



DEFINING STRATEGY FOR EXCELLENCE

ARA ASSET MANAGEMENT LIMITED
A N N U A L R E P O R T 2 0 1 3



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CORPORATE PROFILE

ARA Asset Management Limited (“ARA” or the “Company” and together with its subsidiaries, the “Group”) is an Asian real estate fund management company focused on the management of public-listed real estate investment trusts (“REITs”) and private real estate funds.

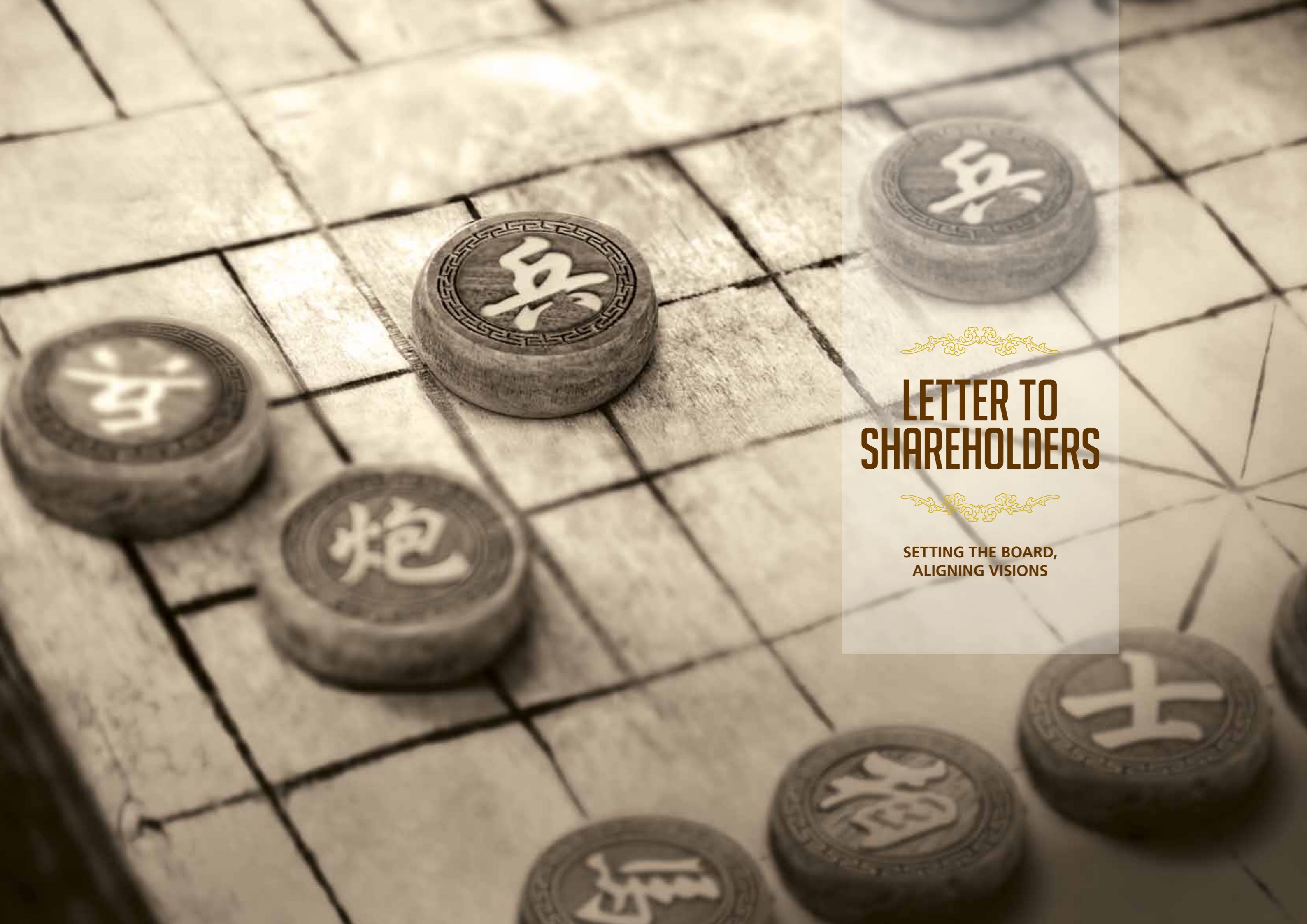
ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office/retail (commercial), industrial/office, logistics and hospitality sectors. These include Fortune REIT (dual-listed in Singapore and Hong Kong), Suntec REIT and Cache Logistics Trust (listed in Singapore), Hui Xian REIT and Prosperity REIT (listed in Hong Kong) and AmFIRST REIT (listed in Malaysia). The Group also manages several private funds investing in real estate in Asia.

To complement its REITs and private real estate funds business segments, ARA also provides real estate management services, which include managing Suntec City, one of Singapore’s most iconic integrated commercial development; and corporate finance advisory services to related corporations.

ARA was incorporated on 1 July 2002 and was admitted to the official list of the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 2 November 2007. It has grown to become one of the largest real estate fund managers in the region, with total assets under management (“AUM”) of S\$25.5 billion (approximately US\$20.2 billion) as at 31 December 2013.

OUR CORE VALUES

INTEGRITY
EXCELLENCE
RESPECT
TEAMWORK



**LETTER TO
SHAREHOLDERS**

**SETTING THE BOARD,
ALIGNING VISIONS**

LETTER TO SHAREHOLDERS

“ARA is well-positioned to pursue growth opportunities, as the combined partnership of Cheung Kong and Straits Trading, both well-reputed as premier business groups in Asia, will underpin an expanded business network reach in the Asia-Pacific region”

On behalf of the Board of ARA, we are pleased to present the annual report of the Group for the financial year ended 31 December 2013 (“FY2013”).

FY2013 was a significant year for ARA. Despite the global economic uncertainties, we continued to increase our AUM to S\$25.5 billion as at 31 December 2013 and grew our resilient earnings. This was achieved mainly from asset acquisitions made by the REITs and private real estate funds divisions, as well as the establishment of new funds.

On 29 November 2013, ARA entered into a strategic alliance with The Straits Trading Company Limited (“Straits Trading”), one of the most reputed publicly-listed companies in Singapore. This marks yet another key milestone for the Company as it embarks on an expanded long-term partnership with Cheung Kong (Holdings) Limited (“Cheung Kong”) and Straits Trading.

STRATEGIC ALLIANCE IN SUPPORT OF GROWTH

As a strategic partner holding 20.1% of ARA, one of the key initiatives of the alliance includes the establishment of a co-investment vehicle by Straits Trading and Mr John Lim to support the future capital needs of the Group’s private real estate funds division. This includes funding the seed capital for the launch of a new Asia-focused development fund to be managed by ARA.

ARA is well-positioned to pursue further growth opportunities, as the combined partnership of Cheung Kong and Straits Trading, both well-reputed as premier business groups in Asia, will underpin our expanded business network reach in the Asia-Pacific region.

RECURRENT EARNINGS STAY RESILIENT

In FY2013, total revenue for the Group grew 5% to S\$140.4 million and the net profit for the Group increased to S\$74.3 million, a growth of 2% year-on-year. Recurrent revenue comprising management fees earned from the REITs, private real estate funds and real estate management services divisions grew 11% year-on-year and accounted for more than 80% of our total revenue.

The Group’s AUM attained a new high of S\$25.5 billion as at 31 December 2013, achieved mainly from the successful asset acquisitions made by the REITs and private real estate funds divisions, as well as the establishment and management of new platforms, including the Morningside Investment Partners, LLC (“MIP”).

REIT MANAGEMENT

The overall Asian REIT market delivered a mixed price performance in FY2013, as it came under pressure from the threat of rising interest rates in June.

However, our REITs under management continued to deliver strong financial performance and through active asset management initiatives, achieved higher net property income and values in their investment portfolios. The AUM has also grown by approximately 14% for the year following the completion of new acquisitions made by Suntec REIT, Fortune REIT and Cache Logistics Trust (“Cache”), further boosting the distribution income to its unitholders.

Suntec REIT in December 2013 completed its acquisition of a 100% interest in 177 Pacific Highway, a landmark office tower with freehold title to be developed in North Sydney’s Central Business District, at a purchase consideration of A\$413.2 million. Earlier in September, phase one of the major refurbishment of Suntec City was completed. A transformed Suntec Singapore Convention & Exhibition Centre with new retail space was unveiled, and together with the ongoing transformation for Suntec City Mall, will provide enhanced shopping, dining and entertainment options to all, complementing its status as the preferred Meetings, Incentives, Conventions and Exhibitions (“MICE”) destination.

2013 marked the 10th year of Fortune REIT’s listing. Since listing, its property portfolio has grown from HK\$3.3 billion to HK\$29.3 billion as at 31 December 2013. In October 2013, Fortune REIT acquired Fortune Kingswood in Hong Kong at a purchase consideration of HK\$5.8 billion, making up the 17th and the largest asset in Fortune REIT’s portfolio. During the year, the asset enhancement works to three of its malls were completed at an impressive return on investment of between 25% and 60%, further underscoring its track record in executing its planned initiatives.

In April 2013, Cache acquired Precise Two, a newly completed ramp-up logistics warehouse strategically located in the Jurong Industrial Precinct in Singapore, funded by monies raised in a private placement carried out in March 2013. The private placement drew strong interest from international investors and raised gross proceeds of S\$86.8 million, providing the REIT with greater debt headroom to fund future acquisitions.

In December 2013, Prosperity REIT entered into a conditional sale and purchase agreement to acquire 9 Chong Yip Street in Hong Kong at a purchase consideration of HK\$1.0 billion. This is a significant transaction for the REIT and the acquisition was completed in the first quarter of 2014.

PRIVATE REAL ESTATE FUNDS

FY2013 was an active year for ARA Private Funds. The Group raised US\$240.0 million in capital commitments via a new platform, MIP. The MIP is a long term, value-add separate account vehicle backed by a United States public pension fund, targeting income-producing properties in the office and retail sectors in Singapore, Hong Kong and Malaysia. With this, ARA now manages funds for four out of the 10 largest public pension funds in the United States. In December 2013, the Group entered into a conditional sale and purchase agreement to acquire Macquarie Real Estate Korea Limited. Upon completion, it would enable us to gain a foothold in South Korea and tap on the immense real estate opportunities in one of Asia’s largest economies.

LETTER TO SHAREHOLDERS

Our flagship private real estate fund, the ARA Asia Dragon Fund (“ADF”), continues to deliver on its asset management and divestment strategies. During the year, it successfully divested its prime properties in China, namely the Dalian Tianxing Roosevelt Center and the Nanjing International Finance Center.

The ARA Asia Dragon Fund II (“ADF II”) acquired assets in Malaysia and China totaling approximately US\$620.0 million in acquisition value. With this, ADF II has deployed approximately 68% of its committed capital as at 31 December 2013. The ARA China Investment Partners, LLC (“CIP”) has also commenced its investment into prime office and retail assets with stable cashflows in China by making its first acquisition of Dalian Tianxing Roosevelt Center from the ADF. In addition, it secured an additional capital commitment of US\$330.0 million for the fund, bringing it to a total of US\$830.0 million in committed capital.

REAL ESTATE MANAGEMENT SERVICES

Our real estate management services division provides the integral support in our effective management of the Group’s properties in Singapore, China and Malaysia, providing quality property management and convention services.

During the year, APM group, our property management arm, is focused on the execution of asset enhancement initiatives undertaken by properties managed within the Group, including the major refurbishment of Suntec City and the retail/project management of the portfolio of Malaysia and China properties held by our private real estate funds.

Suntec Singapore International Convention & Exhibition Services Pte. Ltd. (“Suntec Singapore”) has hosted more than 330 events at the Suntec Singapore Convention & Exhibition Centre since its re-opening in the second half of FY2013. Clients can expect an enhanced MICE experience from the new technological capabilities and renowned culinary excellence.

DIVIDEND & BONUS ISSUE

In March 2013, we rewarded our shareholders with a 1-for-10 bonus share issue, and the Directors are pleased to propose a final dividend of 2.7 Singapore cents per share in respect of FY2013. The proposed final dividend is subject to shareholders’ approval at the Company’s Annual General Meeting (“AGM”) to be held on 25 April 2014. Together with the interim dividend of 2.3 Singapore cents per share paid out on 29 August 2013, the total dividend for FY2013 will amount to 5.0 Singapore cents per share.

PROSPECTS

The global economy is expected to pose a recovery in the coming year. The United States has commenced cutting back on its monthly bond-buying stimulus program as economic recovery strengthens. The Asian REITs sector is facing downward price pressure under expectations of higher interest rates.

China remains a key market for us. It recorded a GDP growth of 7.7% for FY2013 despite lingering concerns over the implementation of reforms and the credit market. Investors will keep a close watch on Japan to see if a viable long term growth strategy can be delivered.

ARA has an impeccable track record for more than 10 years since its establishment and its business model continues to be highly scalable. The REITs under our management have the potential to grow in size. Moving forward, the Group will focus on increasing our AUM by developing franchises for our suite of private real estate funds as well as launch new funds. We will take a prudent and disciplined approach towards expanding into new markets, and look to tap greater synergies within the Group to build on sustainable growth.

We will also continue to strengthen our operations, corporate governance and risk management mechanisms, which would further enable us to deliver stable and sustainable returns to our shareholders.

ACKNOWLEDGEMENT


We would like to thank our Board of Directors for their guidance, and to our staff for their dedicated contributions towards the success of ARA. We would also like to thank our investors, business partners and stakeholders for your strong support in 2013.

DR CHIU KWOK HUNG JUSTIN
CHAIRMAN

MR LIM HWEE CHIANG JOHN
GROUP CHIEF EXECUTIVE OFFICER



YEAR IN REVIEW



EVALUATING
TACTICAL
ADVANTAGES

HIGHLIGHTS OF THE YEAR

January

- ADF II acquired Ocean Towers in Shanghai, China

March

- Suntec REIT issued S\$280.0 million in aggregate principal amount of 1.4% convertible bonds due 2018
- Cache issued 70.0 million units at an issue price of S\$1.24 per new unit
- ARA issued approximately 76.8 million new ordinary shares pursuant to the 1-for-10 bonus issue

April

- Cache acquired Precise Two in Singapore
- ADF II acquired Tongzhou Roosevelt Plaza in Beijing, China

May

- Payment of FY2012 final dividend of 2.7 Singapore cents per share

July

- CIP acquired Dalian Tianxing Roosevelt Center in Dalian, China
- Fortune REIT issued approximately 143.0 million units at an issue price of HK\$6.82 per new unit

August

- Suntec REIT established a US\$1.5 billion Euro Medium Term Note Programme
- Fortune REIT commemorated its 10th year anniversary
- Payment of FY2013 interim dividend of 2.3 Singapore cents per share

September

- Suntec REIT unveiled Suntec City's new look and refurbished concepts

October

- Fortune REIT acquired Fortune Kingswood in Hong Kong

November

- ARA raised US\$240.0 million for its private real estate funds platform via a new separate account, the MIP
- ARA established a strategic alliance with Straits Trading

December

- Suntec REIT acquired 177 Pacific Highway in North Sydney, Australia
- Prosperity REIT entered into a conditional sale and purchase agreement to acquire 9 Chong Yip Street in Hong Kong
- ARA entered into a conditional sale and purchase agreement to acquire Macquarie Real Estate Korea Limited
- ADF divested Nanjing International Finance Center in Nanjing, China

AWARDS AND ACCOLADES



ARA ASSET MANAGEMENT LIMITED

Asia Firm Of The Year
2012 Global PERE Awards

Best Asian REIT Manager, Awards for Excellence
The 12th Annual REIW Asia 2013

Most Transparent Company Award - Runner Up (Finance Category)
Securities Investors Association of Singapore Investors' Choice Award 2013

Best Investment Manager in Singapore
Euromoney Real Estate Global Poll 2013

10 Most Influential Personalities in Asian Real Estate - Mr John Lim
REIW Asia 2013

Silver Award (Real Estate/REIT Sector) - Excellence in Development of Annual Report
2012 Vision Awards Annual Report Competition

Bronze Award (Development/Service: Various & Multi-Use)
2013 International ARC Awards

SUNTEC REIT

Best Managed Company (4th)
Best Managed Companies Poll 2013, FinanceAsia

Best Corporate Governance (4th)
Best Managed Companies Poll 2013, FinanceAsia

Most Committed to a Strong Dividend Policy (5th)
Best Managed Companies Poll 2013, FinanceAsia

