



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2014

The financial information for the quarter ended 31 March 2014 in the announcement have been extracted from the interim financial statements for the period from 1 January 2014 to 31 March 2014, which have been reviewed by the auditors in accordance with the Singapore Standard on Review Engagements 2410.

ARA Asset Management Limited (“ARA” or the “Group”) is a real estate fund management company listed on the main board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The ARA Group comprises four primary business segments:

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

ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office/retail (commercial), industrial/office, logistics and hospitality sectors; privately-held REITs in South Korea; private real estate funds investing in real estate in Asia; and provides real estate management services, including property management and convention & exhibition services; and corporate finance advisory services.

Financial Results Announcement
For the quarter ended 31 March 2014

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	1/1/14 to 31/3/14 ("1Q2014") S\$'000	1/1/13 to 31/3/13 ("1Q2013") S\$'000	Change %
Management fees	(a)	29,684	26,674	11%
Acquisition, divestment and performance fees	(a)	2,613	953	174%
Finance income	(b)	5,817	4,588	27%
Other income		69	21	229%
Total revenue		38,183	32,236	18%
Administrative expenses	(c)	(12,943)	(9,982)	30%
Operating lease expenses	(d)	(995)	(946)	5%
Other expenses	(e)	(2,711)	(1,968)	38%
Finance costs	(f)	(651)	(105)	520%
Results from operating activities		20,883	19,235	9%
Share of profit of associates, net of tax	(g)	807	845	(4%)
Profit before tax	(h)	21,690	20,080	8%
Tax expense	(i)	(3,193)	(2,411)	32%
Profit for the period		18,497	17,669	5%
Attributable to:				
Equity holders of the Company		17,830	16,815	6%
Non-controlling interests		667	854	(22%)
		18,497	17,669	5%

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

(a) Revenue

		1Q2014 S\$'000	1Q2013 S\$'000	Change %
Management fees		29,684	26,674	11%
REIT base and performance fees	(i)	18,481	15,545	19%
Portfolio management and service fees	(ii)	6,094	6,468	(6%)
Real estate management services fees	(iii)	5,109	4,661	10%
Acquisition, divestment and performance fees	(iv)	2,613	953	174%
Acquisition and performance fees		1,770	-	n.m.
Advisory and consultancy fees		843	953	(12%)

n.m.: not meaningful

- (i) REIT management fees increased to S\$18.5 million in 1Q2014 compared with S\$15.5 million in 1Q2013 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. Cache Logistics Trust's ("Cache") acquisition of 15 Gul Way ("Precise Two") in April 2013, Fortune REIT's acquisition of Fortune Kingswood ("Kingswood") in October 2013 and Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014 also contributed to the higher REIT management fees.
- (ii) Portfolio management and service fees decreased from S\$6.5 million in 1Q2013 to S\$6.1 million in 1Q2014 mainly due to the reduced management fees from the ARA Asia Dragon Fund ("ADF") which has entered into its divestment phase since 2012. This decrease was partially offset by higher management fees from (i) the launch of a new separate account platform, Morningside Investment Partners, LLC ("MIP") in November 2013; (ii) higher valuation of the property in the ARA Harmony Fund following the completion of asset enhancement works at Suntec Singapore Convention and Exhibition Centre ("Suntec Singapore") and (iii) higher fees received from the ARA China Investment Partners, LLC ("CIP") subsequent to the acquisition of its first property in July 2013.
- (iii) Real estate management fees in 1Q2014 increased by 10% to S\$5.1 million from S\$4.7 million in 1Q2013 primarily due to higher leasing commission and property management fees recognised by the APM Group of companies. Convention and exhibition service fees received by the Group were also higher, following the completion of the asset enhancement works at the Suntec Singapore in September 2013.
- (iv) In 1Q2014, acquisition, divestment and performance fees was S\$2.6 million as compared to S\$1.0 million in 1Q2013. This increase was primarily due to acquisition fees received in relation to Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014 and Suntec REIT's progress payments during the quarter for its acquisition of 177 Pacific Highway. Advisory and consultancy fees of S\$0.8 million received in 1Q2014 (1Q2013: S\$1.0 million) were primarily in relation to project management services provided by APM and its related corporations to the properties it manages in Malaysia, China and Singapore.

