This Letter to Shareholders and Depositors (the "**Letter**") is issued by ARA Asset Management Limited. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

If you have sold or transferred all your shares in the capital of ARA Asset Management Limited, you should hand this Letter together with the Annual Report, Notice of Annual General Meeting and attached Proxy Form to the purchaser or to the transferee or to the stockbroker or to the bank or to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

ARA ASSET MANAGEMENT LIMITED

(Incorporated in Bermuda as an exempted company)

(Company Registration No. 32276)

LETTER TO SHAREHOLDERS AND DEPOSITORS

IMPORTANT DATES:

Last date and time for lodgment of Proxy Form	:	22 April 2015 at 10:00 a.m.
Date and time of Annual General Meeting	:	24 April 2015 at 10.00 a.m.
Place of Annual General Meeting	:	Suntec Singapore Convention & Exhibition Centre Level 3, Meeting Room 301-302



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LETTER TO SHAREHOLDERS AND DEPOSITORS

BOARD OF DIRECTORS:

Dr Chiu Kwok Hung Justin (Chairman and Non-Executive Director)
Mr Lim Hwee Chiang John (Group Chief Executive Officer and Executive Director)
Ms Chew Gek Khim (Deputy Chairman and Non-Executive Director)
Mr Ip Tak Chuen Edmond (Non-Executive Director)
Mr Lee Yock Suan (Independent Non-Executive Director)
Mr Lim How Teck (Independent Non-Executive Director)
Mr Colin Stevens Russel (Independent Non-Executive Director)
Dr Cheng Mo Chi Moses (Independent Non-Executive Director)
Mr Yap Chee Keong (Non-Executive Director)

REGISTERED OFFICE:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

To:

The Shareholders and Depositors of
ARA Asset Management Limited

8 April 2015

Dear Sir/Madam,

(1) PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

(2) PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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1. INTRODUCTION

1.1 **Notice of 2015 AGM.** We refer to:

(a) the notice of annual general meeting (the "**Notice**") of ARA Asset Management Limited (the "**Company**") dated 8 April 2015, accompanying the Annual Report 2014, convening the annual general meeting of the Company to be held on 24 April 2015 (the "**2015 AGM**"); and

(b) the Ordinary Resolutions 9 and 10 proposed in items 8 and 9 of the Notice.

1.2 **Letter to Shareholders and Depositors.** The purpose of this Letter is to provide shareholders and depositors with information relating to the Ordinary Resolutions 9 and 10 proposed in items 8 and 9 of the Notice.

LETTER TO SHAREHOLDERS AND DEPOSITORS

2 PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 **Background.** Pursuant to Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"), the Company had, on 25 April 2014 (the "**2014 AGM**"), obtained from its shareholders (the "**Shareholders**") a general mandate (the "**Shareholders' Mandate**") to enable the Company, its subsidiaries and associated companies (as defined in Appendix A to this Letter ("**Appendix A**")), or any of them, to enter into certain interested person transactions with persons falling within the classes of interested persons described in Appendix A, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for interested person transactions as set out in Appendix A.

2.2 **Proposed Renewal of the Shareholders' Mandate.** The Shareholders' Mandate was expressed to remain in force (unless earlier revoked or varied by the Company in general meeting) until:

(a) the conclusion of the next annual general meeting of the Company; or

(b) the date by which the next annual general meeting of the Company is required to be held,

whichever is the earlier.

The Shareholders' Mandate will accordingly expire at the conclusion of the 2015 AGM. The directors of the Company ("**Directors**") therefore propose that the Shareholders' Mandate be renewed at the 2015 AGM and to remain in force (unless earlier revoked or varied by the Company in general meeting) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required to be held, whichever is the earlier.

The particulars of the interested person transactions in respect of which the Shareholders' Mandate is sought to be renewed remain unchanged.

2.3 **Appendix A.** The Shareholders' Mandate, the particulars of the interested person transactions in respect of which the renewal of the Shareholders' Mandate is being sought, including the rationale for, and the benefits to, the Company and its entities at risk, the methods or procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix A of this letter.

2.4 **Audit Committee Statement.** The Audit Committee (comprising Mr Lee Yock Suan, Mr Lim How Teck, Mr Colin Stevens Russel, Dr Cheng Mo Chi Moses and Mr Yap Chee Keong), with the exclusion of Mr Yap Chee Keong who is also a Non-Executive Director of The Straits Trading Company Limited ("**STC**") (being a Mandated Interested Person as defined in paragraph 4.1 of Appendix A), confirms that:

(a) the methods or procedures for determining transaction prices under the Shareholders' Mandate have not changed since the Shareholders approved the adoption of the Shareholders' Mandate at the 2014 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS AND DEPOSITORS

2.5 **Abstention from Voting.** The following parties (being the Mandated Interested Persons, as described in paragraph 4.1 of Appendix A, and their associates), will abstain from voting their shares in the Company, if any, in respect of Ordinary Resolution 9 proposed in item 8 of the Notice, being the Ordinary Resolution relating to the renewal of the Shareholders' Mandate to be proposed at the 2015 AGM:

STC, its subsidiaries and affiliates, including any other real estate investment trusts ("**REITs**") and/or private funds in which STC has an aggregate interest (direct or indirect) of at least 30.0% of the total unitholdings/ shareholdings (collectively, the "**STC Group**"), and their respective associates.