Best Investor Relations (5th)
Best Managed Companies Poll 2013, FinanceAsia

FORTUNE REIT

Best Mid-Cap Company (1st)
Best Managed Companies Poll 2013, FinanceAsia

Most Committed to a Strong Dividend Policy (1st)
Best Managed Companies Poll 2013, FinanceAsia

Best Corporate Governance (2nd)
Best Managed Companies Poll 2013, FinanceAsia

Best Corporate Social Responsibility (2nd)
Best Managed Companies Poll 2013, FinanceAsia

Best Managed Company (3rd)
Best Managed Companies Poll 2013, FinanceAsia

Best Investor Relations (3rd)
Best Managed Companies Poll 2013, FinanceAsia

Best CEO - Anthony Ang (3rd)
Best Managed Companies Poll 2013, FinanceAsia

Asia's Outstanding Company on Corporate Governance
Corporate Governance Asia

CAPITAL Honor Grand Awards - Investor Relations
CAPITAL Magazines, South China Group

Best Managed Companies in Asia 2013: Property/Real Estate Sector (3rd)
Euromoney Asia Best Managed Companies 2013

U Green Awards 2012/13 - Excellence of Environmental Contributions
U Magazine, Hong Kong Economic Times Holdings

Silver Award (Interior Design: REIT:Retail/Shopping Centers)
2013 International ARC Awards

PROSPERITY REIT

Best Small-Cap Company (2nd)
Best Managed Companies Poll 2013, FinanceAsia

Silver Award (Real Estate/REIT Sector) - Excellence in Development of Annual Report
2012 Vision Awards Annual Report Competition

Kowloon West Best Security Services Awards 2012 - Best Managed Property - The Metropolis Tower
Hong Kong Police Force (West Kowloon District)

Kowloon West Best Security Services Awards 2012 - Treble-Star Managed Property - Trendy Centre
Hong Kong Police Force (West Kowloon District)

Caring Company Logo
The Hong Kong Council of Social Services

CACHE LOGISTICS TRUST

Best Investor Relations - Silver Award
Singapore Corporate Awards 2013

HUI XIAN REIT

Gold Award (Real Estate/REIT Sector) - Excellence in Development of Annual Report
2012 Vision Awards Annual Report Competition

SUNTEC SINGAPORE

Total Defence Awards (Employers) 2013
Meritorious Defence Partner Award, Ministry of Defence

Excellence in Recruitment & Retention Strategy (Top 5)
Human Resources Excellence Award 2013

FINANCIAL HIGHLIGHTS

ARA posts record net profit of S\$74.3 million in FY2013

Recurrent management fees up 11% to S\$114.0 million

Total AUM grew 13% to S\$25.5 billion

Proposed final dividend of 2.7 Singapore cents per share, total payout of 5.0 Singapore cents per share for FY2013

Key Financial Results		FY2013	FY2012	Change (%)
Revenue				
Management fees	S\$'000	114,003	102,615	11%
Acquisition, divestment and performance fees	S\$'000	14,671	8,223	78%
Finance income	S\$'000	11,583	21,997	(47%)
Other income	S\$'000	139	695	(80%)
Total revenue	S\$'000	140,396	133,530	5%
Net profit	S\$'000	74,250	72,704	2%
Earnings per share⁽¹⁾	S cents	8.79	8.60	2%

⁽¹⁾ Based on the issued share capital of 845,151,093 shares as at 31 December 2013

Total Assets Under Management ⁽²⁾		31 Dec 2013	31 Dec 2012	Change
REITs – Real Estate ⁽³⁾	(S\$ billion)	18.4	16.2	2.2
Private Real Estate Funds – Real Estate	(S\$ billion)	5.4	4.7	0.7
Private Real Estate Funds – Capital ⁽⁴⁾	(S\$ billion)	1.3	1.3	-
Real Estate Management Services ⁽⁵⁾	(S\$ billion)	0.4	0.4	-
Total	(S\$ billion)	25.5	22.6	2.9

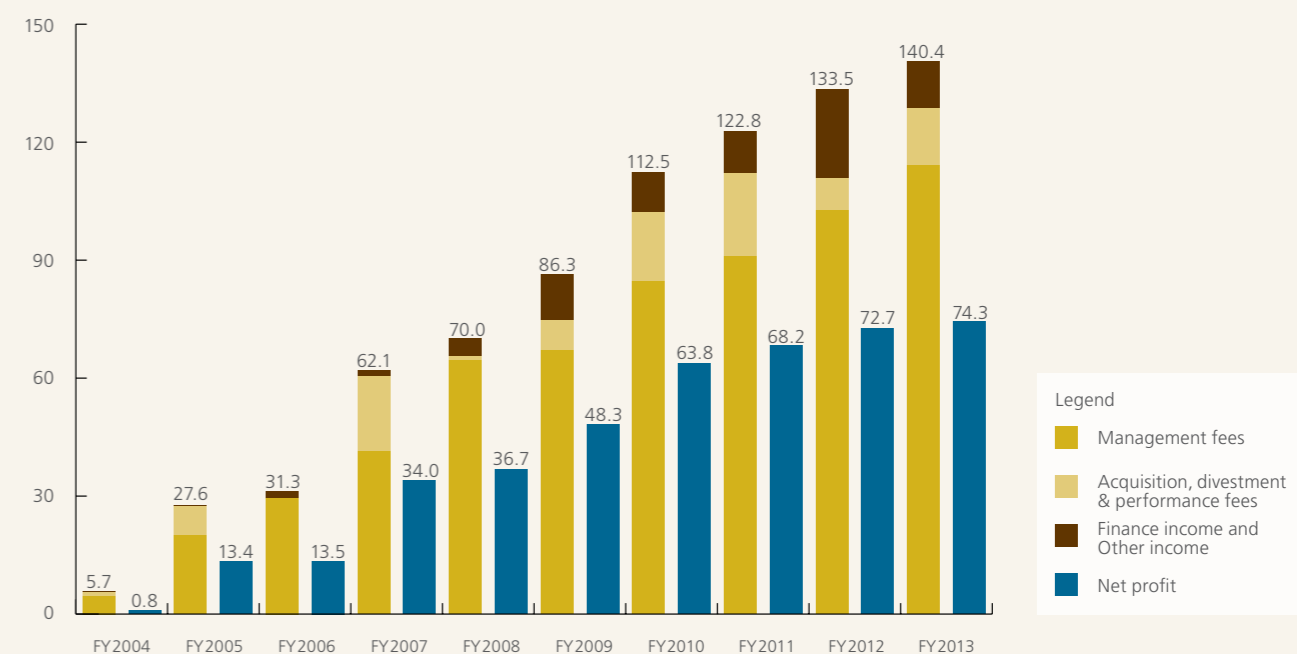
⁽²⁾ Based on exchange rates as at 31 December 2013

⁽³⁾ Comprises gross property value of REITs managed by subsidiaries & associated companies

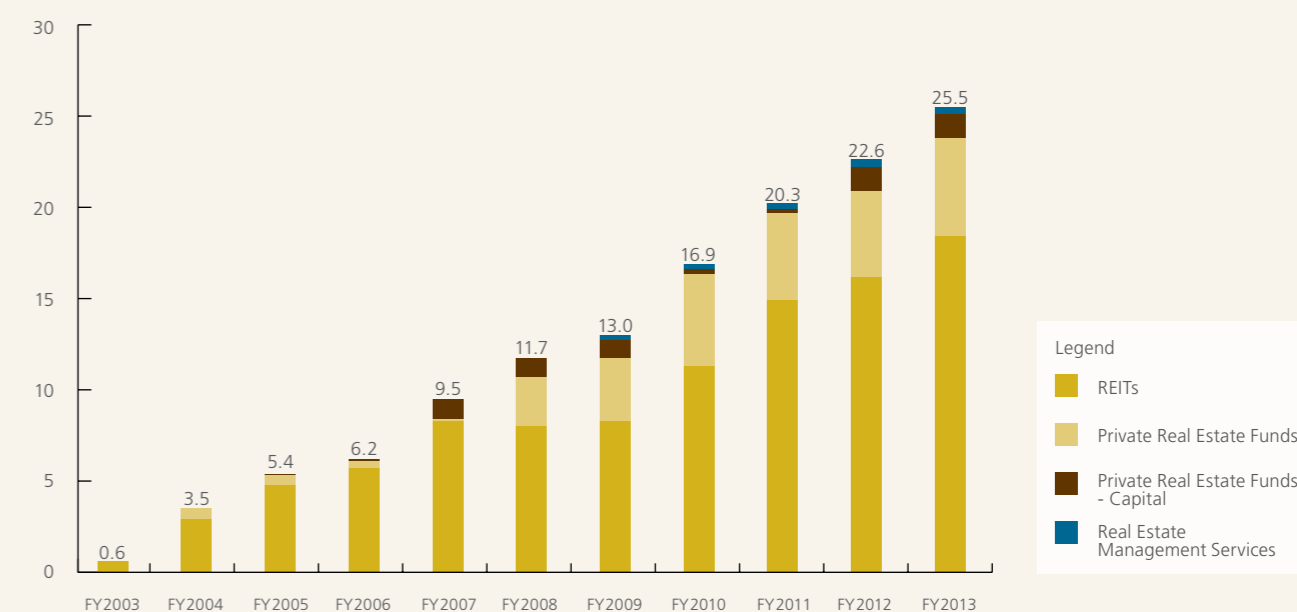
⁽⁴⁾ Excludes capital committed for projects pending completion

⁽⁵⁾ Revenue base for real estate management services fee computation

TOTAL REVENUE AND NET PROFIT (S\$ MILLION)



TOTAL ASSETS UNDER MANAGEMENT (S\$ BILLION)



PERFORMANCE REVIEW

PERFORMANCE OVERVIEW

The Group achieved yet another record net profit of S\$74.3 million in FY2013, a 2% increase from S\$72.7 million in FY2012. The performance was achieved on the back of a 5% increase in total revenue to S\$140.4 million and a 13% increase in total AUM to S\$25.5 billion. During the year, the Group continued to grow its core businesses. Notably, ARA's REIT platform successfully added to its growing AUM with both acquisitions and numerous asset enhancement initiatives from its REITs under management, including the acquisition of the largest retail property in its portfolio (Fortune Kingswood) by Fortune REIT, the purchase of another warehouse property (Precise Two) by Cache and the major refurbishment of Suntec City by Suntec REIT. The Group also successfully launched a new separate account, the MIP, adding to its private real estate funds platform. These transactions, along with the new strategic alliance with Straits Trading, positions ARA for a new phase of growth going forward.

ASSETS UNDER MANAGEMENT

The Group's total AUM as at 31 December 2013 stood at S\$25.5 billion, an increase of S\$2.9 billion or 13% from S\$22.6 billion as at 31 December 2012. REITs real estate AUM climbed 14% to S\$18.4 billion from S\$16.2 billion as at 31 December 2012, primarily from an increase in the valuation of the property portfolios of the REITs under management, Fortune REIT's acquisition of Fortune Kingswood in October 2013 and Cache's acquisition of Precise Two in April 2013. For the Group's private real estate funds, assets under management increased to S\$6.7 billion from S\$6.0 billion, boosted by the launch of MIP in November 2013 and several successful acquisitions by ADF II and CIP, but partially offset by the divestment of assets by ADF as the fund is currently in its divestment phase.

REVENUE

Another year of record revenue was achieved by the Group as revenue climbed 5% to S\$140.4 million in FY2013 from S\$133.5 million in FY2012. During the year, recurrent management fee income grew 11% to S\$114.0 million from S\$102.6 million in FY2012. REIT base and performance fees rose 7% to S\$66.0 million in FY2013, primarily due to better asset performance post the asset enhancement initiatives undertaken, which resulted in the higher valuation for the various property portfolios, coupled with the acquisitions made by Fortune REIT and Cache. Portfolio management fees received from the private real estate funds under management remained stable at S\$25.6 million, as higher management fees arising from (i) a higher valuation of the property in the ARA Harmony Fund post completion of the asset enhancement works; (ii) the full year contributions from ADF II and CIP and (iii) the launch of MIP, were partially offset by reduced management fees from ADF as its investment assets are progressively divested. Real estate management fees further contributed to the increase in revenue, recording a jump of 45% from S\$15.4 million in FY2012 to S\$22.4 million in FY2013 as the Group saw greater leasing activities in relation to the major refurbishment of Suntec City, coupled with contributions from the China property management business which was acquired in August 2012.

Acquisition, divestment and performance fees increased 78% year-on-year to S\$14.7 million in FY2013, primarily due to higher acquisition fees received in relation to (i) Fortune REIT's acquisition of Fortune Kingswood in October 2013; (ii) Suntec REIT's progress payment for its acquisition of 177 Pacific Highway in North Sydney, Australia in December 2013 and (iii) Cache's acquisition of Precise Two in April 2013. The Group also received advisory and consultancy fees of S\$3.6 million in FY2013 (FY2012: S\$2.9 million) mainly for project management services provided by the APM group to malls in Malaysia, as well as to Suntec REIT and the ARA Harmony Fund for the major refurbishment of Suntec City.

Finance income declined to S\$11.6 million in FY2013 from S\$22.0 million previously. This was mainly due to a S\$11.3 million net mark-to-market gain on fair valuation / disposal of certain REIT units received as part payment for REIT management and acquisition fees recorded in FY2012. In FY2013, a net mark-to-market loss of S\$3.5 million on fair valuation / disposal of certain REIT units was recorded under finance costs. This was partially offset by a higher distribution income of S\$11.5 million for FY2013 compared to S\$10.5 million received in FY2012, mainly attributed to the higher distribution of profits by ADF arising from the divestment of some properties under its portfolio.

EXPENSES

The Group's total expenses increased 8% to S\$55.9 million in FY2013 from S\$51.9 million in FY2012. Administrative expenses (relating primarily to staff-related expenses and advisory fees) rose to S\$41.5 million in FY2013 from S\$39.2 million in FY2012, an increase of 6%, while operating lease expenses increased to S\$3.8 million from S\$3.1 million, an increase of 20%. These increases were primarily due to an increase in headcount and staff-related expenses as well as due to additional office space secured for both its local and overseas in order to support the Group's continuing business expansion.

Other expenses decreased from S\$8.9 million in FY2012 to S\$6.3 million in FY2013, mainly due to the legal and professional costs incurred in FY2012 for the launch of ADF II and CIP. However, finance costs increased to S\$4.4 million in FY2013 from S\$0.6 million in FY2012 primarily due to a net loss on fair valuation / disposal of held-for-trading securities. In FY2012, a gain was recorded under finance income.

EARNINGS

The Group's share of profits of associates totalled S\$3.9 million for FY2013. The decrease of S\$0.6 million from S\$4.5 million in FY2012 was primarily due to lower contribution from the Group's 30% effective interest in Hui Xian Asset Management Limited, the manager of Hui Xian REIT, as included in FY2012 was an acquisition fee in relation to Hui Xian REIT's acquisition of a stake in Sofitel Shenyang Lido in January 2012. Income tax expense declined 5% to S\$11.3 million in FY2013 from S\$11.9 million in FY2012, mainly due to tax adjustments relating to certain tax incentives obtained in China.

As a result of the above, net profit attributable to equity holders of the Company in FY2013 was S\$74.3 million, 2% higher than the S\$72.7 million in FY2012. Earnings per share improved to 8.79 Singapore cents, up 2% from the 8.60 Singapore cents per share achieved in FY2012.

PROPOSED FINAL DIVIDEND PER SHARE

The Directors are pleased to propose a final tax-exempt dividend of 2.7 Singapore cents per share for FY2013. The proposed final dividend is subject to shareholders' approval at the Company's AGM to be held on 25 April 2014. Including the interim dividend of 2.3 Singapore cents per share paid out in August 2013, the total dividend per share for FY2013 will amount to 5.0 Singapore cents per share, unchanged from FY2012. With the increased number of shares subsequent to the 1-for-10 bonus issue in March 2013, the total dividends paid or payable for FY2013 would be 4% higher as compared to the total dividends paid for FY2012.

PERFORMANCE REVIEW

ASSETS

As at 31 December 2013, the Group's total assets stood at S\$347.3 million. This comprises primarily S\$262.4 million of financial assets as well as S\$39.1 million of cash and cash equivalents. Financial assets, which include the Group's strategic stakes in Suntec REIT, Cache, AmFIRST REIT and seed investments in the private real estate funds under management, increased by 76% to S\$262.4 million as at 31 December 2013 from S\$149.2 million as at 31 December 2012, mainly due to seed capital contributions to the private real estate funds.