(b) Finance income

Finance income comprise mainly distribution income, interest income, net gain on fair valuation / disposal of financial assets and net foreign exchange gain. Finance income increased 27% to S\$5.8 million in 1Q2014 from S\$4.6 million in 1Q2013 primarily due to a higher distribution income of S\$5.1 million in 1Q2014 as compared to S\$1.8 million received in 1Q2013, which was mainly attributable to the distribution of profits by the ADF arising from the divestment of properties under its portfolio. This was partially offset by lower net gain on fair valuation / disposal of financial assets of S\$0.7 million in 1Q2014 as compared to S\$2.7 million in 1Q2013.

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(c) Administrative expenses

Administrative expenses comprise primarily of staff-related expenses and advisory fees. Administrative expenses increased to S\$12.9 million in 1Q2014 from S\$10.0 million in 1Q2013, primarily due to (i) an increase in headcount and staff-related expenses in line with the Group's continuing business expansion and (ii) higher performance based bonus accrued in relation to the higher acquisition fees received in 1Q2014 from the REITs under management as compared to 1Q2013. Excluded from administrative expense was staff-related expenses of S\$4.1 million (1Q2013: S\$2.7 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which was fully reimbursed from the ARA Harmony Fund.

(d) Operating lease expenses

Operating lease expenses increased to S\$1.0 million in 1Q2014 from S\$0.9 million in 1Q2013, in line with the Group's continuing business expansion.

(e) Other expenses

Other expenses comprise primarily other staff-related expenses (such as travelling expenses), telecommunications expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, depreciation, continuing listing expenses, board meeting expenses and other miscellaneous expenses. Other expenses in 1Q2014 was S\$2.7 million as compared to S\$2.0 million in 1Q2013. This increase was mainly due to higher professional fees incurred in relation to the acquisition of ARA Korea Limited (previously known as Macquarie Real Estate Korea Limited) and higher agency commission incurred by APM in relation to new leases secured for Suntec City.

(f) Finance costs

Finance costs comprise net loss on fair valuation / disposal of financial assets, net foreign exchange loss and interest expense. Finance costs in 1Q2014 increased to S\$0.7 million from S\$0.1 million in 1Q2013 due to (i) a higher average loan balance to fund the Group's investments in available-for-sale securities and for general working capital purposes and (ii) higher net foreign exchange loss mainly from the revaluation of HKD-denominated investments and the settlement of USD-denominated liabilities.

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

Share of profit of associates (net of tax) was primarily due to the recognition of our share of profits arising from the Group's (i) 30% effective interest in Am ARA REIT Managers Sdn. Bhd., the manager of AmFIRST REIT, (ii) 40% effective interest in Cache Property Management Pte. Ltd., the property manager of Cache, and (iii) 30% effective interest in Hui Xian Asset Management Limited, the manager of Hui Xian REIT.

(h) Profit before income tax

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

	1Q2014	1Q2013	Change
	S\$'000	S\$'000	%
<u>Finance income</u>			
Distribution income	5,086	1,803	182%
Interest income	15	48	(69%)
Gain on fair valuation / disposal of financial assets	716	2,737	(74%)
<u>Other expenses</u>			
Depreciation of plant and equipment	180	171	5%
<u>Finance costs</u>			
Interest expense	173	77	125%
Foreign exchange loss, net	478	28	n.m.

n.m.: not meaningful

**Financial Results Announcement
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(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