Ms Chew Gek Khim, Deputy Chairman and Non-Executive Director, and Mr Yap Chee Keong, Non-Executive Director of the Company who are directors of STC, will abstain from voting their respective shares in the Company, if any, in respect of Ordinary Resolution 9 proposed in item 8 of the Notice, being the Ordinary Resolution relating to the renewal of the Shareholders' Mandate to be proposed at the 2015 AGM. Ms Chew and Mr Yap will also each decline to accept appointment as proxy for any Shareholder to vote in respect of the said Ordinary Resolution 9, unless the Shareholder concerned has given instructions in his proxy form as to the manner in which the votes are to be cast in respect of the said Ordinary Resolution 9.

3. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Background.** At the 2014 AGM, the Shareholders had approved the renewal of a mandate (the "**Share Purchase Mandate**") to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("**Shares**").

The Company is an exempted company limited by shares incorporated in Bermuda, and was admitted to the Official List of the SGX-ST on 2 November 2007. The Company is not subject to the Companies Act, Chapter 50 of Singapore (the "**Singapore Companies Act**") in respect of acquisitions or purchases of its own Shares. Any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act 1981 of Bermuda (the "**Bermuda Companies Act**"), the bye-laws of the Company (the "**Bye-laws**"), the Listing Manual, each as amended from time to time, and such other laws and regulations as may for the time being be applicable.

The Share Purchase Mandate was expressed to take effect on the date of the 2014 AGM and will expire upon the conclusion of the 2015 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2015 AGM.

3.2 **Bermuda Laws.** Under the laws of Bermuda, a company may, if authorised by its memorandum of association or bye-laws, purchase its own shares for cancellation or to be held as treasury shares. The Company has such power to purchase its own Shares pursuant to paragraph 7 of the Memorandum of Association of the Company ("**Memorandum of Association**") and Bye-law 3(2) of the Bye-laws. Such power to purchase its own Shares shall, subject to the Bermuda Companies Act, the Memorandum of Association and if applicable, the rules and regulations of the SGX-ST and other regulatory authorities, be exercisable by the Directors upon such terms and subject to such conditions as they think fit, in accordance with Bye-law 3(2) (which requires that for so long as the Shares are listed on SGX-ST, the prior approval of the Company's members in a general meeting be obtained for such purchase).

LETTER TO SHAREHOLDERS AND DEPOSITORS

Under the laws of Bermuda, such purchases may only be effected out of the capital paid-up on the purchased Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for that purpose. The premium payable, if any, on such a purchase over the par value of the Shares to be purchased must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the Shares are purchased. Any amount due to a Shareholder on a purchase by the Company of its own Shares may (a) be paid in cash, (b) be satisfied by the transfer of any part of the undertaking or property of the Company having the same value, or (c) be satisfied partly under (a) and partly under (b). Further, such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due. Additionally, the Company may not acquire its own shares if as a result thereof, the issued share capital of the Company would be reduced below the minimum subscribed capital specified in its Memorandum of Association.

Shares purchased by the Company may either be cancelled (in which event, the Company's issued, but not its authorised, capital will be diminished accordingly) or, may be held as treasury shares. Under the laws of Bermuda, if a company holds shares as treasury shares the company shall be entered in the register of members as the member holding the treasury shares but the company is not permitted to exercise any rights in respect of those shares and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares. Further, under Bye-law 8(2) of the Bye-laws, all treasury shares shall be excluded from the calculation of any percentage or fraction of the Company's share capital or Shares, except where required by the Bermuda Companies Act.

3.3 **Rationale for the Share Purchase Mandate.** The Share Purchase Mandate authorising the Company to purchase or acquire its Shares will provide the Company with flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure. It should be noted that the purchase or acquisition of Shares pursuant to the Share Purchase Mandate will only be undertaken if it is in the best interest of the Company to do so. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position of the Company and the Group (as defined in Appendix A) and/or affect the listing status of the Company on the SGX-ST.

3.4 **Authority and Limits of the Share Purchase Mandate.** The authority and limits placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2015 AGM, are substantially the same as those previously approved by the Shareholders at the 2014 AGM. For the benefit of the Shareholders and depositors, these are summarised below:

3.4.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the 2015 AGM. Any of the issued Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

LETTER TO SHAREHOLDERS AND DEPOSITORS

3.4.2 ***Duration of Authority***

Unless varied or revoked by ordinary resolution of the Company in general meeting, purchases or acquisitions of Shares may be made, at any time and from time to time, during the period commencing from the date of the passing of the resolution renewing the Share Purchase Mandate and expiring on the earlier of:

(a) the conclusion of the next annual general meeting of the Company or the date on which the next annual general meeting of the Company is required to be held; or

(b) the date on which purchases of the Shares have been carried out to the full extent mandated.