BORROWINGS

As at 31 December 2013, the Group's loans and borrowings relate to (i) a secured multicurrency revolving credit facility taken up 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; (ii) 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 (iii) finance lease liability for the purchase of certain plant and equipment. As at 31 December 2013, the Group's gearing ratio stood at 11% (31 December 2012: 2%).

SHAREHOLDERS' EQUITY

The issued and paid-up ordinary share capital of the Company as at 31 December 2013 was S\$1.7 million, comprising 845.2 million ordinary shares of S\$0.002 each. There were no outstanding options or convertible securities of the Company as at 31 December 2013.

The Group's total reserves, including retained earnings, amounted to S\$275.9 million as at 31 December 2013 while total equity stood at S\$280.4 million. Net tangible assets per share was 32.8 Singapore cents, 14% higher than the 28.9 Singapore cents as at 31 December 2012.

CASH FLOWS & LIQUIDITY

The Group's main sources of operating cashflows are fees from the management of REITs and private real estate funds as well as the provision of real estate management services. The fees for the provision of these services are generally received in cash, except for management fees in respect of certain REITs, which are received in cash and/or REIT units. The Group's practice for REIT units received as part payment of REIT management fees is to realise them into cash as soon as practicable and outside of the corresponding black-out periods for the respective REITs.

Additionally, the Group maintains the following facilities:

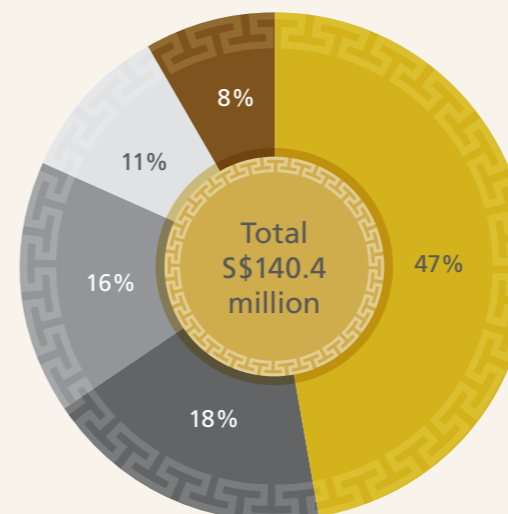
- a secured multicurrency revolving credit facility of S\$50.0 million which bears interest at a fixed spread over the corresponding benchmark rate of the available currencies, of which S\$25.7 million has been utilised;
- an unutilised unsecured multicurrency money market line of S\$50.0 million which bears interest at a fixed spread over the corresponding benchmark rate of the available currencies;
- a secured revolving credit facility of RM16.0 million which bears interest at a fixed spread above the bank's cost of funds, of which RM12.0 million has been utilised; and
- unutilised unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million which bears interest at the prime lending rate.

Net cash inflow from operating activities decreased from S\$81.7 million in FY2012 to S\$47.6 million in FY2013 primarily due to lower proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management and acquisition fees.

Net cash outflow for investing activities increased to S\$89.7 million in FY2013 from S\$3.5 million in FY2012. The increase in net cash outflow for investing activities in FY2013 was primarily due to seed capital contributions to the private funds, which are classified as available-for-sale securities.

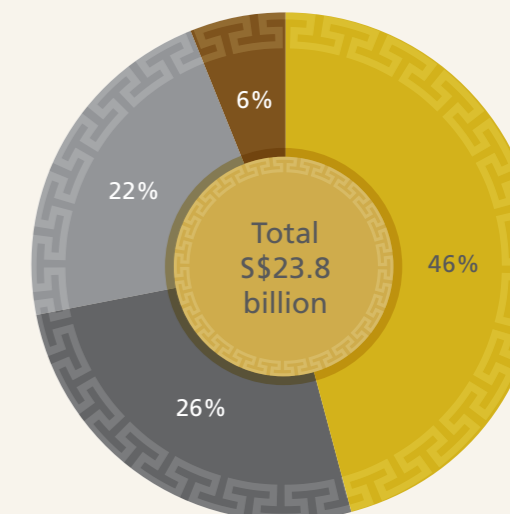
Net cash outflow from financing activities was S\$19.5 million in FY2013 as compared to S\$34.8 million in FY2012. Dividends paid out by the Group was higher in FY2013 subsequent to the Company's enlarged share base after the 1-for-10 bonus issue in March 2013, and the Group took a S\$25.7 million revolving credit facility with UOB Singapore to fund the Group's investment in available-for-sale securities and for general working capital purposes.

REVENUE BY SEGMENTS



- Legend
- REIT management fees
 - Private fund management fees
 - Real estate management services
 - Acquisition, divestment & performance fees
 - Finance income and Other income

REAL ESTATE ASSETS UNDER MANAGEMENT BY COUNTRY



- Legend
- Singapore
 - Hong Kong
 - China
 - Malaysia



OUR BUSINESS



LEADING THE GAME



BUSINESS SEGMENTS

As a real estate fund manager, ARA is focused on the management of public-listed REITs and private real estate funds. These investment vehicles allow ARA to invest across a broad spectrum of real estate investment classes. Supporting them are ARA's real estate management services and corporate finance advisory services divisions which provide in-house expertise in property management, convention & exhibition services and capital markets. Together, ARA's various business segments constitute an Asia-focused real estate fund manager with extensive expertise and experience across a wide range of real estate asset classes complemented by asset-specific skill sets. The revenues contributed by these business segments are summarised as follows:

REAL ESTATE INVESTMENT TRUSTS

- Base Fees (Gross Property Value)
- Performance / Variable Fees (Net Property Income)
- Acquisition / Divestment Fees (Gross Property Value)

PRIVATE REAL ESTATE FUNDS

- Portfolio Management Fees (Committed Capital / Contributed Capital / Gross Property Value)
- Performance Fees (IRR above hurdle)
- Return on Seed Capital

REAL ESTATE MANAGEMENT SERVICES

- Property Management Fees (Property Gross Revenue)
- Convention & Exhibition Service Fees (Gross Revenue)
- Consultancy Fees (Project Value)







CORPORATE FINANCE ADVISORY SERVICES

- Advisory Fees (Purchase Value)

FUNDS AND SERVICES

Over the years, we have established strong platforms in the Asia-Pacific region. We will continue to build new platforms, including acquiring existing ones in new target jurisdictions for future growth.

DIVERSIFIED AND COMPLEMENTARY FUND PLATFORMS AND SERVICES

REITs						
Listing Venue	SGX-ST & SEHK	SGX-ST	SEHK	Bursa	SGX-ST	SEHK
Focus	Suburban retail properties in Hong Kong	Prime office & retail properties in Singapore and Australia	Office & industrial/ office properties in Hong Kong	Commercial properties in Malaysia	Logistics properties in the Asia-Pacific region	Commercial properties in China
Property Value ⁽¹⁾	HK\$29,338m	S\$8,364m	HK\$8,518m	RM1,277m	S\$1,035m	RMB37,040m

Private Real Estate Funds	<i>ADF</i> ARA Asia Dragon Fund	<i>ADF II</i> ARA Asia Dragon Fund II	<i>HARMONY</i> ARA Harmony Fund	<i>CIP</i> ARA China Investment Partners	<i>MIP</i> Morningside Investment Partners
Description	Flagship strategic and opportunistic private real estate fund investing in Singapore, Hong Kong, China, Malaysia and other emerging economies in Asia	2 nd strategic and opportunistic private real estate fund investing in Singapore, Hong Kong, China, Malaysia and other emerging economies in Asia	Single-asset private real estate fund which owns the Suntec Singapore Convention & Exhibition Centre	Core-plus private real estate fund investing in high quality office and commercial properties in key cities in China	Value-add private real estate fund investing in high quality office and commercial properties in Singapore, Hong Kong and Kuala Lumpur
Fund Size	US\$1,133m (Committed Capital)	US\$441m (Committed Capital)	S\$648m (Gross Asset Value)	US\$830m (Committed Capital)	US\$240m (Committed Capital)

Real Estate Management Services			
Description	Property management services provider	Operations, sales and marketing services provider & consultant for convention, exhibition, meeting and event facilities	

⁽¹⁾ Property values as of last publicly-announced valuation

REAL ESTATE INVESTMENT TRUSTS

REITs are regulated investment vehicles that are freely traded on stock exchanges in the region, with strategic focus on managing and growing its portfolio of properties to offer stable rental income for its unitholders.

Distinguishing features of REITs include a requirement to pay out a substantial portion of its income to investors in regular distributions generated mainly through rental income received from its property portfolio, with gearing and permissible investment activities undertaken within regulatory limits.

ARA currently manages six REITs listed in Singapore, Hong Kong and Malaysia with a combined floor area of more than 25 million square feet and an aggregate gross property value of S\$18.4 billion (approximately US\$14.6 billion) as at 31 December 2013.



Suntec City



One Raffles Quay



MBFC Properties



Park Mall



177 Pacific Highway - artist's impression

Listed on 9 December 2004 on the SGX-ST and with a primary focus on prime commercial property in Singapore, Suntec REIT was the first composite REIT in Singapore owning both office and retail properties. Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of the Company, and currently owns a portfolio of office and retail properties with a total net lettable area of approximately 3.5 million square feet.

PROPERTY	LOCATION	NET LETTABLE AREA (SQ FT)
1 Suntec City	Marina Bay, Singapore	2,250,905*
2 Park Mall	Orchard, Singapore	267,148**
3 One Raffles Quay	Marina Bay, Singapore	444,750 (one-third interest)
4 MBFC Properties***	Marina Bay, Singapore	581,895 (one-third interest)
5 177 Pacific Highway****	North Sydney, Australia	-
TOTAL		3,544,698

* Reflects the total retail net lettable area upon completion of the asset enhancement works and the new retail lettable area in Suntec Singapore.
 ** Excludes the permissible gross lettable area of 65,454 square feet from the acquired land along Penang Road.
 *** Refers to the Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.
 **** On 9 December 2013, Suntec REIT acquired a 100% interest in a commercial building in North Sydney, Australia which is currently under development.

REAL ESTATE INVESTMENT TRUSTS



Fortune Kingswood



Ma On Shan Plaza



Fortune City One

Listed on 12 August 2003 on the SGX-ST and with a dual primary listing on the SEHK on 20 April 2010, Fortune REIT was Asia's first cross-border REIT and also the first REIT to hold assets in Hong Kong. Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of the Company, and currently owns a portfolio of 17 private housing estate retail properties in Hong Kong with a total gross rentable area of approximately 3.1 million square feet.



FORTUNE REIT

Asia's First Cross Border and Sole Dual-Listed REIT in Singapore and Hong Kong

Metro Town

	PROPERTY	LOCATION	GROSS RENTABLE AREA (SQ FT)
1	Fortune City One	Shatin	414,469
2	Fortune Kingswood	Tin Shui Wai	665,244
3	Ma On Shan Plaza	Shatin	310,084
4	Metro Town	Tseung Kwan O	180,822
5	Fortune Metropolis	Hung Hom	332,168
6	Belvedere Square	Tsuen Wan	276,862
7	Waldorf Avenue	Tuen Mun	80,842
8	Caribbean Square	Tung Chung	63,018
9	Provident Square	North Point	180,238
10	Jubilee Square	Shatin	170,616
11	Smartland	Tsuen Wan	123,544
12	Tsing Yi Square	Tsing Yi	78,836
13	Nob Hill Square	Kwai Chung	91,779
14	Hampton Loft	West Kowloon	74,734
15	Centre de Laguna	Kwun Tong	43,000
16	Lido Avenue	Tsuen Wan	9,836
17	Rhine Avenue	Tsuen Wan	14,604
	TOTAL		3,110,696

REAL ESTATE INVESTMENT TRUSTS

Listed on 16 December 2005 on the SEHK, Prosperity REIT is the first private sector REIT in Hong Kong. Prosperity REIT is managed by ARA Asset Management (Prosperity) Limited, a wholly-owned subsidiary of the Company. As at 31 December 2013, Prosperity REIT currently owns a diverse portfolio of seven high quality office, commercial, industrial/office, and industrial properties in the decentralized business districts of Hong Kong, with a total gross rentable area of about 1.2 million square feet.

	PROPERTY	LOCATION	GROSS RENTABLE AREA (SQ FT)
1	The Metropolis Tower	Hung Hom	271,418
2	Prosperity Millennia Plaza	North Point	217,955
3	Harbourfront Landmark (portion)	Hung Hom	77,021
4	Prosperity Place	Kwun Tong	240,000
5	Trendy Centre	Lai Chi Kok	173,764
6	Prosperity Center (portion)	Kwun Tong	149,253
7	New Treasure Centre (portion)	San Po Kong	86,168
	TOTAL		1,215,579

PROSPERITY REIT

First Private Sector REIT in Hong Kong



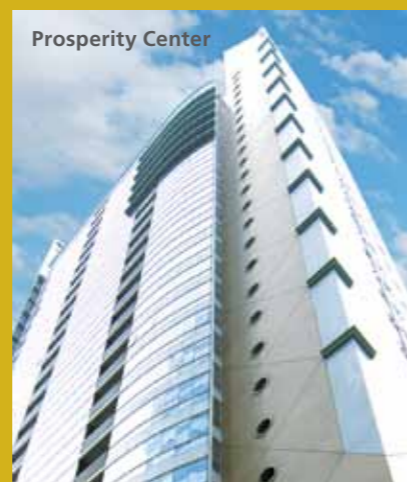
The Metropolis Tower



Harbourfront Landmark



Trendy Centre



Prosperity Center



Prosperity Millennia Plaza

REAL ESTATE INVESTMENT TRUSTS

AmFIRST REIT

Commercial REIT in Malaysia



Bangunan AmBank Group



Kompleks Tun Sri Lanang

Listed on 21 December 2006, AmFIRST REIT is one of the largest commercial REITs listed on Bursa Malaysia with nine properties in its portfolio with approximately 2.8 million square feet of net lettable area. AmFIRST REIT is managed by Am ARA REIT Managers Sdn. Bhd., a joint venture between AmInvestment Group Berhad (70% interest) and ARA (30% interest).

	PROPERTY	LOCATION	NET LETTABLE AREA (SQ FT)
1	Bangunan AmBank Group	Kuala Lumpur Golden Triangle	360,166
2	AmBank Group Leadership Centre	Kuala Lumpur Golden Triangle	57,801
3	Menara AmFIRST	Petaling Jaya	159,001
4	Menara AmBank	Kuala Lumpur Golden Triangle	458,187
5	Wisma AmFIRST	Kelana Jaya	285,461
6	The Summit Subang USJ	Subang Jaya	1,024,505
7	Prima 9	Cyberjaya	111,224
8	Prima 10	Cyberjaya	100,272
9	Kompleks Tun Sri Lanang (Also known as Jaya 99)	Majlis Bandaraya Melaka Bersejarah	227,432
TOTAL			2,784,049



Prima 9

REAL ESTATE INVESTMENT TRUSTS

Listed on 12 April 2010 on the SGX-ST, Cache invests in quality income-producing real estate used for logistics purposes, as well as real estate-related assets in Asia-Pacific. Cache is managed by ARA-CWT Trust Management (Cache) Limited, a joint venture between ARA (60% interest) and CWT Limited (40% interest), one of the largest listed logistics companies in Southeast Asia.

As at 31 December 2013, Cache owns 13 high quality logistics warehouse properties strategically located in Singapore and China, with a total net lettable area of approximately 5.1 million square feet.

