



ARA Asset Management Limited

1H2018 Unaudited Financial Statements

12 SEPTEMBER 2018

1H2018 Key Highlights

Business expansion initiatives to drive future growth



REITS & ARA PRIVATE FUNDS:

- ✓ Acquisition of a portfolio of nine logistics properties located in the states of Victoria, New South Wales and Queensland Australia by Cache Logistics Trust
- ✓ Acquisition of a further 25% interest in Southgate Complex in addition to the progressive AUM recognition of 9 Penang Road and 477 Collins Street by Suntec REIT
- ✓ Divestment of Provident Square by Fortune REIT and sale of 30% stake in the AmFIRST REIT Manager
- ✓ Acquisition of a further 25% interest in Southgate Complex by the Peninsula Investment Partners, L.P..

COUNTRY DESK AND NEW INITIATIVES

- ✓ Accumulation of 20.94% strategic stake in Kenedix, Inc
- ✓ Establishment of Europe Desk and Infrastructure fund management division
- ✓ Acquisition of 19.47% strategic stake in Cromwell Property Group ("Cromwell") on 1 June 2018
- ✓ Establishment of property management arm for ARA Australia

Notes:

All information as at 30 June 2018

(1) Includes assets under management as reported by the Group's associates and joint ventures

(2) After accounting for divestments

1H2018 Unaudited Financial Statements

- The condensed consolidated financial statements of ARA Asset Management Limited and its subsidiaries (“ARA Group” or the “Group”) for the six months ended 30 June 2018 as set out in this presentation are extracted from the report “Condensed Interim Financial Information of ARA Group” for the same period, of which the Group’s auditors, KPMG LLP had issued their review report dated 8 August 2018 in accordance with the Singapore Standard on Review Engagements 2410.
- The financial information for the six months ended 30 June 2017 was not reviewed by KPMG LLP.

Condensed consolidated statement of profit or loss
For the six months ended 30 June

	Group	
	2018	2017
	S\$'000	S\$'000
Management fees	83,480	79,283
Acquisition, divestment and performance fees	6,811	2,086
Revenue	90,291	81,369
Finance income	13,434	18,677
Other income	2,029	438
	105,754	100,484
Administrative expenses	(34,725)	(32,907)
Operating lease expenses	(2,329)	(2,357)
Other expenses	(7,269)	(9,253)
Finance costs	(6,529)	(2,142)
Results from operating activities	54,902	53,825
Share of profit of associates and joint ventures, net of tax	21,840	2,316
Profit before tax	76,742	56,141
Tax expense	(9,782)	(8,384)
Profit for the period	66,960	47,757
Profit attributable to:		
Equity holders of the Company	62,599	45,665
Non-controlling interests	4,361	2,092
Profit for the period	66,960	47,757
Earnings per share		
Basic and diluted earnings per share (cents)	4.99	4.58

Condensed consolidated statement of comprehensive income
For the six months ended 30 June

	Group	
	2018	2017
	S\$'000	S\$'000
Profit for the period	66,960	47,757
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Realisation of fair value through other comprehensive income ("FVOCI")	74	—
Net fair value changes in financial assets carried at FVOCI	(75,996)	—
Share of FVOCI of associates	(425)	—
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences relating to financial statements of foreign subsidiaries	11,393	(15,731)
Share of other comprehensive income of associates	(892)	9
Effective portion of changes in fair value of cash flow hedges	120	(460)
Net fair value changes in financial assets carried at FVOCI	—	53,657
Other comprehensive (loss)/ income for the period, net of tax	(65,726)	37,475
Total comprehensive income for the period	1,234	85,232
Total comprehensive income attributable to:		
Equity holders of the Company	(3,127)	83,155
Non-controlling interests	4,361	2,077
Total comprehensive income for the period	1,234	85,232

There is no income tax attributable to the items in other comprehensive income.