3.4.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted; and/or

(b) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme(s) for the purchase of Shares from the Shareholders.

Any equal access scheme(s) pursuant to an Off-Market Purchase may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Singapore Companies Act. In particular, an Off-Market Purchase must satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(1) terms and conditions of the offer;

(2) period and procedures for acceptances; and

(3) information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

LETTER TO SHAREHOLDERS AND DEPOSITORS

3.4.4 ***Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The maximum price to be paid for the Shares as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, 105% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

(b) in the case of an Off-Market Purchase, 120% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period.

For the above purposes, "**Market Day**" means a day on which the SGX-ST is open for trading in securities.

3.5 **Source of Funds.** The Company intends to use internal and/or external sources of funds to finance its purchase or acquisition of Shares, if any. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.

3.6 **Treasury Shares.** Under the Bermuda Companies Act and the Bye-laws, Shares purchased or acquired by the Company may be held as treasury shares. Some of the provisions on treasury shares under the Bermuda Companies Act are summarised below:

(a) An acquisition by a company of its own shares to be held as treasury shares may be authorised by its board of directors or otherwise by or in accordance with its bye-laws.

(b) A company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares.

(c) A company that acquires its own shares to be held as treasury shares may (i) hold all or any of the shares, (ii) dispose of or transfer all or any of the shares for cash or other consideration, or (iii) cancel all or any of the shares. If the treasury shares are cancelled, the amount of the company's issued share capital shall be diminished by the aggregate nominal value of those shares, but the cancellation of the treasury shares shall not be taken as reducing the amount of the company's authorised share capital.

(d) If a company holds shares as treasury shares, the company shall be entered in its register of members as the member holding the shares. However, the company shall not exercise any rights in respect of those shares, including any right to attend and vote at meetings. Any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares.

LETTER TO SHAREHOLDERS AND DEPOSITORS

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.7 **Financial Effects.** The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the number of Shares purchased or acquired, the price paid for such Shares, whether the Shares purchased or acquired are held in treasury or cancelled and the source(s) of funds used to finance such purchase or acquisition.

The financial effects on the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2014, are based on the assumptions set out below.

3.7.1 ***Number of Shares Acquired or Purchased***

Purely for illustrative purposes, on the basis of 845,151,093 Shares in issue as at 13 March 2015, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**") and assuming no further Shares are issued, and no Shares are held by the Company as treasury shares, on or prior to the 2015 AGM, the purchase by the Company of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 84,515,109 Shares.

3.7.2 ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 84,515,109 Shares at the maximum price of S$1.666 for one Share (being the price equivalent to 105% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 84,515,109 Shares is S$140,802,000.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 84,515,109 Shares at the maximum price of S$1.904 for one Share (being the price equivalent to 120% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 84,515,109 Shares is S$160,917,000.

3.7.3 ***Illustrative Financial Effects***

For illustrative purposes only, on the basis of the assumptions set out above and the following assumptions:

(a) that the Share purchases took place on 31 December 2014;

(b) that such Share purchases are funded by internal resources and where necessary, long-term borrowings; and

(c) that the borrowings taken up to fund the purchase consideration would incur interest at 2% per annum,

LETTER TO SHAREHOLDERS AND DEPOSITORS

the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 31 December 2014 are set out as follows:

	Market Purchase		Off-Market Purchase	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 December 2014				
Shareholders' funds [2]	348,134	207,287	348,134	187,173
Current assets	146,351	72,021	146,351	72,021
Current liabilities	78,023	78,023	78,023	78,023
Net working capital/(deficit)	68,328	(6,002)	68,328	(6,002)
Borrowings	34,357	100,873	34,357	120,988
Net profit [3]	87,510	87,466	87,510	87,466
Number of issued Shares	845,151,093	760,635,984	845,151,093	760,635,984
Weighted number of Shares	845,151,093	845,151,093	845,151,093	845,151,093
Financial ratios				
NTA per share (cents) [4]	40.24	26.19	40.24	23.55
EPS – basic (cents) [5]	10.35	10.35	10.35	10.35
Current ratio (times) [6]	1.88	0.92	1.88	0.92
Gearing ratio (%)	9.90	48.70	9.90	64.60

Notes:

[1] The disclosed financial effects remain the same irrespective of whether:

(a) the purchase of the Shares is effected out of capital or profits; or
(b) the purchased Shares are held in treasury or are cancelled.

[2] Shareholders' funds is stated net of treasury shares.

[3] Net profit refers to net profit after tax and minority interests.

[4] Net tangible asset ("**NTA**") equals shareholders' funds less minority interests and intangibles. NTA per Share is calculated based on the number of Shares issued excluding treasury shares.

[5] Earnings per Share ("**EPS**") is calculated based on the net profit divided by the weighted number of Shares.

[6] Current ratio equals current assets divided by current liabilities.