PROPERTY	LOCATION	NET LETTABLE AREA (SQ FT)	
1	CWT Commodity Hub	Penjuru/Pandan, Singapore	2,295,927
2	Schenker Megahub	Airport Logistics Park of Singapore	439,789
3	C&P Changi Districentre	Changi International LogisPark (South), Singapore	364,361
4	CWT Cold Hub	Penjuru/Pandan, Singapore	341,947
5	Pandan Logistics Hub	Penjuru/Pandan, Singapore	329,112
6	Hi-Speed Logistics Centre	Airport Logistics Park of Singapore	308,632
7	Precise Two	Gul Way, Singapore	284,384
8	Pan Asia Logistics Centre	Changi North Logistics Park, Singapore	196,990
9	APC Distrihub	Changi North Logistics Park, Singapore	169,807
10	Jinshan Chemical Warehouse	Shanghai Chemical Industry Park, China	145,816
11	C&P Changi Districentre 2	Changi International LogisPark (South), Singapore	111,359
12	Air Market Logistics Centre	Loyang Industrial Park, Singapore	65,714
13	Kim Heng Warehouse	Penjuru/Pandan, Singapore	54,449
TOTAL		5,108,287	



CACHE LOGISTICS TRUST
Asia-Pacific Focused Logistics REIT in Singapore

CWT Commodity Hub



C&P Changi Districentre 2



Schenker Megahub



C&P Changi Districentre



CWT Cold Hub

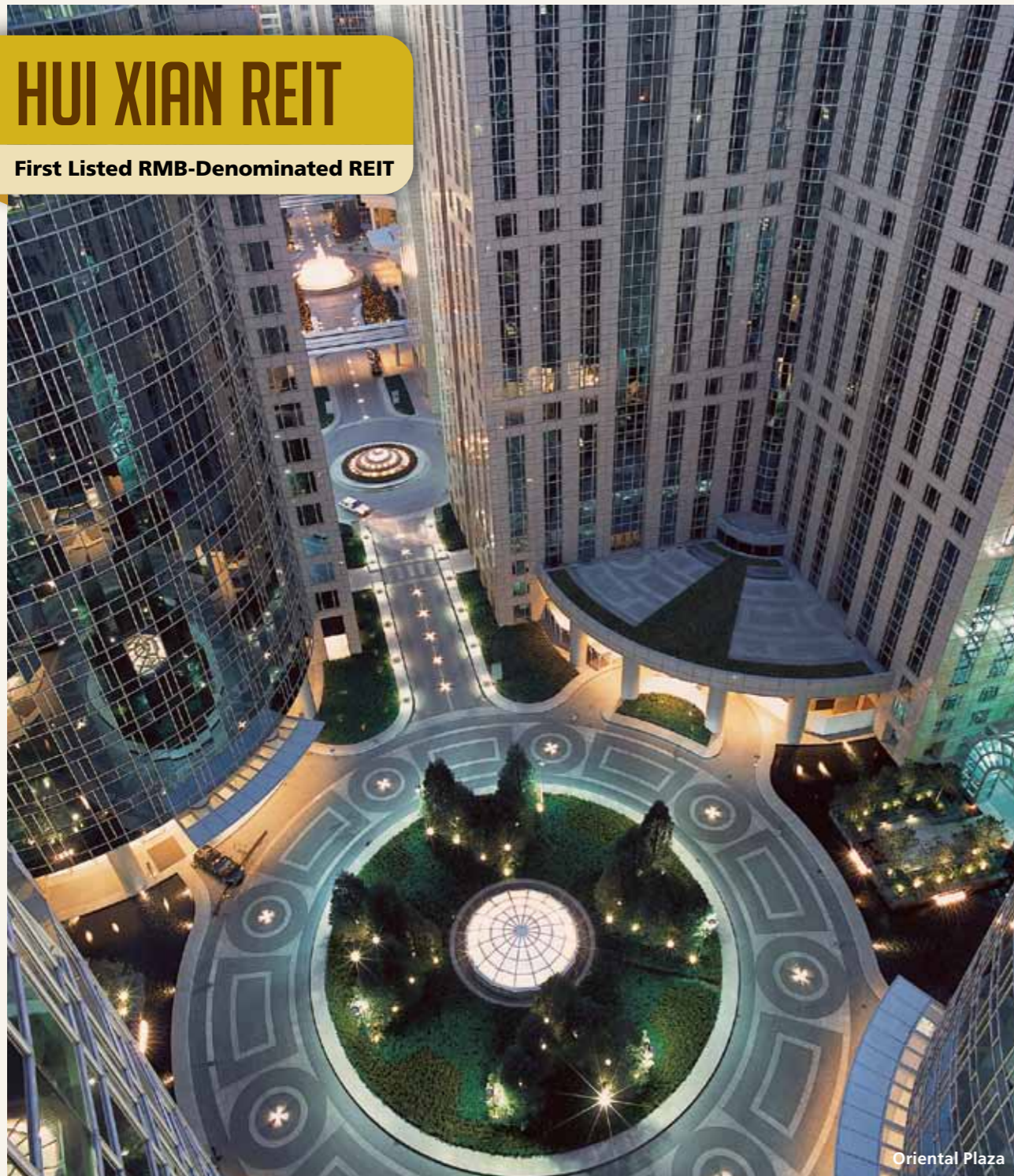


Hi-Speed Logistics Centre

REAL ESTATE INVESTMENT TRUSTS

HUI XIAN REIT

First Listed RMB-Denominated REIT



Listed on 29 April 2011, Hui Xian REIT is the first offshore RMB-denominated equity offering to be listed on the SEHK. Hui Xian REIT is managed by Hui Xian Asset Management Limited, a joint venture between Cheung Kong Group (30% interest), CITIC Securities International Group Limited (40% interest) and ARA (30% interest).

Hui Xian REIT's real estate portfolio includes Oriental Plaza and Sofitel Shenyang Lido. Oriental Plaza is one of the largest and most iconic mixed-use developments in Beijing with a combined gross floor area of approximately 8.5 million square feet. Sofitel Shenyang Lido is a five-star hotel in Shenyang offering 590 rooms.

	PROPERTY	LOCATION	GROSS FLOOR AREA (SQ FT)
1	Oriental Plaza (The Malls, The Tower Offices, The Tower Apartments, Grand Hyatt Beijing)	Beijing, China	8,470,000
2	Sofitel Shenyang Lido	Shenyang, China	848,000
	TOTAL		9,318,000

PRIVATE REAL ESTATE FUNDS

The private real estate funds managed by ARA are unlisted closed-end investment vehicles. These funds seek to acquire real estate assets within their investment mandate which offer the potential for higher risk-adjusted total returns through development, refurbishment and/or asset repositioning.

ARA currently manages private real estate funds investing in Asia with total AUM of S\$6.7 billion (approximately US\$5.3 billion) as at 31 December 2013.

ARA ASIA DRAGON FUND

Flagship Private Real Estate Fund Investing in Asia



Established in September 2007, the ADF is the Group's flagship private real estate fund with aggregate capital commitments in excess of US\$1.1 billion. A closed-end fund, the ADF has an initial lifespan of seven years, including an investment period of four years.

With a mandate to invest across Asia with a primary focus on the main cities of China, Singapore, Hong Kong and Malaysia as well as a secondary focus on other emerging economies in Asia, the ADF attracted a broad range of investors including public pension funds, foundations and other global institutional investors seeking to invest in a diversified portfolio of real estate investments in Asia.

Leveraging on ARA's experience and intimate knowledge of the real estate market in Asia, the ADF seeks to make strategic and opportunistic investments in real estate assets with the goal of optimising total returns from a combination of income and capital appreciation.

The ADF is currently in its divestment phase, and has to date divested some of its properties in Singapore, Hong Kong and China.



As the ADF approached the end of its investment period, the Group established the ADF II which adopts the same proven investment strategy of the ADF. The ADF II is also a closed-end fund with an initial lifespan of ten years, including an investment period of five years. In 2012, the ADF II successfully closed with US\$441 million in capital commitments.

To date, the ADF II has made investments in completed and development projects in the residential, retail and office sectors in China and Malaysia.

PRIVATE REAL ESTATE FUNDS



ARA HARMONY FUND

Private Real Estate Fund Investing in the Suntec Singapore Convention & Exhibition Centre

Established in September 2009, the ARA Harmony Fund is a single-asset private real estate fund which owns the Suntec Singapore Convention & Exhibition Centre. Suntec REIT currently holds an effective 60.8% interest in the ARA Harmony Fund.

ARA CHINA INVESTMENT PARTNERS

Core-Plus Private Real Estate Fund Investing in China

The CIP was established by the Group in June 2012 with initial capital commitments of US\$500 million, with significant contribution from California Public Employees' Retirement System ("CalPERS"). The CIP has an initial lifespan of ten years, with two additional extension periods of six years each. Additional capital commitments will be made available upon deployment of the initial commitment at the discretion of CalPERS.

Incepted as a long-term, core-plus separate account vehicle, the CIP will focus primarily on prime income-producing office and retail properties in key cities of China, including Hong Kong. The CIP seeks to fully capture ARA's combination of regional investment management strength and local execution capabilities and is expected to grow extensively in the coming years.

During the year, CIP secured an additional capital commitment of US\$330 million, bringing it to a total of US\$830 million in committed capital. CIP has also made its maiden investment in a retail property in China, being the Dalian Tianxing Roosevelt Center.

MORNINGSIDE INVESTMENT PARTNERS

Value-Add Private Real Estate Fund Investing in Singapore, Hong Kong and Kuala Lumpur

The MIP was established by the Group in November 2013 with a capital commitment of US\$240 million, backed by a United States public pension fund. The MIP has an initial lifespan of eight years, with two additional extension periods of one year each.

Mandated to pursue a value-add strategy, the MIP will target income-producing properties in the office and retail sectors in Singapore, Hong Kong and Kuala Lumpur.

REAL ESTATE MANAGEMENT SERVICES

APM PROPERTY MANAGEMENT

APM Property Management (“APM”) is the Group’s bespoke property management business, led by a team of dedicated professionals with years of leadership experience providing services for commercial real estate and retail mall management. APM’s focused strengths lie in strategic marketing, retail business and office leasing as well as large scale project management. Development planning, retail advisory and consultancy, mall re-positioning and pre-opening services are the value-added services which APM provides in delivering its asset enhancement strategies. Over the last five years APM’s operations has spanned Singapore, China and Malaysia, managing approximately 8.6 million square feet of retail and commercial properties owned by Suntec REIT and ARA Private Funds.

In Singapore, APM is the property manager for Suntec City, and is the managing agent of The Management Corporation Strata Title Plan No. 2197, responsible for the management and maintenance of the common property for Suntec City. Since 2012, APM has been the appointed project manager overseeing the major refurbishment of Suntec City into an even more vibrant and exciting shopping and destination for MICE. APM also manages Park Mall, an integrated office, lifestyle and home furnishing mall situated within the Orchard Road precinct.

In China, APM is the property manager for approximately 4.0 million square feet of prime retail and commercial space in Shanghai, Dalian and Beijing, and provides consultancy and project management services to approximately 2.1 million square feet of iconic retail malls in Malaysia.

SUNTEC SINGAPORE

A wholly-owned subsidiary of ARA, Suntec Singapore comprises a team of highly driven and dedicated professionals with extensive local, regional and international experience in managing and hosting world-class events.

Since its inception in 1995, Suntec Singapore has hosted over 18,000 events ranging from corporate meetings to some of the world’s biggest exhibitions and conventions, including notable events such as the World Trade Organisation Ministerial Meeting in 1996, the World Economic Forum in 1998, the Annual Meetings of the Board of Governors of the International Monetary Fund and the World Bank Group in 2006, the APEC Economic Leaders’ Meetings in 2009, the Singapore 2010 Youth Olympic Games and the Million Dollar Round Table experience in 2011.

Suntec Singapore completed the modernisation programme and rebranding of the Suntec Singapore Convention & Exhibition Centre in the second half of 2013. The refurbishment has delivered a new range of customisable convertible space equipped with the state-of-the-art Suntec Technology Suite and supported by experienced and dedicated service professionals and exceptional F&B offerings to cater to the needs of its broad client base. Since re-opening, Suntec Singapore has welcomed close to one million visitors to the Suntec Singapore Convention & Exhibition Centre.

SUNTEC INTERNATIONAL

Suntec International Convention and Exhibition Services Pte. Ltd. (“Suntec International”) is a wholly-owned subsidiary of ARA which provides a wide-ranging portfolio of services including but not limited to venue management, franchising and brand transfer opportunities as well as consultancy services, pre-opening and post-opening services specifically designed for the MICE and venue industries.

Leveraging on the expertise and success of the award-winning Suntec Singapore, resident experts provide custom-designed solutions for clients by drawing upon their market knowledge and years of experience and success.

Since July 2012, Suntec International has been executing a multi-year consultancy contract for the design and construction of the Penang Waterfront Convention Centre. The contract signed with Malaysian developer IJM Land involves Suntec International providing inputs such as the overall aesthetic design, detailed floor plans and interior building technical specifications.



CORPORATE FINANCE ADVISORY SERVICES

ARA FINANCIAL

ARA Financial is the Group’s in-house corporate finance advisory arm which provides advisory services on asset acquisitions made by the REITs managed by the Group, and advises the Group on the establishment of REITs, partnerships, joint ventures and on mergers and acquisitions.



OUR PEOPLE



FORGING AHEAD
WITH A ROBUST
FOUNDATION



BOARD OF DIRECTORS



CHIU KWOK HUNG JUSTIN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr Justin Chiu is the Founder Chairman and Non-Executive Director of the Company. He is also the chairman and non-executive director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT), ARA Trust Management (Suntec) Limited (the manager of Suntec REIT) and ARA Asset Management (Prosperity) Limited (the manager of Prosperity REIT). Fortune REIT is dual-listed on the Main Board of SEHK and SGX-ST while Suntec REIT is listed on the SGX-ST and Prosperity REIT is listed on the Main Board of SEHK. Dr Chiu is also a director of ARA Fund Management (Asia Dragon) Limited (the manager of the ARA Asia Dragon Fund). Dr Chiu is a member of the standing committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China, a fellow of the Hong Kong Institute of Real Estate Administrators and a member of the Board of Governors of Hong Kong Baptist University Foundation.

Dr Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries and is one of the most respected professionals in the property industry in Asia. Dr Chiu is an executive director of Cheung Kong, a company listed on the Main Board of SEHK. He joined

Cheung Kong in 1997 and has been an executive director since 2000, heading the real estate sales, marketing and property management teams. Prior to joining Cheung Kong, Dr Chiu was with Sino Land Company Limited from 1994 to 1997 and Hang Lung Development Company, Limited (now known as Hang Lung Group Limited) from 1979 to 1994, responsible for the leasing and property management in both companies. Both Sino Land Company Limited and Hang Lung Group Limited are listed on the Main Board of SEHK.

Dr Chiu holds Bachelor degrees in Sociology and Economics from Trent University in Ontario, Canada. Dr Chiu was conferred Doctor of Social Sciences, *honoris causa*, by the Hong Kong Baptist University in 2012. Dr Chiu was also conferred Doctor of Law, *honoris causa*, by Trent University, in Ontario, Canada in 2013.



LIM HWEE CHIANG JOHN
GROUP CHIEF EXECUTIVE OFFICER

Mr John Lim is the Group Chief Executive Officer and Executive Director of ARA since its establishment. He is a non-executive director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited, Am ARA REIT Managers Sdn. Bhd. (the

manager of AmFIRST REIT), ARA-CWT Trust Management (Cache) Limited (the manager of Cache) and Hui Xian Asset Management Limited (the manager of Hui Xian REIT). Mr Lim is also the chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the management council of The Management Corporation Strata Title Plan No. 2197 (Suntec City). In addition, Mr Lim is an independent director and the chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited, the chairman of the property management committee of the Singapore Chinese Chamber of Commerce & Industry, the managing director of Chinese Chamber Realty Private Limited and a director of the Financial Board of the Singapore Chinese Chamber of Commerce. He is also a member of the Consultative Committee to the Department of Real Estate, National University of Singapore.

Mr Lim has more than 30 years of experience in the real estate industry, and has received many notable corporate awards. His recent accolades include the Ernst & Young Entrepreneur Of the Year Singapore 2012, Ernst & Young Entrepreneur Of the Year – Financial Services 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.



CHEW GEK KHIM
DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ms Chew Gek Khim is the Deputy Chairman and Non-Executive Director of the Company and member of the Nominating and Remuneration Committees. She is also a non-executive director of ARA Trust Management (Suntec) Limited. She has been the chairman of Straits Trading since 24 April 2008. As executive chairman, Ms Chew works closely with the senior management of Straits Trading to oversee the implementation of policies and decisions.

Ms Chew is also executive chairman of Tecity Group, which she joined in 1987, deputy chairman of The Tan Chin Tuan Foundation in Singapore and chairman of The Tan Sri Tan Foundation in Malaysia. She chairs the National Environment Agency Board of Singapore, sits on the board of Singapore Exchange Limited and is a member of the Securities Industry Council of Singapore, the SSO Council and Board of Governors of S. Rajaratnam School of International Studies.

Ms Chew graduated from the National University of Singapore in 1984 and is a lawyer by training. She was awarded the *Chevalier de l'Ordre National du Mérite* in 2010.

BOARD OF DIRECTORS



IP TAK CHUEN EDMOND
NON-EXECUTIVE DIRECTOR

Mr Edmond Ip is a Non-Executive Director of the Company and member of the Remuneration Committee. He is also a non-executive director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited and Hui Xian Asset Management Limited.