Condensed consolidated statement of financial position

	Group	
	30 June 2018 S\$'000	31 December 2017 S\$'000
Assets		
Plant and equipment	1,506	1,752
Intangible assets	1,256	1,134
Associates	891,767	451,417
Joint ventures	13,431	13,990
Financial assets	708,274	689,221
Financial derivatives	154	34
Deferred tax assets	1,164	799
Trade and other receivables	1,886	1,685
Prepayments	2,134	2,478
Total non-current assets	<u>1,621,572</u>	<u>1,162,510</u>
Financial assets	8,990	66,016
Current tax assets	—	61
Trade and other receivables	54,016	65,125
Cash and cash equivalents	147,235	93,323
Prepayments	2,108	1,913
Associates classified as held for sale	—	266
Total current assets	<u>212,349</u>	<u>226,704</u>
Total assets	<u>1,833,921</u>	<u>1,389,214</u>

Condensed consolidated statement of financial position

	Group	
	30 June 2018 S\$'000	31 December 2017 S\$'000
Equity		
Share capital	1,995	1,995
Reserves	314,304	368,053
Perpetual securities	606,460	304,078
Retained earnings	470,482	466,621
Equity attributable to equity holders of the Company	1,393,241	1,140,747
Non-controlling interests	10,553	7,264
Total equity	1,403,794	1,148,011
Liabilities		
Loans and borrowings	7	79,996
Trade and other payables	5,623	4,849
Deferred tax liabilities	227	226
Total non-current liabilities	5,857	85,071
Trade and other payables	40,436	42,646
Loans and borrowings	370,519	100,114
Current tax payable	13,315	13,372
Total current liabilities	424,270	156,132
Total liabilities	430,127	241,203
Total equity and liabilities	1,833,921	1,389,214

Note

The Group was in a Net Current Liabilities position as at 30 June 2018, primarily attributed to the maturity of its loan facilities within the next 12 months. The refinancing of these loan facilities is currently in progress.

Condensed consolidated statement of cash flows
For the six months ended 30 June

	2018 S\$'000	2017 S\$'000
Cash flows from operating activities		
Profit for the period	66,960	47,757
Adjustments for:		
Amortisation of intangible asset	177	266
Depreciation of plant and equipment	406	445
Distribution income	(12,308)	(12,664)
Loss/(Gain) on fair valuation/disposal of financial assets	643	(5,877)
Loss on unrealised foreign exchange	3,108	710
Loss on disposal of plant and equipment	62	91
Interest expense	2,778	1,432
Interest income	(1,126)	(136)
Management fees received/receivable in units of real estate investment trusts	(37,304)	(34,498)
Intangibles written off	–	457
Gain on disposal of associate	(1,422)	–
Share of profit of associates and joint ventures	(21,840)	(2,316)
Tax expense	9,782	8,384
	9,916	4,051
Change in trade and other receivables	6,908	(614)
Change in trade and other payables	(1,597)	(361)
	15,227	3,076
Cash generated from operations		
Distribution income received	12,453	12,748
Proceeds from sale of units in real estate investment trusts	11,430	32,784
Tax paid	(9,838)	(7,377)
	29,272	41,231
Net cash from operating activities		

Condensed consolidated statement of cash flows (cont'd)
For the six months ended 30 June

	2018 S\$'000	2017 S\$'000
Cash flows from investing activities		
Investment in associate	(411,250)	–
Acquisition of subsidiary, net of cash acquired	(976)	–
Dividend received from associates	4,390	1,480
Interest received	1,126	136
Purchase of financial assets, net	(4,371)	(116,463)
Proceeds from disposal of associate	1,683	–
Proceeds from disposal of plant and equipment	–	(13)
Purchase of plant and equipment	(264)	(875)
Purchase of software	–	(31)
Contribution from a non-controlling interest	373	52
Net cash used in investing activities	(409,289)	(115,714)
Cash flows from financing activities		
Dividends paid	(35,345)	(1,857)
Distribution paid to perpetual securities holders	(7,864)	–
Interest paid	(1,461)	(1,432)
Issue of redeemable preference shares	–	100
Issue of perpetual securities, net of issue costs	297,448	–
Payment of finance lease liabilities, net	(76)	(79)
Proceeds from loans and borrowings, net	186,737	49,500
Net cash generated from financing activities	439,439	46,232
Net increase/(decrease) in cash and cash equivalents	59,422	(28,251)
Cash and cash equivalents at beginning of period	93,323	109,067
Effect of exchange rate fluctuation on cash held	(5,510)	(1,340)
Cash and cash equivalents at end of period	147,235	79,476

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