LETTER TO SHAREHOLDERS AND DEPOSITORS

SHAREHOLDERS AND DEPOSITORS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY (BASED ON THE ABOVE-MENTIONED ASSUMPTIONS). Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the purchased Shares or hold all or part of the purchased Shares in treasury.

3.8 **Reporting Requirements.** The Listing Manual requires a listed company to report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after purchase.

3.9 **No Purchases During Price Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular period, because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period commencing two weeks immediately preceding the announcement of the Company's quarterly results announcements and one month immediately preceding the full year results and ending on the date of the announcement of the results, or if they are in possession of non-public, price-sensitive information of the Company.

3.10 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public (as this term is defined in the Listing Manual). As at the Latest Practicable Date, STC had a deemed interest (through Straits Equities Holdings (One) Pte Ltd and Straits Equities Holdings (Two) Pte Ltd) in 169,900,000 Shares, representing approximately 20.10% of the issued Shares as at that date, Mr Lim Hwee Chiang John had a direct interest and deemed interest (through JL Investment Group Limited and Citibank Nominees Singapore Pte Ltd, as nominee for JL Philanthropy Ltd) in 5,396,826 Shares and 155,814,184 Shares respectively, representing approximately 0.64% and 18.43% of the issued Shares respectively as at that date, Matthews International Capital Management, LLC had a deemed interest (including through Matthews International Funds and other clients) in 95,416,830 Shares, representing approximately 11.29% of the issued Shares as at that date, Cheung Kong (Holdings) Limited ("**Cheung Kong**") had a deemed interest (through Cheung Kong Investment Company Limited) in 66,258,936 Shares, representing approximately 7.84% of the issued Shares as at that date and Franklin Resources, Inc had a deemed interest (through Franklin Templeton Institutional, LLC) in 51,068,063 Shares, representing approximately 6.04% of the issued Shares as at that date. No Shares were held by the Company as treasury shares as at the Latest Practicable Date. Approximately 35.56% of the issued Shares were held by public Shareholders as at the Latest Practicable Date. Assuming the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 28.40% of the issued Shares would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

LETTER TO SHAREHOLDERS AND DEPOSITORS

3.11 **Take-over Implications.** Appendix 2 of the Singapore Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.11.1 ***Obligation to Make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder or a Depositor and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code. Consequently, a Shareholder or a Depositor or a group of Shareholders or Depositors acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Singapore Take-over Code.

3.11.2 ***Persons Acting in Concert***

Under the Singapore Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Singapore Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) the following companies:

(i) a company;
(ii) the parent company of (i);
(iii) the subsidiaries of (i);
(iv) the fellow subsidiaries of (i);
(v) the associated companies of any of (i), (ii), (iii) or (iv);
(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the companies referred to above for the purchase of voting rights; and

(b) company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which the Shareholders and Depositors (including Directors), and persons acting in concert with them, will incur an obligation to make a take-over offer under Rule 14 of the Singapore Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Singapore Take-over Code.

LETTER TO SHAREHOLDERS AND DEPOSITORS

3.11.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Singapore Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or in the event that such Directors and their concert parties hold between (and including) 30.0% and 50.0% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Singapore Take-over Code, a Shareholder or Depositor not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder or Depositor would increase to 30.0% or more, or, if such Shareholder or Depositor holds between (and including) 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder or Depositor would increase by more than 1.0% in any period of six months. Such Shareholder or Depositor need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

As at the Latest Practicable Date, STC had a deemed interest (through Straits Equities Holdings (One) Pte Ltd and Straits Equities Holdings (Two) Pte Ltd) in 169,900,000 Shares, representing approximately 20.10% of the issued Shares as at that date, Mr Lim Hwee Chiang John had a direct interest and deemed interest (through JL Investment Group Limited and Citibank Nominees Singapore Pte Ltd, as nominee for JL Philanthropy Ltd) in 5,396,826 Shares and 155,814,184 Shares respectively, representing approximately 0.64% and 18.43% of the issued Shares respectively as at that date and Cheung Kong had a deemed interest (through Cheung Kong Investment Company Limited) in 66,258,936 Shares, representing approximately 7.84% of the issued Shares as at that date. Accordingly, the aggregate deemed interest of Mr Lim Hwee Chiang John, STC and Cheung Kong represented 47.01% of the issued Shares as at the Latest Practicable Date.

Based on the above and on Substantial Shareholder/Depositor notifications received by the Company as at the Latest Practicable Date as set out in paragraph 4.2 below, Mr Lim Hwee Chiang John, STC and Cheung Kong would be obliged to make a take-over offer for the Company under Rule 14 of the Singapore Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Shareholders and Depositors who are in any doubt as to their obligations, if any, to make a mandatory take-over offer under the Singapore Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisors and/or the Securities Industry Council at the earliest opportunity.

3.12 **Previous Purchases.** The Company has not acquired or purchased any Shares since the 2014 AGM, being the date of approval of the previous renewal of the Share Purchase Mandate.