Mr Ip has been an executive director of Cheung Kong since 1993 and deputy managing director since 2005 as well as member of executive committee since 2013, responsible for overseeing all financial and treasury functions of Cheung Kong and its subsidiaries, particularly in the fields of corporate and project finance. He has been an executive director of Cheung Kong Infrastructure Holdings Limited ("CK Infrastructure") since its incorporation in 1996 and deputy chairman since 2003, and the senior vice president and chief investment officer since 2002 and executive director since 2001 of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") respectively. He oversees matters relating to corporate finance, strategic acquisition and investment of both CK Infrastructure and CK Life Sciences. Mr Ip is also a non-executive director of TOM Group Limited ("TOM"), AVIC International Holding (HK) Limited ("AVIC"), Real Nutraceutical Group Limited ("Real Nutraceutical") and Shougang Concord

International Enterprises Company Limited ("Shougang"). Cheung Kong, CK Infrastructure, CK Life Sciences, TOM, AVIC, Real Nutraceutical and Shougang are listed on the Main Board of the SEHK.

Prior to joining Cheung Kong, Mr Ip held a number of senior financial positions in major financial institutions and has extensive experience in the Hong Kong financial market covering diverse activities such as banking, capital markets, corporate finance, securities brokerage and portfolio investments.

Mr Ip holds a Bachelor of Arts in Economics and a Master of Science in Business Administration.



LEE YOCK SUAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lee Yock Suan is an Independent Non-Executive Director of the Company and chairman of the Audit Committee.

Mr Lee was elected as a Member of Parliament of Singapore in 1980 and remained a Member of Parliament until his retirement from politics in 2006. He was a Minister in the Singapore Cabinet from 1981 to 2004 and his portfolios included Finance, National Development, Education, Foreign

Affairs, Information and the Arts, Trade and Industry, Environment and Labour. Mr Lee was also the chairman of the Singapore Labour Foundation from 1997 to 2002, deputy chairman of the People's Association from 1984 to 1991 and deputy managing director of the Petrochemical Corporation of Singapore Pte Ltd from 1980 to 1981. Mr Lee started his career in the Economic Development Board of Singapore in 1969.

Mr Lee holds a Bachelor of Science (First Class Honours) in Chemical Engineering from the Imperial College, London University and a Diploma in Business Administration from the University of Singapore. He was awarded the President's Scholarship in 1966.

non-executive director of Swissco Holdings Limited, Mewah International Inc. and Rickmers Trust Management Pte Limited (trustee-manager of Rickmers Maritime), all of which are listed on the SGX-ST. Mr Lim is also a governor of the Foundation for Development Cooperation.

Currently, Mr Lim is the chairman of Redwood International Pte. Ltd., an investment and consultancy company. From 1979 to 2005, Mr Lim was with Neptune Orient Lines Ltd ("NOL") where he held various positions including executive director, group chief financial officer, group chief operating officer and group deputy chief executive officer. He also held directorships in various subsidiaries, associated companies and investment interests of NOL. Prior to joining NOL, he was with Coopers & Lybrand, an international accounting firm and Plessey Singapore, a multinational trading and manufacturing company.

Mr Lim holds a Bachelor of Accountancy from the University of Singapore. He also completed the Corporate Financial Management Course and Advanced Management Programme at the Harvard Graduate School of Business. In addition, he is a fellow of the Chartered Institute of Management Accountants, Certified Public Accountants Australia, the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors as well as an associate of the Australian Institute of Business Administration. Mr Lim was awarded the Public Service Medal (PBM) by the Singapore Government in 1999.



LIM HOW TECK
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lim How Teck is an Independent Non-Executive Director of the Company and chairman of the Nominating Committee. He is also the chairman of ARA-CWT Trust Management (Cache) Limited, Certis CISCO Security Pte. Ltd., Heliconia Capital Management Pte. Ltd. and deputy chairman of Tuas Power Generation Pte Ltd. Mr Lim is also an independent

BOARD OF DIRECTORS



CHENG MO CHI MOSES
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr Moses Cheng is an Independent Non-Executive Director of the Company and chairman of the Remuneration Committee. He is also an independent non-executive director of a number of Hong Kong public-listed companies which include China Mobile Limited, China Resources Enterprise Limited, Towngas China Company Limited, Liu Chong Hing Investment Limited and Guangdong Investment Limited. He is also a non-executive director of K.Wah International Holdings Limited, Kader Holdings Company Limited, Hong Kong Television Network Limited (formerly known as City Telecom (H.K.) Limited) and Tian An China Investments Company Limited, all being public-listed companies in Hong Kong. Dr Cheng is also the founder chairman of The Hong Kong Institute of Directors of which he is now the honorary president and chairman emeritus.

Presently, Dr Cheng is the chairman of the Education Commission, the chairman of the Committee on Free Kindergarten Education, the chairman of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, the chairman of the Advisory Committee on Post-service Employment of Civil Servants and the chairman of the Process Review Panel for the Securities and Futures Commission. Dr. Cheng is also

an active Rotarian and served as district governor of Rotary International District 3450 from 1993 to 1994. In addition, Dr Cheng is an active member of the Anglican Church and is the chancellor of the Province of the Hong Kong Sheng Kung Hui.

Dr Cheng is currently the senior partner of Messrs. P.C. Woo & Co., a law firm in Hong Kong. He served as a member of the Legislative Council of Hong Kong between 1991 and 1995, and was appointed a Justice of the Peace by the Hong Kong Special Administrative Region Government in 1996.

Dr Cheng holds a Bachelor of Laws from the University of Hong Kong, a Post-Graduate Certificate in Laws from the University of Hong Kong, a Doctor of Law from the Hong Kong Baptist University and the Hong Kong Lingnan University. Dr Cheng was awarded the Order of the British Empire by Her Majesty, the Queen of the United Kingdom in 1997 and the Gold Bauhinia Star medal by the Hong Kong Special Administrative Region Government in 2003.



COLIN STEVENS RUSSEL
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Colin Russel is an Independent Non-Executive Director of the Company and member of the Audit, Nominating and

Remuneration Committees. He is also an independent non-executive director of CK Infrastructure, CK Life Sciences, and Husky Energy Inc..

Mr Russel is the founder and managing director of Emerging Markets Advisory Services Ltd., a company which provides advisory services on business strategy and planning, market development, competitive positioning and risk management. He is also the managing director of EMAS (HK) Limited. From 1972 to 2001, Mr Russel held various appointments in the Canadian Diplomatic Service, including ambassador to Venezuela, consul general in Hong Kong, director for China of the Department of Foreign Affairs (Ottawa), director for East Asia Trade (Ottawa), senior trade commissioner in Hong Kong, director for Japan Trade of the Department of External Affairs (Ottawa). He also served in the Canadian Trade Commissioner Service in Spain, Hong Kong, Morocco, the Philippines, London and India. Prior to that, Mr Russel was a project manager for RCA Limited in Canada, Liberia, Nigeria, Mexico and India and a development engineer with RCA Limited in Canada and with Associated Electrical Industries Limited in the United Kingdom.

Mr Russel holds a degree in Electronics Engineering and a Master in Business Administration from McGill University, Canada. He is a registered professional engineer and qualified commercial mediator.



YAP CHEE KEONG
NON-EXECUTIVE DIRECTOR

Mr Yap Chee Keong is a Non-Executive Director of the Company and member of the Audit Committee. Mr Yap is also the executive director of Straits Trading and the chairman and independent non-executive director of CityNet Infrastructure Management Pte. Ltd., the trustee manager of NetLink Trust. He is the lead independent director of Tiger Airways Holdings Ltd and an independent non-executive director of Citibank Singapore Limited. Mr Yap also serves as a board member of the Accounting and Corporate Regulatory Authority and as a member of the Public Accountants Oversight Committee.

Mr Yap had held various senior management roles in multinational and listed companies.

Mr Yap holds a Bachelor of Accountancy from the National University of Singapore and is a fellow of the Institute of Singapore Chartered Accountants and Certified Public Accountants Australia.

MANAGEMENT TEAM STRUCTURE



MANAGEMENT TEAM

YEO SEE KIAT

CHIEF EXECUTIVE OFFICER

ARA TRUST MANAGEMENT (SUNTEC) LIMITED,
MANAGER OF SUNTEC REIT

Mr Yeo See Kiat is the chief executive officer and executive director of ARA Trust Management (Suntec) Limited. He is also a director of One Raffles Quay Pte. Ltd. and Suntec Harmony Pte. Ltd. Mr. Yeo is also a Partners' Representative of BFC Development LLP (formerly known as BFC Development Pte. Ltd.).

Mr Yeo has more than 30 years of experience in the real estate industry, managing and overseeing various joint-venture projects with Hwa Hong Corporation Limited, The Wharf Group, Parkway Holdings Limited and CapitaLand Limited. He has held senior management positions over the last 20 years. Mr Yeo started his career in Turquand Young (now Ernst & Young) and was with the firm from 1976 to 1980.

Mr Yeo holds a Bachelor of Accountancy from the University of Singapore and a Graduate Diploma in Management Studies from the Singapore Institute of Management. He is also a fellow of the Institute of Singapore Chartered Accountants.

ANTHONY ANG

CHIEF EXECUTIVE OFFICER

ARA ASSET MANAGEMENT (FORTUNE) LIMITED,
MANAGER OF FORTUNE REIT

Mr Anthony Ang is the chief executive officer of ARA Asset Management (Fortune) Limited. He is a board member of ADF, the flagship US\$1.1 billion private equity fund of the ARA Group. Mr Ang is also an alternate director (to Mr Lim Hwee Chiang John) of Am ARA REIT Managers Sdn. Bhd., and an independent non-executive director of Armstrong Industrial Corporation Limited. Prior to his current appointment, Mr

Ang was the chief executive officer of ARA Managers (Asia Dragon) Pte. Ltd., the manager of ARA Asia Dragon Fund.

Before joining the ARA Group in 2006, Mr Ang held various senior positions with GIC Real Estate Pte. Ltd., a global real estate fund management company; Vertex Management Pte Ltd, a Singapore-based global venture capital company; Majulah Connection Limited, a global business networking and consulting organization and Armstrong Industrial Corporation Limited. Mr Ang began his career with the Singapore Economic Development Board ("EDB") where he served for 14 years, including 6 years in the United States as the regional director of their North American operations.

Mr Ang holds a Bachelor of Science (Mechanical Engineering) with First Class Honours from the Imperial College, London University and obtained a Master of Business Administration from the European Institution of Business Administration (INSEAD) in 1982 on a scholarship from the Singapore and French governments. Mr Ang is a fellow of the Chartered Management Institute (United Kingdom). He is currently the Honorary Treasurer of the EDB Society.

MAVIS WONG

CHIEF EXECUTIVE OFFICER

ARA ASSET MANAGEMENT (PROSPERITY) LIMITED,
MANAGER OF PROSPERITY REIT

Ms Mavis Wong is an executive director, the chief executive officer and a responsible officer of ARA Asset Management (Prosperity) Limited.

Ms Wong has led and/or been a member of the investment and asset management team since Prosperity REIT was listed in December 2005. She was the director, investment and asset management of ARA Asset Management (Prosperity) Limited overseeing the business plans of Prosperity REIT's

MANAGEMENT TEAM

properties including leasing, property management and asset enhancement strategies, and is responsible for investment strategy and policy. Ms Wong has been a responsible officer of ARA Asset Management (Prosperity) Limited since July 2007.

Ms Wong has close to 20 years of real estate industry experience. Prior to joining the Group, she worked in the leasing, marketing and asset/property management departments of various developers, management companies and corporations including Cheung Kong, New World Development Company Limited, Jardine Matheson & Co Limited, Goodwill Management Limited (a wholly-owned subsidiary of Henderson Land Development Co. Limited) and Yaohan Department Store (HK) Limited. Ms Wong is a member of The Hong Kong Institute of Directors.

Ms Wong holds a Bachelor of Arts degree from the Chinese University of Hong Kong, a Postgraduate Certification in HK Law from the City University of Hong Kong and a Diploma in Property Development from SPACE, University of Hong Kong.

DANIEL CERF CHIEF EXECUTIVE OFFICER

**ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED,
MANAGER OF CACHE LOGISTICS TRUST**

Mr Daniel Cerf is the chief executive officer of ARA-CWT Trust Management (Cache) Limited.

Mr Cerf has close to 30 years of experience in the real estate sector in Asia involving property development, investment and management consulting in Singapore, Hong Kong, China, Malaysia, Thailand, Philippines, Vietnam and Indonesia. Prior to joining the manager, Mr Cerf was the deputy chief executive officer of Keppel REIT Management Limited.

Mr Cerf was formerly a practising architect and holds a

Bachelor of Architecture Degree (Dean's List) from the University of Oklahoma, USA with emphasis on urban planning and architectural development.

ZUHAIRY BIN MD. ISA ACTING CHIEF EXECUTIVE OFFICER **AM ARA REIT MANAGERS SDN. BHD., MANAGER OF AmFIRST REIT**

Mr Zuhairy Bin Md. Isa is the acting chief executive officer of Am ARA REIT Managers Sdn. Bhd..

Mr Zuhairy joined Am ARA REIT Managers Sdn. Bhd. in April 2008. Prior to this, he was the head, asset management until July 2013. He has more than 15 years of related working experience prior to joining Am ARA REIT. His last post was assistant vice president II with MIDF Property Berhad, heading the leasing and marketing department for Klang Valley Region. He was also responsible in handling the land and development matters throughout Malaysia as well as Indonesia. He also served as director for the subsidiaries involved in logistics in Malaysia and property development in Indonesia, namely MIEL Logistics Sdn. Bhd. and PT Miel Nusantara Development.

He is currently the chairman of the Summit Subang USJ Management Corporation representing AmFIRST REIT, spearheading the management, operations and also the repositioning of the mall. He is also the vice chairman of the Malaysian REIT Managers Association.

Mr Zuhairy holds a Bachelor of Arts (Hons) degree and a Postgraduate Diploma, both in Town Planning, from the University of Newcastle Upon-Tyne, United Kingdom.

TOM CHEUNG CHIEF EXECUTIVE OFFICER **HUI XIAN ASSET MANAGEMENT LIMITED, MANAGER OF HUI XIAN REIT**

Mr Tom Cheung is the chief executive officer and executive director of Hui Xian Asset Management Limited. He is also a responsible officer of the manager. Mr Cheung has held the position of chief operating officer since the listing of the units of Hui Xian REIT on the SEHK in April 2011. Mr Cheung is also the general manager of Beijing Oriental Plaza Co., Ltd. ("BOP"), the Sino-foreign cooperative joint venture company through which Hui Xian REIT's investment in Oriental Plaza, Beijing ("Oriental Plaza") is held.

Mr Cheung has over 20 years of experience in real estate, encompassing office, retail and residential properties. He began his career at BOP as the general manager of the Tower Apartments at Oriental Plaza in 2001 and assumed the role of general manager of the Tower Offices at Oriental Plaza in 2005. He became general manager of business development for the entire complex in 2006, before assuming the position of general manager of BOP in 2009. Prior to joining BOP, Mr Cheung spent seven years in Shanghai, where, as general manager, he set up the first Mainland China branch in Shanghai for CB Richard Ellis (now known as CBRE). Mr Cheung was previously involved in the sales, leasing and marketing of over 20 real estate projects located throughout Mainland China, including Shanghai, Guangzhou, Shenzhen, Hangzhou and Huizhou.

Mr Cheung holds a Bachelor of Business Administration in Finance and a Master's degree in Business Administration.

NG BENG TIONG CHIEF EXECUTIVE OFFICER **ARA PRIVATE FUNDS**

**CHIEF EXECUTIVE OFFICER
ARA MANAGERS (ASIA DRAGON) PTE. LTD.,
MANAGER OF THE ARA ASIA DRAGON FUND**

**SENIOR DIRECTOR
CORPORATE OFFICE, ARA ASSET MANAGEMENT LIMITED**

Mr Ng Beng Tiong is the chief executive officer of ARA Private Funds, comprising all the private real estate funds in the ARA Group, and a member of the ARA Private Funds investment committee. He is also the chief executive officer of ARA Managers (Asia Dragon) Pte. Ltd., and holds the concurrent appointment of senior director, corporate office of ARA, overseeing corporate development, administration and training & development for the Group.

