\$67.9 million compared to S\$61.8 million in 1H2015. This increase was mainly attributed to (a) higher REIT management fees from (i) better asset performance post the asset enhancement initiatives undertaken 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, (ii) the launch of the Harmony III and the Harmony V in August and December 2015 respectively and (iii) contribution from the PIP, as well as (c) higher real estate management services fees from higher property management fees and convention and exhibition services fees following the completion of the asset enhancement works at Suntec City.

Acquisition, divestment and performance fees for 1H2016 declined to S\$2.3 million from S\$7.5 million in 1H2015. The acquisition fees received by the Group in 1H2016 were primarily related to fees received in relation to Suntec REIT's progressive development of 177 Pacific Highway in Australia. In comparison, fees in 1H2015 were mainly attributed to (a) acquisition fees in relation to (i) Fortune REIT's acquisition of Laguna Plaza, (ii) Cache's acquisition of three Australian properties and (iii) the SDF I's maiden acquisition in Australia and (b) divestment fees received in relation to (i) the sale of certain properties held under the SIP's portfolio, (ii) Fortune REIT's divestment of Nob Hill and (iii) Cache's divestment of Kim Heng Warehouse.

Finance income increased to S\$10.7 million in 1H2016 from S\$4.9 million in 1H2015, primarily due to (i) a higher distribution income of S\$7.5 million in 1H2016 compared to S\$4.5 million in 1H2015 and (ii) a net gain on fair valuation / disposal of financial assets of S\$3.0 million in 1H2016 (1H2015 had recorded a net loss on fair valuation / disposal of financial assets of S\$1.7 million under finance costs).

Total expenses was S\$36.0 million in 1H2016, down from S\$36.4 million in 1H2015, mainly due to lower finance costs incurred during the period. The lower finance costs in 1H2016 was primarily due to (i) a net loss on fair valuation / disposal of financial assets of S\$1.7 million in 1H2015 (1H2016 had recorded a net gain on fair valuation / disposal of financial assets of S\$3.0 million under finance income) and (ii) a lower interest expense of S\$0.5 million recorded by the Group in 1H2016 (1H2015: S\$0.7 million). This was partially offset by higher administrative expenses in 1H2016 as the lower expenses in 1H2015 had included adjustments for bonus expenses in relation to the amount accrued in the previous year.

The Group's share of profit of associates and joint venture, net of tax declined to S\$2.3 million in 1H2016 from S\$5.6 million in 1H2015 as the latter 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, in addition to higher income contribution from Cache Property Management Pte. Ltd. and Hui Xian Asset Management Limited in 1H2015.

Net Profit grew 9% year-on-year to S\$38.7 million in 1H2016. The Adjusted Net Profit excluding one-off adjustments was higher at S\$36.5 million in 1H2016 compared to S\$34.1 million in 1H2015, an increase of 7% year-on-year.

As at 30 June 2016, the Group's total assets under management stood at S\$29.7 billion (approximately US\$22.0 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 Financial Results Announcement for the first quarter ended 31 March 2016 under item 10. The Company has not disclosed any financial forecast to the market.

**Financial Results Announcement
For the quarter ended 30 June 2016**

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 July 2016 “World Economic Outlook” report update, moderated its 2016 global growth forecast downwards by 0.1 percentage points to 3.1 per cent, on the back of the June 23 vote in the United Kingdom in favour of leaving the European Union (“Brexit”). The IMF is of the view that Brexit implies “a substantial increase in economic, political, and institutional uncertainty, which is projected to have negative macroeconomic consequences, especially in advanced European economies”, and outweighs the slight recovery seen in other economies. Pending further clarity on the exit process, the revised forecasts assumes a gradual reduction in uncertainty going forward and no major financial market disruption, among others. Projections for emerging and developing markets in Asia remained broadly unchanged at 6.4 per cent in 2016, with China’s projected growth rate at 6.6 per cent in 2016.

The economic growth performance for Asia Pacific economies was overall stable, if not muted. In Singapore, according to advanced estimates released by the Ministry of Trade and Industry, the economy grew by 2.2 per cent year-on-year in the second quarter of 2016, marginally higher than the 2.1 per cent recorded in the previous quarter. China’s economic growth for the second quarter of 2016 held steady at 6.7 per cent year-on-year, unchanged from the first quarter. Hong Kong’s economy managed a 0.8 per cent growth year-on-year in the first quarter of 2016 compared to the 1.9 per cent registered in the preceding quarter. Malaysia’s economic growth moderated to 4.2 per cent year-on-year in the first quarter of 2016 from the 4.5 per cent growth rate in the fourth quarter of 2015. Australia’s GDP growth rate was 3.1 per cent in the first quarter of 2016, marginally higher than the 3.0 per cent growth rate in the fourth quarter of 2015. South Korea’s GDP grew by 2.7 per cent year-on-year in the first quarter of 2016, lower than the 3.1 per cent growth rate in the preceding quarter.

REITs

The performance of the office and retail portfolios under management continues to be stable, albeit under pressure. On-going active management strategies to preserve occupancy and drive asset enhancement initiatives will add long term value.

The development of 177 Pacific Highway in North Sydney held by Suntec REIT is expected to complete in August 2016.

ARA-ShinYoung REIT No. 2, a new private Korean REIT following the success of ARA-ShinYoung REIT formed in October 2015, was established in July 2016.

Private Funds

The Group continues to actively evaluate and execute on various investment opportunities in Australia, South Korea and China for its various funds in further growing the private real estate fund platform.

The PIP has during the quarter completed its acquisition of two Australian office properties worth A\$284 million (S\$285 million). To date, the PIP has deployed more than 35% of its committed capital.

Following the substantial deployment of the US\$300 million additional capital awarded last year, the CIP had on 1 July 2016, obtained another tranche of additional capital commitment of approximately US\$500 million, further enlarging the total capital of the fund to more than US\$1.3 billion to date. The CIP is a long term, core-plus separate account vehicle with California Public Employees’ Retirement System as its main investor.

**Financial Results Announcement
For the quarter ended 30 June 2016**
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	:	S\$0.023 per share
Dividend Rate	:	Not applicable
Par value of shares	:	S\$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	:	S\$0.023 per share
Dividend Rate	:	Not applicable
Par value of shares	:	S\$0.002 per share
Tax Rate	:	Tax exempt (One-tier)

(c) Date payable

23 August 2016

(d) Book Closure date

Registerable transfers received by the Company up to 5.00 pm on 11 August 2016 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 2016 to 30 June 2016.

13. Interested Person Transactions

A mandate was obtained from shareholders at the Company's Annual General Meeting held on 15 April 2016.

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)	
	2Q2016 S\$'000	1H2016 S\$'000	2Q2016 S\$'000	1H2016 S\$'000
Straits Trading Company Limited ("STC") and its subsidiaries and associates				
- Portfolio Management fee	–	–	899	1,800
- Property Management fees	–	–	244	482
- Property letting fees	–	–	51	79
	–	–	1,194	2,361

**Financial Results Announcement
For the quarter ended 30 June 2016****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 2016 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

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 30 June 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\$18.8 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\$71.0 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.

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

Lim Hwee Chiang
Director
2 August 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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The Board of Directors
ARA Asset Management Limited
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

2 August 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 30 June 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 30 June 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