LETTER TO SHAREHOLDERS AND DEPOSITORS

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS'/DEPOSITORS' INTERESTS

4.1 **Directors' Interests.** The interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings as at the Latest Practicable Date, are set out below:

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares**
Dr Chiu Kwok Hung Justin	-	-	-	-
Mr Lim Hwee Chiang John	5,396,826	155,814,184[(1)]	161,211,010	19.07%
Ms Chew Gek Khim	-	-	-	-
Mr Ip Tak Chuen Edmond	-	-	-	-
Mr Lee Yock Suan	72,600	-	72,600	0.01%
Mr Lim How Teck	653,400	-	653,400	0.08%
Mr Colin Stevens Russel	21,780	-	21,780	0.003%
Dr Cheng Mo Chi Moses	-	-	-	-
Mr Yap Chee Keong	-	-	-	-

Notes:

(1) Mr Lim Hwee Chiang John has an indirect interest in the 154,604,184 Shares held by JL Investment Group Limited which is wholly-owned by him.

He is also deemed interested in the 1,210,000 Shares held by Citibank Nominees Singapore Pte Ltd (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim Hwee Chiang John is the settlor of JL Charitable Settlement.

LETTER TO SHAREHOLDERS AND DEPOSITORS

4.2 **Substantial Shareholders'/Depositors' Interests.** The interests of the Substantial Shareholders/Depositors in the Shares, as extracted from the Register of Substantial Shareholders as at the Latest Practicable Date, are set out below:

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares**
Straits Equities Holdings (One) Pte. Ltd.	84,950,000	-	84,950,000	10.05
Straits Equities Holdings (Two) Pte. Ltd.	84,950,000	-	84,950,000	10.05
The Straits Trading Company Limited (1)	-	169,900,000	169,900,000	20.10
The Cairns Pte. Ltd. (1)	-	169,900,000	169,900,000	20.10
Raffles Investments Limited (1)	-	169,900,000	169,900,000	20.10
Siong Lim Private Limited (1)	-	169,900,000	169,900,000	20.10
Tecity Pte. Ltd. (1)	-	169,900,000	169,900,000	20.10
Aequitas Pte. Ltd. (1)	-	169,900,000	169,900,000	20.10
Kambau Pte. Ltd. (1)	-	169,900,000	169,900,000	20.10
Grange Investment Holdings Private Limited (1)	-	169,900,000	169,900,000	20.10
Tan Chin Tuan Pte Ltd (1)	-	169,900,000	169,900,000	20.10
Dr Tan Keng Lian (1)	-	169,900,000	169,900,000	20.10
JL Investment Group Limited	154,604,184	-	154,604,184	18.29
Lim Hwee Chiang John (2)	5,396,826	155,814,184	161,211,010	19.07
Cheung Kong Investment Company Limited	66,258,936	-	66,258,936	7.84
Cheung Kong (Holdings) Limited (3)	-	66,258,936	66,258,936	7.84
Matthews International Funds (4)	-	67,659,870	67,659,870	8.01
Matthews International Capital Management, LLC (5)	-	95,416,830	95,416,830	11.29
Franklin Resources, Inc. (6)	-	51,068,063	51,068,063	6.04
Franklin Templeton Institutional, LLC (7)	-	51,068,063	51,068,063	6.04

Notes:

(1) STC has a deemed interest in the Shares held by its wholly-owned subsidiaries, Straits Equities Holdings (One) Pte. Ltd. ("**SEH1**") and Straits Equities Holdings (Two) Pte. Ltd. ("**SEH2**").

The Cairns Pte. Ltd. ("**Cairns**") holds more than 50 per cent. of the voting rights of STC. By virtue of this, through STC, Cairns has a deemed interest in the Shares held by SEH1 and SEH2.

Each of Raffles Investments Limited ("**Raffles**"), Siong Lim Private Limited ("**Siong Lim**") and Tecity Pte. Ltd ("**Tecity**") holds not less than 20 per cent. of the voting rights of Cairns. By virtue of this, through Cairns and STC, each of Raffles, Siong Lim and Tecity has a deemed interest in the Shares held by SEH1 and SEH2.

Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50 per cent. of the voting rights of Raffles. By virtue of this, through Raffles, Cairns and STC, Aequitas has a deemed interest in the Shares held by SEH1 and SEH2.

Kambau Pte. Ltd. ("**Kambau**") holds not less than 20 per cent. of the voting rights of Aequitas. By virtue of this, through Aequitas, Raffles, Cairns and STC, Kambau has a deemed interest in the Shares held by SEH1 and SEH2.

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Grange Investment Holdings Private Limited ("**Grange**") holds more than 50 per cent. of the voting rights of Kambau. By virtue of this, through Kambau, Aequitas, Raffles, Cairns and STC, Grange has a deemed interest in the Shares held by SEH1 and SEH2.

Tan Chin Tuan Pte Ltd ("**TCT**") holds more than 50 per cent. of the voting rights of Grange. By virtue of this, through Grange, Kambau, Aequitas, Raffles, Cairns and STC, TCT has a deemed interest in the Shares held by SEH1 and SEH2.

Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. By virtue of this, through Tecity, Cairns and STC, Dr Tan Kheng Lian has a deemed interest in the Shares held by SEH1 and SEH2.

(2) Mr Lim Hwee Chiang John has an indirect interest in the 154,604,184 Shares held by JL Investment Group Limited, which is wholly-owned by him.

He is also deemed interested in the 1,210,000 Shares held by Citibank Nominees Singapore Pte Ltd (as nominee for JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim Hwee Chiang John is the settlor of JL Charitable Settlement.

(3) Cheung Kong has an indirect interest in the Shares held through its wholly-owned subsidiary, Cheung Kong Investment Company Limited.

(4) Matthews International Funds ("**MIF**") is deemed to be interested in the Shares held by a local custodial bank.

(5) Matthews International Capital Management, LLC ("**MICM**"), a U.S.-registered investment advisor that transacts in the Shares on behalf of its clients, is deemed to be interested in these Shares held by a local custodian. MICM which acts as investment advisor to MIF is also deemed to be interested in the Shares in which MIF has a deemed interest.

(6) Franklin Resources, Inc. is a fund manager which is deemed to be interested in the Shares.

(7) Franklin Templeton Institutional, LLC is a direct wholly-owned subsidiary of Franklin Resources, Inc. and is deemed to be interested in the Shares.

5. DIRECTORS' RECOMMENDATIONS

5.1 Shareholders' Mandate

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate are Mr Lee Yock Suan, Mr Lim How Teck, Mr Colin Stevens Russel and Dr Cheng Mo Chi Moses (collectively, the "**IPT Independent Directors**"). The IPT Independent Directors are of the opinion that the proposed renewal of the Shareholders' Mandate to permit the entry into the Mandated Transactions (as described in paragraph 5 of Appendix A) between the Group (as described in paragraph 3 of Appendix A) and those Mandated Interested Persons (as described in paragraph 4.1 of Appendix A) in the ordinary course of its business will facilitate transactions in the Company's normal course of business and/or which are necessary for the Company's day-to-day operations which are transacted from time to time with the Mandated Interested Persons and is in the best interests of the Company. For the reasons set out in paragraph 6 of Appendix A, the IPT Independent Directors recommend that the Shareholders vote in favour of Ordinary Resolution 9 proposed in item 8 of the Notice, being the Ordinary Resolution relating to the renewal of the Shareholders' Mandate to be proposed at the 2015 AGM.

5.2 Share Purchase Mandate

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution 10 proposed in item 9 of the Notice, being the Ordinary Resolution relating to the renewal of the Share Purchase Mandate to be proposed at the 2015 AGM.

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6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the principal place of business of the Company at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986, during normal business hours from the date of this Letter up to the date of the 2015 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2014; and

(b) the Memorandum of Association and Bye-laws of the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Shareholders' Mandate and the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

8. SGX-ST DISCLAIMER

The SGX-ST assumes no responsibilities for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

Yours faithfully
for and on behalf of
the Board of Directors of
ARA ASSET MANAGEMENT LIMITED

Mr Lim Hwee Chiang John
Group Chief Executive Officer and Executive Director

APPENDIX A
THE SHAREHOLDERS' MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction with an interested person and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded.

In particular, an immediate announcement is required to be made by the Company where:

(a) the transaction is of a value equal to, or more than, 3.0% of the Group's latest audited consolidated NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the Group's latest audited consolidated NTA.

In addition to an immediate announcement, Shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5.0% of the Group's latest audited consolidated NTA; or

(b) 5.0% of the Group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

For the purposes of aggregation, any interested person transaction which is below the value of S$100,000 will be excluded.

1.3 Based on the latest audited consolidated accounts of the Group (as defined in paragraph 3 below) for the financial year ended 31 December 2014, the consolidated NTA of the Group was S$347,079,000. In relation to the Company for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited accounts of the Group for the financial year ending 31 December 2015 are published, 5.0% of the latest audited consolidated NTA of the Group would be S$17,353,950.

1.4 Rule 920(1) of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

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1.5 Under the Listing Manual:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30.0% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30.0% or more;

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. Shareholders' Mandate and Validity Period

2.1 It is anticipated that the Group would, in the ordinary course of business, continue to enter into certain transactions with the Company's interested persons, including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions and the possible frequency of such commercial transactions, it would be advantageous to renew the Shareholders' Mandate to enter into certain interested person transactions in the normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX A
THE SHAREHOLDERS' MANDATE

2.2 The renewal of the Shareholders' Mandate will take effect from the date of the passing of Ordinary Resolution 9 relating thereto to be proposed at the 2015 AGM until (unless earlier revoked or varied by the Company in general meeting) the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is earlier. It is intended that approval from Shareholders for a renewal of the Shareholders' Mandate will be sought at each subsequent annual general meeting of the Company.

2.3 Scope of the Shareholders' Mandate

(a) The Shareholders' Mandate will cover a wide range of transactions arising in the ordinary course of business operations of the Group, including its principal businesses of asset management, project management, property management, property fund management and property-related services.