	1Q2014	1Q2013	Change
	S\$'000	S\$'000	%
Profit for the period	18,497	17,669	5%
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	(514)	1,110	n.m.
Net change in fair value of available-for-sale financial assets	(3,184)	6,858	n.m.
Other comprehensive income for the period, net of tax	(3,698)	7,968	n.m.
Total comprehensive income for the period	14,799	25,637	(42%)
Total comprehensive income attributable to:			
Equity holders of the Company	14,132	24,783	(43%)
Non-controlling interests	667	854	(22%)
Total comprehensive income for the period	14,799	25,637	(42%)

n.m.: not meaningful

Note: *There is no tax effect relating to the components of the other comprehensive income for the period.*

Financial Results Announcement
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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		31/3/14 S\$'000	31/12/13 S\$'000	31/3/14 S\$'000	31/12/13 S\$'000
Assets					
Plant and equipment		1,293	1,390	-	-
Subsidiaries	(a)	-	-	135,824	138,028
Associates	(b)	3,727	4,657	-	-
Financial assets	(c)	211,568	212,527	-	-
Other receivables	(d)	6,087	6,289	-	-
Total non-current assets		222,675	224,863	135,824	138,028
Financial assets	(e)	32,032	49,837	-	-
Trade and other receivables	(f)	31,620	33,576	3,705	4,696
Cash and cash equivalents		47,553	39,060	11,082	2,344
Total current assets		111,205	122,473	14,787	7,040
Total assets		333,880	347,336	150,611	145,068
Equity					
Share capital		1,690	1,690	1,690	1,690
Reserves		90,326	94,024	74,859	74,859
Accumulated profits		199,686	181,856	72,399	66,935
Equity attributable to equity holders of the Company		291,702	277,570	148,948	143,484
Non-controlling interests	(g)	3,494	2,827	-	-
Total equity		295,196	280,397	148,948	143,484
Liabilities					
Loan and borrowings	(h)	129	141	-	-
Other payables		83	-	-	-
Deferred tax liabilities		61	68	-	-
Total non-current liabilities		273	209	-	-
Trade and other payables	(i)	21,117	26,318	1,663	1,584
Loan and borrowings	(h)	4,686	30,329	-	-
Current tax payable		12,608	10,083	-	-
Total current liabilities		38,411	66,730	1,663	1,584
Total liabilities		38,684	66,939	1,663	1,584
Total equity and liabilities		333,880	347,336	150,611	145,068

**Financial Results Announcement
For the quarter ended 31 March 2014****Footnotes:**

- (a) *Interest in subsidiaries comprise equity investments in the Company's subsidiaries and loans to subsidiaries where the settlement of the amount is neither planned nor likely to occur in the foreseeable future.*
- (b) *Interest in associates relates to the Group's 40% equity interest in Cache Property Management Pte. Ltd., and 30% equity interest in Am ARA REIT Holdings Sdn. Bhd., Am ARA REIT Managers Sdn. Bhd., World Deluxe Enterprises Limited, Hui Xian Asset Management Limited and Beijing Hui Xian Enterprise Services Limited.*
- (c) *Non-current financial assets as at 31 March 2014 comprise primarily (i) 34.1 million Suntec REIT units held by the Group as a strategic stake; (ii) 11.9 million Cache units held by the Group as a strategic stake; (iii) 37.0 million AmFIRST REIT units held by the Group as strategic stake; (iv) seed capital investments in the ADF, the ADF II and the CIP and (v) investment in the APN SICAV-APN Asian Asset Income Fund (previously known as ARA Asian Asset Income Fund). The Suntec REIT units, Cache units and the AmFIRST REIT units have been pledged as securities for certain credit facilities of the Group (see 1(b)(ii) – Details of any collateral).*
- (d) *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.*
- (e) *Current financial assets as at 31 March 2014 comprise (i) REIT units received by the Group as part payment of management fees by certain REITs under management; (ii) REIT units received by the Group as payment of acquisition fees for Kingswood by Fortune REIT and acquisition fees for 9 Chong Yip Street by Prosperity REIT; and (iii) REIT units received by the Group as payment for dividend income declared by an associate. The REIT units received as payment for acquisition fees from Fortune REIT are subject to one-year moratorium as stipulated in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.*
- (f) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables.*
- (g) *Non-controlling interest relates to the non-controlling shareholders' proportionate interest in ARA-CWT Trust Management (Cache) Limited, as well as the Asia Property Management (China) Limited and its subsidiaries.*
- (h) *Loan and borrowings as at 31 March 2014 relate to (i) a secured revolving credit facility taken up with United Overseas Bank (Malaysia) Bhd ("UOB Malaysia") to finance the subscription of a 3-for-5 rights issue by AmFIRST REIT and (ii) finance lease liability for the purchase of certain plant and equipment. Included in the Group's borrowings as at 31 December 2013 was a secured revolving credit facility of S\$25.7 million with United Overseas Bank Limited ("UOB Singapore") for the Group's general working capital purposes and seed capital contributions to the private real estate funds which has been fully repaid as at 31 March 2014. As at 31 March 2014, the Group's gearing ratio stood at 2% (31 December 2013: 11%).*
- (i) *Trade and other payables comprise accrued fees payable, net GST output tax payable, provision for staff related benefits to employees and other payables. The decrease in trade and other payables was primarily due to the payment of staff-related costs and other expenses in 1Q2014.*