Prior to joining the Group, from 2003 to 2007, Mr Ng was the finance director of Low Keng Huat (Singapore) Ltd, a property, construction and hotel group listed on the SGX-ST. He was a director of Stone Forest M&A Pte. Ltd., a mergers and acquisitions advisory company from 2002 to 2003 and director of corporate planning and business development at Labroy Marine Limited, a shipping, shipbuilding and marine engineering company listed on the SGX-ST from 1997 to 2002. Mr Ng began his career with DBS Bank Ltd in 1989, initially as a corporate banker and subsequently as an investment banker.

Mr Ng holds a Master of Engineering (Software Engineering) (First Class Honours) from the Imperial College, London. He is also a CFA charterholder.

MANAGEMENT TEAM

PAUL YI

CHIEF EXECUTIVE OFFICER

ARA MANAGERS (ASIA DRAGON II) PTE. LTD.,
MANAGER OF THE ARA ASIA DRAGON FUND II

HEAD OF INVESTMENTS

ARA PRIVATE FUNDS

Mr Paul Yi is the chief executive officer of ARA Managers (Asia Dragon II) Pte. Ltd.. He holds the concurrent appointment of head of investments of ARA Private Funds.

Prior to joining the Group, Mr Yi was based in Tokyo from 2005 to 2008 as a managing director at Capmark Finance Inc., responsible for the company's business development and funds management platform in Asia. From 2000 to 2005, Mr Yi was based in Seoul and Hong Kong with Merrill Lynch (Asia) as a director in the global principal investments group covering real estate investment activities in Asia ex-Japan. Mr Yi also worked for Blackrock Inc. from 1998 to 2000 as an associate. Mr Yi began his career in the United States, as an analyst at PNC Bank N.A in 1996.

Mr Yi holds a Master of Business Administration and Bachelor degree, both from the Pennsylvania State University, USA.

SIEW SIEW HOON

FUND DIRECTOR

ARA MANAGERS (HARMONY) PTE. LTD.,
MANAGER OF THE ARA HARMONY FUND

DIRECTOR, ASSET MANAGEMENT

ARA PRIVATE FUNDS

Ms Siew Siew Hoon is the fund director of ARA Managers (Harmony) Pte. Ltd.. She is also the director, asset management of ARA Managers (Asia Dragon) Pte. Ltd., where she is

responsible for the management of the residential assets in the fund portfolio.

Ms Siew has more than 20 years of experience in the marketing, sales, leasing and management of real estate in both Singapore and Australia. She joined ARA in 2004, managing the Al Islami Far Eastern Real Estate Fund ("AIFEREF") which was fully divested in 2007. Prior to joining the Group, Ms Siew was the marketing manager of The Land Managers (S) Pte. Ltd., where she was involved in the development, sales and marketing of residential properties in Singapore. Ms Siew started her career with the Far East Organization, one of the largest property developers in Singapore.

Ms Siew holds a Bachelor of Science (Estate Management) from the National University of Singapore.

DEREK LAI

HEAD OF PORTFOLIO MANAGEMENT

ARA CHINA INVESTMENT PARTNERS, LLC

Mr Derek Lai is the head of portfolio management of ARA China Investment Partners, LLC..

Prior to joining the Group, Mr Lai was a principal at the Blackstone Group in Hong Kong, where he was responsible for investment opportunities in the Greater China region, and was with the Global Commercial Real Estate division of Merrill Lynch (Asia Pacific) as vice president responsible for real estate investments in Asia. Prior to that, he was an associate in the Asia Real Estate Fund of the Carlyle Group and an analyst in the Real Estate Private Equity Group of Deutsche Bank AG.

Mr Lai holds a Bachelor of Commerce from the University of British Columbia. He is also a CFA charterholder.

DAVID KIM

CHIEF EXECUTIVE OFFICER

MORNINGSIDE INVESTMENT PARTNERS, LLC

HEAD OF PORTFOLIO MANAGEMENT

ARA PRIVATE FUNDS

Mr David Kim is the chief executive officer of Morningside Investment Partners, LLC.. He holds the concurrent appointment of head of portfolio management of ARA Private Funds, responsible for portfolio management and investor relations of the ARA Private Funds.

Mr Kim has more than 15 years of real estate industry experience. Prior to joining the Group, Mr Kim was a managing director and chief operating officer of the Blackstone Group Asia based in Hong Kong where he was responsible for portfolio management. From 2000 to 2010, Mr Kim was a managing director and chief operating officer in the real estate principal investments group in Bank of America Merrill Lynch where he oversaw the launch and establishment of Bank of America Merrill Lynch's US\$2.65 billion pan-Asian opportunity fund. Mr Kim was an analyst at Morgan Stanley in its mergers & acquisitions ("M&A") department from 1999 to 2000 and started his career as an analyst at JP Morgan in its capital markets group in 1998.

Mr Kim holds a Bachelor of Science in Business Administration and a Bachelor of Arts in Economics, both from the University of California, Berkeley, USA.

THOMAS KONG

FUND DIRECTOR

ARA SUMMIT DEVELOPMENT FUND

DIRECTOR, ASSET MANAGEMENT

ARA PRIVATE FUNDS

Mr Thomas Kong is the fund director for ARA Summit Development Fund ("SDF"), a fund mandated to invest in real estate development projects and projects with enhancement value in Australia and South East Asia. He holds the concurrent appointment of director, asset management of ARA Private Funds.

Mr Kong was actively involved in setting up ADF and has held various key positions including investment director and portfolio management director in ADF. Prior to that, he was the fund manager for the AIFEREF, which was fully divested in 2007. He was also actively involved in the listing of Prosperity REIT in Hong Kong and AmFIRST REIT in Malaysia in 2005 and 2006 respectively.

Prior to joining the Group, Mr Kong was with the CapitaLand Group, one of the largest listed real estate developers in Southeast Asia, for over four years. He held positions in investments, business development and asset management, with the last position as vice president in TCC Capital Land, a joint venture between CapitaLand and T.C.C. Limited, a Thai conglomerate group. Mr Kong began his career with the Wing Tai Group, a listed real estate developer based in Singapore in 1996.

Mr Kong holds a Bachelor of Business degree (Financial Analysis) from Nanyang Technological University, Singapore. He is also a CFA charterholder.

MANAGEMENT TEAM

ANTHONY YIP

DEPUTY CHAIRMAN

APM PROPERTY MANAGEMENT PTE. LTD.

CHAIRMAN

ASIA PROPERTY MANAGEMENT (CHINA) LIMITED

Mr Anthony Yip is the deputy chairman of APM Property Management Pte. Ltd.. He holds the concurrent appointment as the chairman of Asia Property Management (China) Limited.

Mr Yip has more than 30 years of experience in the real estate sector focusing on mixed-used developments, the hospitality industry as well as in the education sector. Prior to joining the Group, Mr Yip was the chief executive of Shatec Institutes Pte Ltd, a hospitality and culinary institution. He was director (retail management) at Far East Organization, director and general manager of Tincel Properties, the previous owner of the Raffles City development in Singapore.

Prior to that, Mr Yip was the senior vice president, planning and business development for Raffles Holdings Limited. He was the president of the Shopping Centre Association of Singapore and served on the Singapore National Family Council.

Mr Yip holds a Masters in Business Administration from the National University of Singapore and Bachelor of Engineering (Civil) from University of Auckland, New Zealand.

TAN SER JOO

CHIEF EXECUTIVE OFFICER

APM PROPERTY MANAGEMENT PTE. LTD.

Ms Tan Ser Joo is the chief executive officer of APM Property Management Pte. Ltd..

Ms Tan has more than 22 years of experience in the real estate

sector in property development and management in Singapore and China. Prior to joining the Group, Ms Tan was the executive director and head of investment & asset management of the trustee-manager of Perennial China Retail Trust and the senior vice president, investment & asset management of Perennial Real Estate Pte. Ltd.. Prior to that, she was the head of investment & asset management and senior vice president of CapitaMalls Asia Limited and the investment manager of CapitaMall Trust Management Limited. Ms Tan had held various positions at The Link Management Ltd and Lend Lease Real Estate Investments Pte. Ltd..

Ms Tan holds a Bachelor of Science Degree in Estate Management from the National University of Singapore.

MUN HON PHENG

CHIEF EXECUTIVE OFFICER

ASIA PROPERTY MANAGEMENT (CHINA) LIMITED

COUNTRY HEAD, CHINA

ARA ASSET MANAGEMENT LIMITED

Mr Mun Hon Pheng is the chief executive officer of Asia Property Management (China) Limited. He is also the country head of ARA's China Desk.

Prior to joining the Group, Mr Mun operated a boutique advisory business specialising in advising Singapore companies on cross border acquisition opportunities in China particularly in the acquisition of commercial properties. Mr Mun began his career in banking with the SIMBL, a joint venture merchant bank between a UK merchant bank and OCBC in 1982. He subsequently joined the First National Bank of Chicago where he served for eight years, including four years in Beijing, China as the bank's representative and three years in Hong Kong heading the bank's China group. He was also an executive director of Singapore-listed company, Aztech Systems Ltd, an

information technology company.

Mr Mun holds a Bachelor of Commerce (Accounting and Information Systems) from the University of New South Wales, Australia and a Master of Business Administration from the Australian Graduate School of Management, Australia. He is also a member of the Chartered Institute of Arbitrators (United Kingdom) and fellow of the Singapore Institute of Arbitrators.

CHAN LAI HING

GENERAL MANAGER, MALAYSIA

APM PREMIER PROJECT MANAGEMENT (M) SDN. BHD.

Ms Chan Lai Hing is the general manager of APM Premier Project Management (M) Sdn. Bhd., heading APM's Malaysia operations.

Ms Chan has over 15 years of experience in retail, leasing, marketing, property management. Prior to joining the Group, Ms Chan was the deputy general manager of MUI Group looking after Metrojaya Departmental Stores and Reject Shop. She was head of leasing of Malaysia for Capitaland Retail and prior to that, the head of marketing, leasing and tenancy administration division of Berjaya Times Square KL. Ms Chan started her career in Deloitte Touche Tohmatsu specialising in audit and tax.

Ms Chan completed the Malaysian Association of Certified Public Accountants (MACPA) professional course and is trained in accounting, tax and audit.

ARUN MADHOK

CHIEF EXECUTIVE OFFICER

SUNTEC SINGAPORE INTERNATIONAL CONVENTION & EXHIBITION SERVICES PTE. LTD.

CHIEF EXECUTIVE OFFICER

SUNTEC INTERNATIONAL CONVENTION & EXHIBITION SERVICES PTE. LTD.

Mr Arun Madhok is the chief executive officer of Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and Suntec International Convention & Exhibition Services Pte. Ltd..

Mr Madhok joined Suntec Singapore in 2009 as the director of business development and was promoted to the position of chief operating officer at the beginning of 2012. Mr Madhok spearheaded the review of the venue's operational activities and implemented changes, enabling the venue to maintain its reputation as a world class venue. He has also been instrumental in developing and leading the modernisation programme that was completed in 2013.

Prior to his appointment at Suntec Singapore, Mr Madhok garnered extensive experience in the airline and computer industries. His expertise includes strong change management and strategic planning in the area of business development, customer service, operations and information technology. His strong business acumen led to significant growth in several major new markets across Eastern Europe, Mediterranean and North Africa during his tenure with British Airways.

Mr Madhok is a graduate of the Spicer Memorial College and the Osmania University in India.

MANAGEMENT TEAM

MOSES K. SONG

CHIEF INVESTMENT OFFICER

ARA ASSET MANAGEMENT LIMITED

Mr Moses Song is the chief investment officer of ARA. Mr Song leads the Group's investment office where he is responsible for new product development, private capital fundraising and corporate business expansion initiatives. Mr Song serves on the investment committee of ARA Private Funds and is an alternate director to Mr Lim Hwee Chiang John on the board of ARA-CWT Trust Management (Cache) Limited. Mr Song also oversees the Group's country desks.

Prior to joining the Group, Mr Song was a principal and chief operating officer at Lubert-Adler Asia Advisors Pte. Ltd., the Asia investment platform of United States-based real estate private equity firm Lubert-Adler Partners L.P., where he was responsible for North Asia investment opportunities, and with Marathon Asset Management (Singapore) Pte. Ltd. as managing director responsible for real estate finance and investments in Asia. He was based in Hong Kong from 2004 to 2007 with Merrill Lynch (Asia Pacific) Ltd. as a director in the global commercial real estate group and Morgan Stanley Asia Ltd. as a vice-president of Morgan Stanley International Real Estate Funds. Mr Song began his career as a corporate and real estate finance attorney in the United States. He moved to Asia in 2000 as a seconded attorney to Morgan Stanley International Real Estate Funds in Tokyo, Japan and was appointed general counsel of Morgan Stanley's real estate asset management platform in Korea in 2001.

Mr Song holds a Juris Doctor from the Vanderbilt University School of Law and a Bachelor of Science in Economics from Centre College. He is a member of the State Bar of Texas (inactive status).

LOW POH CHOO

SENIOR DIRECTOR

ARA FINANCIAL PTE. LTD.

COUNTRY HEAD, AUSTRALIA

ARA ASSET MANAGEMENT LIMITED

Ms Low Poh Choo is the senior director of ARA Financial Pte. Ltd., the corporate finance advisory arm of the Group. She is also the country head of ARA's Australia Desk, and serves on the investment committee of ARA Private Funds.

Prior to joining the Group, Ms Low was vice president of global financial markets (asset backed structured products) at DBS Bank Ltd from 2003 to 2006. She was with the REIT origination team, where she evaluated, advised, structured and marketed various primary and secondary REIT offerings. Ms Low began her career as an equity analyst and has 17 years of experience in the field, including 11 years as a specialist in the real estate sector.

Ms Low holds a Bachelor of Arts from the University of California, Berkeley, USA.

MARK CHU

DIRECTOR

GROUP BUSINESS DEVELOPMENT

Mr Mark Chu is the director, group business development of ARA. He is responsible for all business development within the Group including REIT initiatives, private fund products and new platforms. Mr Chu is also responsible for assisting the Group in capital raisings and M&A.

Prior to joining ARA, Mr Chu was a managing director and head of Asia real estate, gaming and lodging at Bank of America Merrill Lynch ("BAML"). Mr Chu was responsible for

establishing the group in the region in 2005. This involved equity, debt and M&A transactions in India, China, Hong Kong, Singapore, Indonesia, Thailand and Macau. While at BAML, Mr Chu was involved in many of the "firsts" in the region as well as some of the largest transactions in Asia. This includes the IPOs of the first private sector REIT in Hong Kong, the largest real estate developer in India, the first hotel REIT in Hong Kong, the first Chinese lodging company to be listed in the US and one of the largest bond deals for a Chinese developer. Prior to joining BAML, Mr Chu was a director of real estate and lodging at Citigroup, USA from 1997 to 2005. His duties centered primarily on capital markets transactions, mergers and acquisitions and advisory work. Mr Chu began his career as an associate in LaSalle Partners from 1994 to 1997.

Mr Chu holds a Bachelor of Science in Hotel Administration from Cornell University, USA.

JUNE LIM

DIRECTOR, ASSET MANAGEMENT

ARA PRIVATE FUNDS

COUNTRY HEAD, MALAYSIA

ARA ASSET MANAGEMENT LIMITED

Ms June Lim is the director, asset management of ARA Private Funds. She is currently in charge of the performance and asset enhancement programme of ADF's retail assets in Malaysia, comprising Klang Parade, Ipoh Parade, 1 Mont Kiara, Citta Mall and AEON Melaka. She is also the country head of ARA's Malaysia Desk.

Ms Lim has more than 15 years of real estate experience. Prior to joining the Group, Ms Lim was the head of retail department with PT Jones Lang LaSalle, in charge of Lippo's account (comprising two projects under development – Kemang Village and Taman Ria Senayan). Ms Lim also planned

the overall tenancy mix and determined the positioning of projects, whilst working closely with the project department to fine-tune floor plans for its shopping malls. She was also responsible for the retail department and rental budgeting.

Prior to that, Ms Lim was the senior manager, retail sector head of City Developments Ltd and the general manager (marketing and promotions) of PT Grand Indonesia. Ms Lim started her career with CB Richard Ellis in 1996.

Ms Lim holds a Bachelor of Science (Estate Management) from National University of Singapore.

CHERYL SEOW

SENIOR DIRECTOR

GROUP FINANCE

Ms Cheryl Seow is the senior director, group finance of ARA. Ms Seow also serves on the investment committee of ARA Private Funds.