(b) The Shareholders' Mandate will not cover any interested person transaction which has a value below S$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

(c) Transactions with interested persons which do not come within the ambit of the Shareholders' Mandate (including any renewal thereof) will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3. Entities at Risk

For the purposes of the Shareholders' Mandate, an "**entity at risk**" means:

(a) the Company;

(b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and interested person(s) of the Company, have control over the associated company,

(together, the "**Group**" and each, a "**Group Entity**").

4. Mandated Interested Persons

4.1 The Shareholders' Mandate applies to the Group's transactions with the STC Group, which includes any other REITs and/or private funds in which STC has an aggregate interest (direct or indirect) in at least 30.0% of the total unitholdings/shareholdings (collectively, the "**Mandated Interested Persons**").

4.2 Transactions with the Mandated Interested Persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or any other applicable provisions of the Listing Manual.

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5. Categories of Mandated Transactions

The transactions with the Mandated Interested Persons which are covered by the Shareholders' Mandate are as follows:

(a) provision of asset management, project management, property management and related consultancy services, fund management services and corporate finance advisory services to the STC Group;

(b) rental of office space to and/or from the STC Group; and

(c) provision to and/or obtaining from the STC Group of such other products or services which are incidental to or in connection with the provision or obtaining of products or services in sub-paragraph (a) above, such as advisory services relating to the provision of fund management services,

(collectively, the "**Mandated Transactions**").

6. Rationale for and Benefits of the Shareholders' Mandate

6.1 The transactions with the Mandated Interested Persons are entered into or to be entered into by the Group in its ordinary course of business and/or which are necessary for the day-to-day operations of the Group. The Directors believe that the Group will explore potential business opportunities through its relationship with the STC Group and the Directors expect that such transactions will be recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

6.2 The Directors believe that the Group will be able to benefit from its transactions with the Mandated Interested Persons. The renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate special general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with the Mandated Interested Persons arise or prior to implementing any interested person transactions with the Mandated Interested Persons, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the Group's corporate objectives or adversely affecting the business opportunities available to the Group. In particular, in respect of fees for the provision of fund management services to private funds, it would not be possible, in view of confidentiality obligations under fund management agreements or corporate finance advisory agreements for private funds, to convene general meetings to seek Shareholders' approval for such fee arrangements. In the case of fees for the provision of asset management, project management, property management and related consultancy services and fund management services to REITs, given that information pertaining to a proposed listing of the REIT is highly confidential and market-sensitive until the prospectus is lodged with the relevant authorities and there is very limited time following the lodgement of prospectus before the REIT is listed, it will neither be possible nor practicable to convene general meetings to seek prior Shareholders' approval for such fee arrangements.

6.3 The Shareholders' Mandate is intended to facilitate transactions in the normal course of business and/or which are necessary for the Group's day-to-day operations which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

6.4 Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force.

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7. Review Procedures for Mandated Transactions with the Mandated Interested Persons

The Group has established procedures to ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, and on terms which are generally no more favourable to the Mandated Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented:

(a) *Provision of asset management, project management, property management and related consultancy services, fund management services and corporate finance advisory services to the STC Group.*

The review procedures are:

(i) the relevant Group Entity will compare the terms of these agreements with similar agreements entered into with unrelated third parties or in the absence of such agreements, in accordance with prevailing market practice or industry norms, to ensure that all such transactions will be consistent with the Group's normal commercial terms and usual business practices and policies for such transactions or the prevailing market practice or industry norms; and

(ii) in cases where prevailing market rates or prices are not available (such as in the context of fund management, asset management and property management services, where the fee structure for such services will vary depending on the type of fund or asset class in question and may involve extensive negotiations with the recipient of the services, and similarly for consultancy and advisory services where the fees for such services will depend on the scope of services which is typically tailored to the needs of the specific project concerned), the Group Chief Executive Officer ("**Group CEO**") or a senior officer of the relevant Group Entity holding the position of at least chief executive officer or its equivalent, who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Persons are fair and reasonable. The senior officer shall be appointed by the Group CEO for this purpose. In the event that the Group CEO or a senior officer of the relevant Group Entity is required to determine whether the price and terms offered by the Mandated Interested Persons are fair and reasonable, he will, where possible and applicable, first look to the Group's existing businesses and at current available market practices for reference in benchmarking the price or fee for the new business, and with that reference, make the necessary adjustment based on his business experience and taking into account factors such as, in the context of fund management services, the fund type, the asset class, and the duration of the fund life, to determine the price and terms for the specific project and the basis for determining that the price and terms offered by the Mandated Interested Persons are fair and reasonable will be documented and made available to the Audit Committee as part of its review of interested person transactions entered into by the Group.

(b) *Rental of office space to and/or from the STC Group*

The review procedure is:

(i) a valuation will be conducted by an independent property valuer on the premises at the time of the entry or the renewal of leases to assess their open market rental values. The new leases and any renewal of leases of premises between the Group and the STC Group shall be at rental rates which are comparable to market rental rates.