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

	31/3/14		31/12/13	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	4,686	–	30,329	–
Amount repayable after one year	129	–	141	–
	<u>4,815</u>	<u>–</u>	<u>30,470</u>	<u>–</u>

Footnotes:

- (a) As at 31 March 2014, the Group's borrowings included:
- (i) a secured revolving credit facility of S\$4.6 million (equivalent to RM12.0 million) (31 December 2013: S\$4.6 million (equivalent to RM12.0 million)) with UOB Malaysia to finance the subscription of a 3-for-5 rights issue by AmFIRST REIT; and
 - (ii) finance lease liability of S\$178,000 (31 December 2013: S\$190,000) which relates to the purchase of certain plant and equipment.
- (b) As at 31 March 2014, the Group has the following facilities:
- (i) an unutilised multicurrency revolving credit facility of S\$49.6 million secured on the Group's strategic stake in Suntec REIT and Cache (31 December 2013: S\$23.9 million);
 - (ii) an unutilised revolving credit facility of RM4.0 million secured on the Group's strategic stake in AmFIRST REIT (31 December 2013: RM4.0 million);
 - (iii) an unutilised unsecured money market line of S\$50.0 million (31 December 2013: S\$50.0 million); and
 - (iv) unutilised unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2013: S\$6.0 million and HK\$3.0 million).

Details of any collateral

On 6 August 2013, the Group pledged 34.1 million units of Suntec REIT and 11.9 million units of Cache as security for a S\$50.0 million multicurrency revolving credit facility with UOB Singapore. The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies and terminates on 15 March 2017.

On 28 September 2011, the Group pledged 23.1 million units of AmFIRST REIT as security for a RM16.0 million revolving credit facility with UOB Malaysia. The facility bears interest at a floating rate of 1.4% p.a. above the bank's cost of funds. The facility is available for a period of 3 years with an option to extend for another 3 years.