Prior to joining the Group, Ms Seow established and ran her own boutique consultancy firm providing accounting and consultancy services to small and medium enterprises from 2002 to 2003. From 1990 to 2002, she was with various companies listed on the SGX-ST. She was the deputy financial controller and company secretary of L.C. Development Ltd from 1997 to 2002, and was with Royal Sporting House from 1994 to 1997 and Lum Chang Holdings Limited from 1990 to 1993. Ms Seow began her career with Deloitte Touche Tohmatsu, Singapore in 1988.

Ms Seow holds a Bachelor of Accountancy from the National University of Singapore and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MANAGEMENT TEAM

PAULINE LIM

DIRECTOR

GROUP HUMAN RESOURCES & CORPORATE
DEVELOPMENT

Ms Pauline Lim is the director, group human resources & corporate development of ARA.

Prior to joining the Group, Ms Lim provided human resources consultancy services to education enrichment service providers from 2008 to 2009. She was the vice president of human resources at CBM Pte. Ltd., a wholly-owned subsidiary of City Developments Limited, a property development group listed on the SGX-ST, from 2006 to 2008 and the head of the Nanyang Institute of Management School of Business from 2004 to 2006. Ms Lim began her career with NTUC Income Co-operative Ltd in 2000.

Ms Lim holds a Master of Business Administration from the Entrepreneurial Institute Australia and a Bachelor of Commerce majoring in Human Resources, Marketing and Management from the University of Western Australia.

TANG BOON KANG

SENIOR MANAGER

GROUP RISK MANAGEMENT & INTERNAL AUDIT

Mr Tang Boon Kang is the senior manager, group risk management & internal audit of ARA.

Prior to joining the Group, Mr Tang was an audit manager of PricewaterhouseCoopers ("PwC") Assurance Practice, Singapore from 2001 to 2009. He led audit engagements of multinational and listed companies in improving their corporate reporting, internal controls and compliance with statutory and regulatory requirements, including regulations under SGX, MAS and the US Sarbanes-Oxley S404. He was also a PwC learning & education instructor and conducted internal training workshops on accounting standards, regulations, internal control assessments and auditing methodology. Mr Tang began his career with PwC Singapore and was selected for overseas secondment to the PwC UK London from 2002 to 2004.

Mr Tang holds a Bachelor of Accountancy (First Class Honours) from Nanyang Technological University, Singapore and is a certified Enterprise Risk Manager with a Professional Diploma (Distinction) in Enterprise Risk Planning and Management from National University of Singapore. Mr Tang holds the title of a Chartered Accountant with the Institute of Chartered Accountants in England and Wales, a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Internal Auditor with the Institute of Internal Auditors Singapore. He is also a member of the Asia Risk Management Institute.

SERENE YEO

SENIOR MANAGER

GROUP OFFICE ADMINISTRATION

PERSONAL ASSISTANT TO GROUP
CHIEF EXECUTIVE OFFICER

Ms Serene Yeo is the senior manager, group office administration of ARA. She holds the concurrent appointment of personal assistant to the Group Chief Executive Officer.

Ms Yeo has more than 20 years of working experience. Prior to joining the Group, Ms Yeo was a personal assistant to the head of country with Carrefour Singapore Pte. Ltd. ("Carrefour") from 1997 to 2009. She held the concurrent position of expansion manager, responsible for business development for Carrefour. Ms Yeo had held various positions in Imperial Hotel, Royal Plaza on Scotts (previously known as Holiday Inn Crowne Plaza) and Meritus Mandarin Singapore from 1992 to 1997.

Ms Yeo holds a Diploma in Business Management from University of Bradford, UK and a Private Secretarial Certificate from Stamford College Group, Singapore.

INVESTOR RELATIONS



ARA is committed to maintaining an effective engagement with its stakeholders.

Guided by best corporate governance and transparency practices, ARA continues to strive towards fostering good long-term relationships and in providing a consistent channel of communication for its shareholders, prospective investors, analysts and the media.

ARA makes disclosures on an immediate basis as required under the Listing Manual of the SGX-ST, or as soon as possible where immediate disclosure is not practicable. Stakeholders can access accurate and timely information on the Group's financial performance and key announcements from the company website.

Throughout the year, senior management has held periodic meetings and conference calls in addition to participating in investor conferences and roadshows to better communicate the Group's business and strategic initiatives. The annual general meeting of shareholders held in April 2013 also provided a good opportunity for investors to engage senior management in active dialogue.

ARA was conferred a Silver Award (Real Estate/REIT Sector) for "Excellence in Development of Annual Report" at the 2012 Vision Awards Annual Report Competition and a Bronze Award (Development/Service: Various & Multi-Use) at the 2013 International ARC Awards in recognition of its achievements in investor relations.

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REPORT ON CORPORATE GOVERNANCE

ARA is committed to ensuring that high standards of corporate governance are practiced throughout the Group in line with the Code of Corporate Governance 2012 (the "2012 Code"). We believe that sound corporate governance and strong business integrity are the foundations for a trusted, successful and respected business organisation. As we work towards our long term strategic objectives, we seek to observe both the substance and spirit of the 2012 Code while bearing in mind the Group's specific business needs and interests of our stakeholders.

This report describes the Group's application of the corporate governance principles and guidelines of the 2012 Code which is underpinned by a robust system of internal controls and well-defined policies and procedures. This is a fundamental part of our objectives to enhance our accountability to stakeholders, deliver shareholder value and drive long term sustainable growth of the Group.

ARA is pleased to confirm that the Group had adhered to the principles and guidelines of the 2012 Code for FY2013, unless specified otherwise and provided explanations in cases of non-compliance in this report.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1 Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board is entrusted with the responsibility of overseeing the Group's overall management and guiding its strategic direction. The Board's role includes:-

- (i) providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- (ii) establishing a framework of prudent and effective controls to assess and manage risks and safeguarding of shareholders' interests and the Group's assets;
- (iii) establishing goals for Management and reviewing Management's performance by monitoring the achievement of these goals;
- (iv) identifying the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- (v) setting Group values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- (vi) considering sustainability issues such as environmental and social factors, as part of its strategic formulation.

Each of our Directors is a well-respected individual from the corporate and/or international circles and he/she brings to the Board his/her diversified experience, objective judgment and strategic networking relationships, which further the interests of the Group. Collectively and individually, the Directors act in good faith and exercise due care and diligence in the course of deliberations and consider objectively at all times the interests of the Group and its shareholders. Profiles of the Directors can be found in pages 46 to 51 of this Report.

REPORT ON CORPORATE GOVERNANCE

The Board has adopted internal guidelines setting forth matters that require Board approval. Matters requiring Board approval include appointment of directors and succession planning, Company announcements, mergers and acquisitions, annual budgets, re-financing or new financing arrangements, financial instruments, as well as any transaction involving a conflict of interest of a substantial shareholder or a Director. Management, on the other hand, is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategies established by the Board.

The Board regularly reviews Management's key activities relating to the Group's financial performance, business plans, internal controls and key risks. Directors are also briefed by Management on the strategic directions and business activities of the Group, and are provided with relevant information on the Group's operating policies and procedures, including but not limited to operational manuals, employee code of conduct, disclosure of interests and prohibitions on dealings in the Company's securities, so as to protect the key stakeholders' interests (i.e. shareholders, investors, business partners, banks and lenders, regulators and staff).

The Board conducts regular scheduled meetings at least four times a year. Ad-hoc meetings are convened as and when warranted by matters requiring the Board's attention. The Company's Bye-laws provide for meetings to be held via telephone conference. The participation of each Director in the various Board and Board Committee meetings held during the year under review is summarised in page 90 of this Report.

All newly-appointed Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. A comprehensive orientation programme, which includes Management's presentations of the Group's annual business and strategic plans, is arranged for all Directors on an annual basis. This Annual Business Strategies Meeting gives Directors an understanding of the Group's businesses and long term strategies and allows Directors to interact with Management.

Directors are also updated regularly on changes in relevant financial reporting standards, laws and regulations; industry developments; business initiatives and challenges. A training calendar identifying relevant courses or seminars which might be of interest to the Directors is circulated to all Directors who are encouraged to attend. Training workshops are organised as and when appropriate and all training costs are borne by the Company. During the year, the Company had organised two sessions of training workshops conducted by external professionals covering updates to the industry regulations.

The Board strives to integrate social considerations into its business decision making and achieve positive and sustainable outcome for the business and community at large. Led by the Directors and senior management, the Company donates to various charities, including the Business China Singapore, Heartware Network, Community Chest, Rainbow Centre Singapore, Dover Park Hospice and Nanyang Academy of Fine Arts, among many others. A fund raising exercise in February 2013 initiated by the Company, together with the Lim Hoon Foundation, had successfully raised donations for the Lee Kuan Yew Fund for Bilingualism.

The Board firmly believes in the empowerment of learning and extending education opportunities to the community. In October 2013, the Company, together with the Lim Hoon Foundation, made a joint endowed donation of S\$1 million to the Singapore Management University ("SMU") which was matched dollar-for-dollar by the Ministry of Education. Between 2009 and 2012, ARA and the Lim Hoon Foundation had awarded S\$225,000 to fund 12 SMU scholars through the ARA Asset Management Limited Scholarship and the Lim Hoon Foundation Scholarship; six of the scholars have proudly graduated this year. The joint endowed gift of S\$1 million this year has enabled the award of new bond-free scholarships to six freshmen this academic year and will, in future, support eight scholars annually via the new ARA-Lim Hoon Scholarship. The scholarship will be awarded to needy students and aims to motivate these students to achieve educational excellence by providing them with financial support.

REPORT ON CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

Principle 2 There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Pursuant to the 2012 code, the composition of the Board should seek to comply with the following principles:

- at least half of the Board should comprise Independent Non-Executive Directors;
- the Chairman of the Board should be a Non-Executive Director; and
- the Board should comprise Directors with a broad range of commercial experience including experience in fund management, finance, law and real estate.

Our Bye-laws provide that the Board shall consist of no fewer than two Directors. In FY2013, the Board comprised seven members: one Executive Director, two Non-Executive Directors and four Independent Non-Executive Directors. The definition of independence had been revised to align with the 2012 Code. The Independent Non-Executive Directors are Mr Lee Yock Suan, Mr Lim How Teck, Dr Cheng Mo Chi Moses and Mr Colin Stevens Russel. None of these Independent Non-Executive Directors have served the Company for a period exceeding nine years and they make up more than half of the Board as Independent Directors for FY2013.

On 29 November 2013, the strategic alliance between ARA and Straits Trading marks the beginning of a long-term partnership as Straits Trading acquired a 20.1% interest in ARA and established a new separate account mandate and co-investment vehicle. On 15 January 2014, the Board announced the appointment of Ms Chew Gek Khim and Mr Yap Chee Keong as Non-Independent Non-Executive Directors. Ms Chew Gek Khim assumes the role of Deputy Chairman and serves as a member of the Nominating and Remuneration Committees. Mr Yap Chee Keong takes on the role of an Audit Committee member.

The appointment of these Non-Executive Directors further strengthens the Board's capability and diversity in breadth of industry expertise, knowledge and experience. The strategic fit would also complement and add to the deep bench of industry relationships of the Group to expand its reach and enter into a new phase of growth.

The Non-Executive Directors exercise objective judgment on the Group's affairs independently from Management. The Independent Non-Executive Directors do not have any relationship with the Company, its related companies, its 10% shareholder (i.e. with a shareholding of 10% or more) or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment in the best interests of the Group.

The Non-Executive Directors also contribute to the Board process by monitoring and viewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions constructively, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

REPORT ON CORPORATE GOVERNANCE

The current composition of the Board includes a diverse breadth of industry expertise, knowledge and experience in areas such as real estate, accounting, finance, legal, strategic planning and business management. This enables Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group. The Board also reviews its size and composition regularly to ensure an appropriate mix of expertise and experience for the Group's operations. The Nominating Committee with the concurrence of the Board is of the view that the current size of the Board is appropriate for effective decision-making, taking into account the nature and scope of the Group's operations for effective decision making. The Nominating Committee would continue to assess suitable candidates for the appointment of Independent Non-Executive Directors, before the end of the transition period allowed under the 2012 Code.

The Board is assisted by various Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee in discharging its responsibilities and enhancing the Group's corporate governance framework. The Board has delegated specific responsibilities to these Board Committees and their composition and terms of reference are described in this Report. The Board reviews the terms of reference of these Board Committees on a regular basis to ensure their continued relevance.

The Board accepts that while these Board Committees have the authority to examine particular issues in their specific areas respectively, the Board Committees shall report back to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

Principle 3 There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and Group CEO are held by separate individuals to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for objective decision-making. The Chairman is not related to the group CEO.

The Chairman and Non-Executive Director, Dr Chiu Kwok Hung Justin, is responsible for the overall leadership of the Board. Dr Chiu also ensures that Directors receive complete, adequate and timely information, and there is effective communication with shareholders. He also encourages constructive exchange of views between the Board members and Management, facilitates the effective contribution of Non-Executive Directors and promotes a culture of openness and high standards of corporate governance.

The Group CEO and Executive Director, Mr Lim Hwee Chiang John, works with the Board to determine the business strategies for the Group and is responsible for the day-to-day operations. Mr Lim works with the Management to ensure that the Group operates in accordance with its strategic and operational objectives established by the Board.

REPORT ON CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4 There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Board renewal is a continuous and essential process to ensure that the Board remains relevant in a changing business environment and maintaining good corporate governance. The Board had established a Nominating Committee which comprises three Independent Non-Executive Directors, namely Mr Lim How Teck, Dr Cheng Mo Chi Moses and Mr Colin Stevens Russel; and a Non-Independent Non-Executive Director, Ms Chew Gek Khim. The Chairman of the Nominating Committee is Mr Lim How Teck, who is neither a 10% shareholder of the Company nor directly associated with a substantial shareholder of the Company.

The Nominating Committee is guided by its terms of reference which sets out its responsibilities. The terms of reference had been amended to be in line with the 2012 Code. These include:

- (i) reviewing and recommending to the Board the structure, size and composition of the Board and Board Committees;
- (ii) reviewing Board succession plans for Directors, in particular, the Chairman and the Group CEO;
- (iii) establishing procedures for and making recommendations to the Board on all Board appointments and re-appointments (as well as alternate Directors, if applicable);
- (iv) determining on an annual basis if a Director is independent;
- (v) evaluating if a Director has multiple Board representations and if he/she is able to and has been adequately carrying out his/her duties as a Director;
- (vi) evaluating the performance of the Board, its Board Committees and Directors and proposing objective performance criteria for the Board's approval; and
- (vii) reviewing training and professional development programs for the Board.

The Nominating Committee reports to the Board and meets at least once a year.

The Nominating Committee had put in place a transparent and formal process for short listing, evaluating and nominating candidates for appointment as new Directors. The Nominating Committee shortlists prospective candidates through the Directors' personal contacts or external referrals, where applicable. The Nominating Committee evaluates the candidates based on key attributes such as integrity, commitment, financial literacy, competencies, reputation and state of independent mindedness, and makes suitable recommendations to the Board. The Nominating Committee seeks to refresh the Board membership progressively and in an orderly manner to ensure continuity.

The Nominating Committee also reviews the independence of Board members annually based on the internal assessment criteria and guidance as set out in the 2012 Code. The Independent Non-Executive Directors are required to confirm their independence annually, and disclose any relationships or appointments which would impair their independence to the Board.

In furtherance to rigorous review of independence of Independent Directors, the Nominating Committee had re-designed and enhanced the internal assessment criteria. The rigorous review is applied equally to all Independent Directors and not just to Independent Directors who have served on the Board for more than nine years. Factors considered in this rigorous approach include questions on family connections, voting arrangements at shareholders'/directors' meetings, financial dependency on director fees and level of objectivity demonstrated at meetings.

REPORT ON CORPORATE GOVERNANCE

For FY2013, the Nominating Committee had determined that Mr Lee Yock Suan, Mr Lim How Teck, Dr Cheng Mo Chi Moses and Mr Colin Stevens Russel are independent in character and judgment and are free from any of the relationships as stated in the guidelines of the 2012 Code. These relationships include any employment of the Director by the Company or any of its related corporations in FY2013 or any of the past three financial years; any acceptance by the Director of significant compensation from the Company or any of its related corporations for the provision of services in FY2013 or the previous financial year (other than compensation for board service); and whether the Director is related to any organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services in FY2013 or previous financial year. The Board had concurred with the Nominating Committee's assessment of these Directors' independence.

The Board had appointed Mr Lim How Teck, who is the Chairman of the Nominating Committee, as the Lead Independent Director. Shareholders with any concern may contact the Lead Independent Director directly, when contact through the Chairman or Group CEO is inappropriate. The Lead Independent Director also coordinates an annual meeting, or as and when required, with the other Independent Directors without the presence of Management, and provides feedback to the Chairman.