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(c) *Provision to and/or obtaining from the STC Group of other products or services*

The review procedures are:

(i) all products or services provided to or obtained by the Group, including products or services obtained from or provided to the Mandated Interested Persons will be governed by internal control procedures which detail matters such as the constitution of internal approving authorities, their approval limits, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best products and/or services on the best terms through competitive quotations, if appropriate. In determining whether the price and terms offered by the Mandated Interested Persons are fair and reasonable, factors such as, but not limited to, track record, experience and expertise will also be taken into account; and

(ii) in cases where competitive quotations cannot be obtained (for instance if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item tailored to specific requirements of and subject to extensive negotiations with the recipient of such services and comparative quotes cannot be readily obtained from publicly available sources), the Group CEO or a senior officer of the relevant Group Entity holding the position of at least chief executive officer or its equivalent, who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Persons are fair and reasonable. The senior officer shall be appointed by the Group CEO for this purpose. In the event that the Group CEO or a senior officer of the relevant Group Entity is required to determine whether the price and terms offered by the Mandated Interested Persons are fair and reasonable, he will first look to the Group's existing businesses and at current available market practices for reference in benchmarking the price or fee for the new project, and with that reference, make the necessary adjustment based on his business experience to determine the price and terms for the specific project and the basis for determining that the price and terms offered by the Mandated Interested Persons are fair and reasonable will be documented and made available to the Audit Committee as part of its review of interested person transactions entered into by the Group.

(d) *Approval by relevant approving authority*

Following such review, the Mandated Transactions shall be entered into by the relevant Group Entity on the terms determined pursuant to the review process provided that individual transactions equal to or exceeding S$100,000 in value will require the prior approval of the relevant approving authority in the relevant Group Entity who does not have any conflict of interests, whether direct or indirect, in relation to the transaction as follows:

(i) individual transactions equal to or exceeding 3.0% but less than 5.0% of the Group's NTA in value (based on the Group's latest audited consolidated accounts) will be reviewed and approved by any two of the Directors (who do not have any conflict of interests, whether direct or indirect, in relation to the transaction); and

(ii) individual transactions equal to or exceeding 5.0% of the Group's NTA in value (based on the Group's latest audited consolidated accounts) will be reviewed and approved by the Audit Committee,

and, in this respect, a written recommendation setting out the basis for determining that the price and terms offered by the Mandated Interested Persons are fair and reasonable will be submitted to the two Directors or, as the case may be, the Audit Committee.

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(e) *Other review procedures*

The Group has also implemented the following procedures for the identification of interested persons and the recording of all of its interested person transactions:

(i) the Company will maintain a register of all transactions carried out by the Group with interested persons, whether mandated or non-mandated. The internal audit plan will incorporate a review of all interested person transactions whether mandated or non-mandated; and

(ii) on a quarterly basis, the Company's internal auditors will submit a report to the Audit Committee of all recorded interested person transactions entered into by the Group, and the basis of such transactions.

In addition, the Audit Committee will include the review of the interested person transactions as part of its standard procedures while examining the adequacy of the Group's internal controls.

In the event that a member of the Board of Directors, a member of the Audit Committee or an authorised reviewing officer (where applicable) has a conflict of interest in relation to any interested person transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative approving authority (which shall be other members of the Board of Directors or Audit Committee or another authorised reviewing officer from senior management) will be responsible for reviewing the transaction. The Board of Directors will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

The Audit Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms. Further, if during these periodic reviews, the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Company will (pursuant to Rules 920(1)(b)(iv) and (vii) of the Listing Manual) revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Mandated Interested Persons. During the period prior to obtaining a new mandate from the Shareholders, all Mandated Transactions with Mandated Interested Persons will be subject to prior review and approval by the Audit Committee.

The Board of Directors shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as it deems appropriate.

APPENDIX A
THE SHAREHOLDERS' MANDATE

8. Audit Committee's Statements

The Audit Committee (comprising Mr Lee Yock Suan, Mr Lim How Teck, Mr Colin Stevens Russel, Dr Cheng Mo Chi Moses and Mr Yap Chee Keong), with the exclusion of Mr Yap Chee Keong who is also a Non-Executive Director of STC (being a Mandated Interested Person), has reviewed the terms of the Shareholders' Mandate, as proposed to be renewed, and is satisfied that the review procedures for Mandated Transactions, as well as the other review procedures, are sufficient to ensure that Mandated Transactions will be made with the relevant class of Mandated Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

9. Review Procedures for Non-Mandated Interested Person Transactions

9.1 All of the Group's other existing and future interested person transactions not subject to the Shareholders' Mandate will be reviewed and approved in accordance with the threshold limits for Mandated Transactions set out at "Approval by relevant approving authority" above, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

9.2 In the event that such interested person transactions require the approval of the Board of Directors and the Audit Committee, relevant information will be submitted to the Board of Directors or the Audit Committee for review. In the event that such interested person transactions require the approval of the Shareholders, additional information may be required to be presented to the Shareholders and an independent financial advisor may be appointed for an opinion.

9.3 The Audit Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012.


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