**Financial Results Announcement
For the quarter ended 31 March 2014**
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	1Q2014 S\$'000	1Q2013 S\$'000
Cash flows from operating activities			
Profit for the period		18,497	17,669
Adjustments for:			
Depreciation of plant and equipment		180	171
Distribution income		(5,086)	(1,803)
Interest expense		173	77
Interest income		(15)	(48)
Gain on fair valuation / disposal of financial assets		(716)	(2,737)
Management fees received / receivable in units of REITs		(16,271)	(12,288)
Share of profit of associates		(807)	(845)
Tax expense		3,193	2,411
Operating (loss)/profit before working capital changes		(852)	2,607
Changes in working capital:			
Change in trade and other receivables		2,863	168
Change in trade and other payables		(5,118)	(4,704)
Cash used in operating activities		(3,107)	(1,929)
Distribution income received		5,124	1,803
Proceeds from sale of units in REITs		35,355	6,648
Tax paid		(668)	(449)
Cash flows generated from operating activities	(a)	36,704	6,073
Cash flows from investing activities			
Dividend received from associates		416	272
Interest received		15	48
Proceeds from disposal of plant and equipment		4	-
Purchase of plant and equipment		(93)	(35)
Purchase of available-for-sale securities, net		(2,543)	(58,153)
Cash flows used in investing activities	(b)	(2,201)	(57,868)
Cash flows from financing activities			
Dividends paid		-	(800)
Interest paid		(173)	(77)
Payment of finance lease liabilities		(12)	(30)
Repayment of borrowings		(25,610)	-
Cash flows used in financing activities	(c)	(25,795)	(907)
Net increase / (decrease) in cash and cash equivalents		8,708	(52,702)
Cash and cash equivalents at beginning of period		39,060	100,258
Effect of exchange rate fluctuations on cash held		(215)	232
Cash and cash equivalents at end of period		47,553	47,788

Footnotes:

- (a) Cash flows from operating activities increased to S\$36.7 million in 1Q2014 from S\$6.1 million in 1Q2013 primarily due to higher proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management fees.
- (b) Net cash outflow for investing activities decreased from S\$57.9 million in 1Q2013 to S\$2.2 million in 1Q2014. The higher net cash outflow for investing activities in 1Q2013 was primarily due to seed capital contributions to the private real estate funds, which are classified as available-for-sale securities.
- (c) Net cash outflow for financing activities was S\$25.8 million in 1Q2014 as compared to a net cash outflow of S\$0.9 million in 1Q2013. The increase was mainly due to the repayment of S\$25.6 million during 1Q2014 for the revolving credit facility taken up with UOB Singapore.

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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

	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Company				
At 1 January 2013	1,537	75,012	67,636	144,185
Total comprehensive income for the period				
- Profit for the period	-	-	6,485	6,485
<i>Transactions with owners, recorded directly in equity</i>				
Contributions by and distributions to owners				
- Issue of bonus shares	153	(153)	-	-
At 31 March 2013	1,690	74,859	74,121	150,670
At 1 January 2014	1,690	74,859	66,935	143,484
Total comprehensive income for the period				
- Profit for the period	-	-	5,464	5,464
At 31 March 2014	1,690	74,859	72,399	148,948

	Share capital and premium S\$'000	Fair value reserve S\$'000	Foreign currency translation reserves S\$'000	Accumulated profits S\$'000	Attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group							
At 1 January 2013	76,549	23,788	(5,885)	149,863	244,315	2,304	246,619
Total other comprehensive income	-	6,858	1,110	-	7,968	-	7,968
Profit for the period	-	-	-	16,815	16,815	854	17,669
Total comprehensive income for the period	-	6,858	1,110	16,815	24,783	854	25,637
<i>Transactions with owners, recorded directly in equity</i>							
<i>Contributions by and distributions to owners</i>							
Dividend paid to non-controlling interest	-	-	-	-	-	(800)	(800)
Total transactions with owners	-	-	-	-	-	(800)	(800)
At 31 March 2013	76,549	30,646	(4,775)	166,678	269,098	2,358	271,456
At 1 January 2014	76,549	22,291	(3,126)	181,856	277,570	2,827	280,397
Total other comprehensive income	-	(3,184)	(514)	-	(3,698)	-	(3,698)
Profit for the period	-	-	-	17,830	17,830	667	18,497
Total comprehensive income for the period	-	(3,184)	(514)	17,830	14,132	667	14,799
At 31 March 2014	76,549	19,107	(3,640)	199,686	291,702	3,494	295,196

Notes:

- Included in the share capital is a share premium account of S\$74.9 million as at 31 March 2014 (31 March 2013: S\$74.9 million).

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital since the end of the last quarter financial results announcement, which was reported on 20 February 2014.

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

	31/3/14	As at 31/12/13
Total number of issued shares	845,151,093	845,151,093

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures for the three-month period ended 31 March 2014 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 financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014.

Financial Reporting Standards ("FRS") which became effective for the Group's financial period beginning 1 January 2014 are:

- FRS 110 Consolidated Financial Statements;
- FRS 112 Disclosures of Interests in Other Entities

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FRS 110 Consolidated Financial Statements

FRS 110 establishes a single control model as the basis for determining the entities that will be consolidated. It also requires management to exercise significant judgement to determine which investees are controlled, and therefore are required to be consolidated by the Group.

The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment, the Group is not required under FRS 110 to consolidate its investees.

FRS 112 Disclosures of Interests in Other Entities

FRS 112 sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

As FRS 112 is primarily a disclosure standard, there is no financial impact on the results and financial position of the Group and the Company from the adoption of this standard.

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

Please refer to item 4 above.

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)	1Q2014	1Q2013
Earnings per ordinary share for the period based on profit for the period attributable to equity holders of the Company:		
(i) Based on the number of ordinary shares in issue as at the end of the financial period	2.11	1.99
(ii) On a fully diluted basis	2.11	1.99

The calculation of basic and diluted earnings per share for the relevant period was based on the profit for the period attributable to equity holders of the Company for the financial periods ended 31 March 2014 and 31 March 2013 and the issued share capital of 845,151,093 shares.

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

(Singapore cents)	Group		Company	
	31/3/14	31/12/13	31/3/14	31/12/13
Net asset value per ordinary share	34.51	32.84	17.62	16.98

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

**Financial Results Announcement
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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Review of performance

	1Q2014 S\$'000	1Q2013 S\$'000	Change %
Total Revenue	38,183	32,236	18%
Management fees	29,684	26,674	11%
Acquisition, divestment and performance fees	2,613	953	174%
Finance income	5,817	4,588	27%
Other income	69	21	229%
Net profit ⁽¹⁾	17,830	16,815	6%

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

1Q2014 vs 1Q2013

Recurrent management fees increased 11% year-on-year to S\$29.7 million in 1Q2014. This was primarily due to (i) 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; (ii) Cache's acquisition of Precise Two in April 2013; (iii) Fortune REIT's acquisition of Kingswood in October 2013 and (iv) Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014.

Acquisition, divestment and performance fees for 1Q2014 was S\$2.6 million as compared to S\$1.0 million in 1Q2013. This increase was primarily due to acquisition fees received in 1Q2014 relating to Prosperity REIT's acquisition of 9 Chong Yip Street in January 2014 and Suntec REIT's progress payments during the quarter for its acquisition of 177 Pacific Highway.

Finance income increased 27% year-on-year to S\$5.8 million in 1Q2014 from S\$4.6 million in 1Q2013 primarily due to a higher distribution income of S\$5.1 million in 1Q2014 as compared to S\$1.8 million received in 1Q2013, which was mainly attributable to the distribution of profits by the ADF arising from the divestment of properties under its portfolio. This was partially offset by lower net gain on fair valuation / disposal of financial assets of S\$0.7 million in 1Q2014 as compared to S\$2.7 million in 1Q2013.

Net profit was up 6% year-on-year to S\$17.8 million in 1Q2014 from S\$16.8 million previously.

As at 31 March 2014, the Group's total assets under management stood at S\$25.4 billion (approximately US\$20.2 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 FY2013 financial results announcement under item 10. The Company has not disclosed any financial forecast to the market.

**Financial Results Announcement
For the quarter ended 31 March 2014****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 global economy has shown signs of stabilisation, and is expected to pose a modest recovery in 2014. Post the last Federal Open Market Committee meeting held on 19 March 2014, the US Federal Funds Rate was maintained at 0.25%. Starting April 2014, monthly bond purchases are reduced by \$10 billion, down to \$55 billion a month. An approach towards a highly accommodative monetary policy was affirmed.

Asian economies although resilient, remain vulnerable to adverse global developments. China recorded a GDP growth of 7.4% for 1Q FY2014, slightly below the official target of 7.5% for FY2014. The growth expectations are weighed down by concerns over the credit market and increasing risks in shadow banking. In Singapore, based on advance estimates released in April, the GDP growth for the first quarter of 2014 was 5.1 per cent. The GDP growth forecast for the year is maintained at between 2.0% and 4.0%.

REITs

In April 2014, ARA completed the acquisition of Macquarie Real Estate Korea Limited (renamed as ARA Korea Limited), a real estate management company based in Seoul. With this, ARA currently manages two privately-held Korean Real Estate Investment Trusts invested in office properties. It has also expanded its regional network to span 14 cities in the Asia-Pacific, across Singapore, Hong Kong, China, Malaysia, Australia and South Korea.

ARA's multi-product/jurisdiction REIT platform is further strengthened, with over S\$19 billion of assets under management. Moving forward, the Group will continue to focus on active asset management to add value to the properties in its portfolio and seek to make value-adding acquisitions for the REITs under the Group's management. The Group also continues to seek opportunities to list new REITs in new markets and jurisdictions.

Private Funds

ARA Private Funds continues to identify attractive investment opportunities in the Group's core markets under each private real estate fund's investment mandate to deploy its remaining capital commitments, whilst pursuing its active asset management and asset enhancement initiatives for those private real estate funds that are invested.

ARA continues to strengthen its existing partnerships to expand its platforms and seeks to forge new partnerships to expand its network of strategic capital partners. The Group also works towards developing strategies for its suite of private funds, as well as look into opportunities to launch new products in new markets.

Outlook for FY2014

Barring unforeseen circumstances, the Directors expect the Group's performance in FY2014 to be comparable to that achieved in FY2013.

**Financial Results Announcement
For the quarter ended 31 March 2014****11. Dividend*****(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? No

Name of Dividend	:	Not applicable
Dividend Type	:	Not applicable
Dividend Amount	:	Not applicable
Dividend Rate	:	Not applicable
Par value of shares	:	Not applicable
Tax Rate	:	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? No

Name of Dividend	:	Not applicable
Dividend Type	:	Not applicable
Dividend Amount	:	Not applicable
Dividend Rate	:	Not applicable
Par value of shares	:	Not applicable
Tax Rate	:	Not applicable

(c) Date payable

Not applicable

(d) Book Closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or proposed for the financial period under review.

13. Interested Person Transactions

The Company did not have a general mandate from shareholders for interested person transactions for the financial period from 1 January 2014 to 31 March 2014.

**Financial Results Announcement
For the quarter ended 31 March 2014**

14. Negative confirmation pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of ARA Asset Management Limited which may render the unaudited interim financial information (comprising the statements of financial position and statements of income, comprehensive income, changes in equity and cash flows, together with their accompanying notes) as at 31 March 2014 and for the three months ended on that date to be false or misleading in any material aspect.

On behalf of the Board,

Chiu Kwok Hung, Justin
Director

Lim Hwee Chiang
Director

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

Lim Hwee Chiang
Director
7 May 2014

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

7 May 2014

Dear Sirs

Review of Interim Financial Information

Introduction

We have reviewed the accompanying financial information of ARA Asset Management Limited (“the Company”) and its subsidiaries (collectively the “Group”), which comprise the statements of financial position of the Group and the Company as at 31 March 2014, and the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the period from 1 January 2014 to 31 March 2014 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