Although the Directors have other listed company board representations and principal commitments, the Nominating Committee had determined, during the annual assessment of the Board's performance, that the individual Directors have devoted sufficient time and attention to their role as Directors and to the affairs of the Group. The Nominating Committee is of the view that such appointments do not hinder the Directors from carrying out their duties as Directors of the Company and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports the view of the Nominating Committee.

Our Bye-laws require that each Director shall retire at least once every three years but would be eligible for re-election. A newly appointed Director is also required to submit himself/herself for retirement and re-election at the AGM immediately following his/her appointment.

A summary of each Director's initial appointment and last re-election as well as his/her directorships in listed companies (including those held over the preceding three years from 2010 to 2012) is set out in page 91 of this Report.

In recommending a Director for re-election to the Board, the Nominating Committee will consider, amongst other things, his/her competencies, commitment, performance and contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs).

The Nominating Committee has recommended the nomination of Dr Chiu Kwok Hung Justin, Mr Lim Hwee Chiang John, Ms Chew Gek Khim, Mr Ip Tak Chuen Edmond and Mr Yap Chee Keong for re-election at the forthcoming AGM. The Board has accepted this recommendation and being eligible, Dr Chiu Kwok Hung Justin, Mr Lim Hwee Chiang John, Ms Chew Gek Khim, Mr Ip Tak Chuen Edmond and Mr Yap Chee Keong will be offering themselves for re-election at the AGM.

REPORT ON CORPORATE GOVERNANCE

BOARD PERFORMANCE

Principle 5 There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Company believes that the performance of the Board is ultimately reflected in the long term performance of the Group.

The Nominating Committee acknowledges the importance of a formal assessment of the Board and had implemented a process for evaluating the performance of the Board and Board Committees as a whole and assessing the contribution by each individual Director to the effectiveness of the Board and Board Committees.

The Nominating Committee determines the performance criteria which include an evaluation of the size and composition of the Board, the Board's access to information, its accountability and processes, communication with Management, standards of Directors' conduct and the Board's and individual director's performance in relation to discharging their principal responsibilities (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs).

This collective assessment is conducted by means of a confidential questionnaire individually completed by each Director. The result of this assessment is collated, analysed and discussed with the Nominating Committee and the Board, with reference to comparatives from the previous year. Recommendations to further enhance the effectiveness of the Board and the Board Committees are implemented, as appropriate. The Nominating Committee had conducted a performance evaluation of the Board and Board Committees for FY2013 and determined that all Directors contributed effectively and demonstrated full commitments to their roles.

ACCESS TO INFORMATION

Principle 6 In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board believes that it should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis. Management provides the Board with information on Board matters and issues requiring the Board's deliberations. All Directors are also provided with ongoing reports relating to operational and financial performance of the Group, as well as key developments, to enable them to exercise effective oversight over the Group's performance.

Board meetings for each year are scheduled in advance to facilitate Directors' individual administrative arrangements and commitments. Board papers are generally circulated five days in advance of each meeting and include background explanatory information for the Directors to be briefed properly, where necessary, and prepare for the meeting. Directors are also entitled to request from Management additional information as needed to make informed decisions. Such information includes minutes of the previous meetings as well as operational, financial and compliance matters requiring the Board's attention or resolution. The information is provided in a timely manner and may also be in the form of briefings to the Directors or formal presentations by Management staff in attendance at Board meetings, or by external professionals.

REPORT ON CORPORATE GOVERNANCE

The Board has separate and independent access to the Group's Management, Company Secretaries, internal and external auditors. At least one of the Company Secretaries, and/or their authorised designate(s), attend(s) all meetings of the Board and Board Committees and prepare(s) minutes of Board proceedings. The Company Secretaries also assist the Chairman to ensure that Board procedures are duly followed and are regularly reviewed for compliance with relevant rules and regulations for the effective functioning of the Board.

Where the Directors require independent professional advice in the course of their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his/her own remuneration.

The Board believes that executive remuneration should be linked to the development of management depth for continual talent renewal and sustainability of the Group. The Remuneration Committee of the Board comprises five Directors, all of whom are Non-Executive Directors and a majority of whom, including the Chairman, are independent. The members of the Remuneration Committee are Dr Cheng Mo Chi Moses, Ms Chew Gek Khim, Mr Lim How Teck, Mr Colin Stevens Russel and Mr Ip Tak Chuen Edmond. The Chairman of the Remuneration Committee is Dr Cheng Mo Chi Moses.

The Remuneration Committee, is guided by its terms of reference that had been amended to be in line with the 2012 Code. The terms of reference set out its responsibilities in assisting the Board in ensuring a formal and transparent procedure in:

- (i) overseeing executive staff compensation and development in the Group;
- (ii) determining and reviewing, from time to time, the remuneration policy of the Group;
- (iii) reviewing the contracts of service and setting the compensation policies and remuneration for Executive Directors and senior executives including employees who are related to Directors or controlling shareholders of the Group;
- (iv) reviewing the remuneration of Non-Executive Directors;
- (v) ensuring, as far as possible, that the remuneration packages of the Group take due account of the environment and circumstances faced by the Group in the various markets and countries in which it operates; and
- (vi) administering the Group's Performance Based Bonus Scheme and the Key Executive Deferred Compensation Scheme.

The Remuneration Committee reviews annually the succession planning regime of senior management positions within the Group. The suitability of internal successors is assessed by the Remuneration Committee and is benchmarked against external prospects. As part of talent management, the succession planning regime identifies and develops talents to assume senior positions when they become available, and motivates and retains high potential and performing staff.

The Remuneration Committee reports to the Board and meets at least once a year. The Remuneration Committee also has access to independent expert and professional advice on remuneration matters at the Company's expense, if required.

REPORT ON CORPORATE GOVERNANCE

LEVEL AND MIX OF REMUNERATION

Principle 8 The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The remuneration packages are designed to align the interests of the executives of the Group with those of the Company and link rewards to the Group's and individual's performance; and take into account of the prevailing market conditions within the same industry and comparable companies.

The Directors receive Directors' fees, which commensurate with their appointment, taking into account factors such as their time spent and responsibilities. Directors' fees are recommended by the Board for approval at the Company's AGM on an annual basis.

The Group CEO and Executive Director, Mr Lim Hwee Chiang John, has a service agreement with the Company for an indefinite term and is paid a base monthly salary and a variable year-end bonus for the continuation of his employment, unless terminated for cause by written notice of 6 months by either party. The Remuneration Committee annually reviews the terms and conditions of the service agreement as well as the remuneration components of the Group CEO, whose performance measures include driving the growth of the Group and delivering sustainable results. A comprehensive and structured performance assessment is carried out annually for the Group CEO and executives of the Group to measure performance against their key performance indicators and to determine the variable year-end bonus.

In addition to base salary and a variable year-end bonus, designated executives of the Group participate in the Group's Performance Based Bonus Scheme at the absolute discretion of the Remuneration Committee (the "Participants"). Under the scheme, the Participants from each operating business unit of the Group may be entitled to a pool of incentive payments based on certain performance indicators. The calculation for the pool of incentive payments for each of the business units and the award schedule is set out in the table below. 10% of each pool of incentive payments for each business unit of the Group is deducted and contributed to the pool of incentive payments for the Participants from the corporate divisions of the Group which support the various business units.

	REITs	Private Real Estate Funds	Corporate Finance Advisory Services
Pools of incentive payments for each business units ⁽¹⁾	10% of acquisition/divestment fees for each REIT manager paid on acquisition/divestment of assets from/to third party vendors ^{(2), (3)}	10% to 20% of performance fees for each fund ⁽³⁾	10% of revenue generated by ARA Financial in excess of its annual approved budget ⁽³⁾
Award Schedule	Half-yearly	Upon the realisation of the performance fee for each fund	Annually

REPORT ON CORPORATE GOVERNANCE

⁽¹⁾ Before deduction for the contribution to the pool of incentive payments for the corporate divisions.

⁽²⁾ Refers to vendors which are not members of CWT Limited, Cheung Kong Group and Straits Trading Group.

⁽³⁾ 10% of each of these amounts will be deducted from the pool of incentive payments for each business unit and contributed to the pool of incentive payments for the corporate divisions which support the various business units. The awards (if any) to employees from the corporate division would be made half-yearly every financial year.

Any such pool of incentive payments or any part thereof may be allocated to Participants of the scheme engaged in the relevant business unit or corporate division at the absolute discretion of the Remuneration Committee. Such allocation takes into account each Participant's seniority, length of service and his/her performance and contributions. Any amount allocated shall be paid to the Participant in the form of cash.

Each Participant's annual entitlement under the scheme for each business unit he/she is engaged in is subject to a maximum cap of his/her annual base salary (which excludes any annual wage supplement, bonus, award and other fringe benefit) for that financial year, save for entitlements under the private real estate fund management, which is subject to a maximum cap of the equivalent of the Participant's annual base salary (as described above) from the commencement of each relevant closed-end fund to the realisation of such fund.

The scheme is targeted at key executives who are in the best position to drive the growth of the Group through superior performance. It is an incentive plan designed on the basis that it is important to retain employees whose contributions are essential to the growth and profitability of our Group. The scheme allows the Group to attract potential employees with relevant skills and to motivate existing employees to optimise their performance, efficiency as well as maintain a high level of contribution to the Group, and more importantly, to retain key executives of the Group whose contributions are essential to our long-term growth and profitability. In addition, the scheme is designed to convey the Group's recognition and appreciation to the executives who have contributed to the Group's growth to further strengthen these individuals' commitment, support and loyalty to our Group's long-term growth and profitability.

Apart from the Group's Performance Based Bonus Scheme, a Deferred Compensation Scheme had also been put in place, at the request of institutional fund investors. It is designed to retain individual key executives managing the respective funds by offering them an opportunity to invest in those funds and to align the interest of the key executives with that of the institutional fund investors.

In FY2013, the Remuneration Committee had engaged an independent remuneration consultant, Freshwater Advisers Pte. Ltd, to conduct a market review of the Directors' fees. The Remuneration Committee has recommended to the Board a total amount of S\$590,000 as Directors' fees for the financial year ending 31 December 2014, to be paid quarterly in arrears. Directors' fees payable to all directors are set in accordance with a remuneration framework and in recognition of the contribution, effort, time incurred and responsibilities of the Directors. This recommendation has been endorsed by the Board and would be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his/her own remuneration.

REPORT ON CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

Principle 9 Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The remuneration of the Directors for the financial year ended 31 December 2013 in bands of S\$250,000 is provided below:

Remuneration Bands in FY2013	Number of Directors
S\$2,750,000 to S\$3,000,000	1
S\$250,000 to below S\$500,000	1
Below S\$250,000	4
Total	6

A breakdown of the remuneration of the Directors for the financial year ended 31 December 2013 is set out below:

Remuneration Band/ Name of Director	Salary ⁽¹⁾ (%)	Bonus (%)	Directors' Fees ⁽²⁾ (%)	Others (%)	Total (%)
(i) S\$2,750,000 to S\$3,000,000					
Mr Lim Hwee Chiang John	61	36	-	3	100
(ii) S\$250,000 to below S\$500,000					
Dr Chiu Kwok Hung Justin	-	-	-	100 ⁽³⁾	100
(iii) Below S\$250,000					
Mr Lee Yock Suan	-	-	100	-	100
Mr Lim How Teck	-	-	100	-	100
Dr Cheng Mo Chi Moses	-	-	100	-	100
Mr Colin Stevens Russel	-	-	100	-	100

⁽¹⁾ Includes employer's CPF.

⁽²⁾ Dr Chiu Kwok Hung Justin and Mr Ip Tak Chuen Edmond are full time employees of Cheung Kong Investment Company Limited, a substantial shareholder of the Company, and had offered to waive their directors' fees for FY2013.

⁽³⁾ Key person and advisory fees paid to Dr Chiu Kwok Hung Justin by ARA Fund Management (Asia Dragon) Limited for strategic advice and serving as a key person of the ARA Asia Dragon Fund.

The table below sets out the Group-wide cross-section of key executives' remuneration by number of employees in bands of S\$250,000 in lieu of naming the top 5 key executives who are also not Directors of the Company. The Board believes that this disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters. This disclosure is made in the best interests of the Group given the competitive conditions in the fund management industry.

REPORT ON CORPORATE GOVERNANCE

Total Compensation Bands in FY2013 ⁽¹⁾	Number of Employees
S\$1,000,000 to below S\$1,250,000	3
S\$750,000 to below S\$1,000,000	3
S\$500,000 to below S\$750,000	5
S\$250,000 to below S\$500,000	7
Below S\$250,000	1
Total	19

⁽¹⁾ Includes base salary, bonus and Performance Based Bonus.

Save for Mr Lim Hwee Chiang John who is a substantial shareholder of the Company and Ms Chiu Yu Justina who is an immediate family member of the Chairman and Non-Executive Director, Dr Chiu Kwok Hung Justin, there are no other Directors or executives who are related to one another or to any of the Group's substantial shareholders.

The Group currently does not have any share option scheme or share plan. There are no existing or proposed service agreements entered into or to be entered into by the Directors or executives with the Company that provide for benefits upon termination of appointment or post-employment. The Group has also not set aside nor accrued any amounts to provide for pension, retirement or similar benefits for the Directors and executives of the Group.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10 The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Management seeks to keep stakeholders updated on the Group's financial performance, position and prospects through quarterly and annual financial reports as well as timely announcements on developments in the Group's businesses. Quarterly results are released to shareholders within 45 days of the reporting period while the full year results are released to shareholders within 60 days of the financial year end. In presenting the financial reports, Management aims to provide a balanced and understandable assessment of the Group's performance.

Management provides the Board with a continual flow of relevant information on the Group's operational, financial and compliance matters on a timely basis, in order that the Board may effectively discharge its duties. This includes checklists to ensure compliance with the Group's policies and procedures and with regulatory requirements.

REPORT ON CORPORATE GOVERNANCE

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11 The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. Management, in consultation with the Internal Auditors, had implemented the updated ARA Enterprise Risk Management framework ("ERM") to comply with recommendations of the 2012 Code. The ERM framework is designed to manage the Company's risks and its internal control system so as to provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

The Company's ERM framework is approved by the Board and is administered by the Risk Management Committee (the "RMC"), which identifies, evaluates and reports the risks to the Audit Committee. The RMC comprises the Group CEO, Senior Director of Group Finance, Legal & Compliance Director and Head of Group Risk Management & Internal Audit Division (as an independent advisory role).

The RMC identifies the strategic, operational, financial and compliance risks faced by the various business units and set out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes within the Group and the external business environment.

The Group's Risk Profiles are reported to the Board every half-yearly, to highlight the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks, within the risk appetite approved by the Board. The key risks highlighted in the Group's Risk Profiles include strategic, human capital, conflicts of interest, financial and business continuity risks.

The strategic risks relate to sustainable long-term growth in establishing new REITs, Private Real Estate Funds and Real Estate Management Services within the Group. There are mitigating controls put in place to assess the background of new business partners, evaluate the feasibility of projects, carry out necessary due diligence on the transactions and assets, as well as obtain approval from the Board.

Human capital risk management is a key component for the continued success and growth of the business, and the Group had established a succession plan for all the senior management positions. The suitability of internal successors is assessed by the Remuneration Committee and is benchmarked against external prospects. In addition, efforts are taken to enhance training and development, establish competitive remuneration and rewards based on key performance indicators, support work-life balance and create a healthy workplace.

The Group maintains strict policies and procedures to address any potential conflict risks that may arise from its businesses. A Deal Allocation Committee had been established to minimize any potential conflicts of interest and ensure that an effective process is in place for the allocation of deals among the various REITs and Private Real Estate Funds which the Group manages. The Deal Allocation Committee considers the key investment objectives and criteria of each REIT and Private Real Estate Fund when reviewing and allocating deals received by the Company as well as deals received directly by the various REITs or Private Real Estate Funds.

REPORT ON CORPORATE GOVERNANCE

In general, the REITs managed by the Group would only invest in core investments within their respective sector(s) and geographical region(s), confined by the regulated leverage ratios. The REITs focus on properties that have stable income, high occupancies and increasing distribution yields to unitholders. These properties offer potential for long-term growth through repositioning, capital expenditure and/or continual leasing strategy. In comparison, the Private Real Estate Funds managed by the Group invest in opportunistic and strategic (or value-add) investments, which usually entail higher risks and higher risk-adjusted returns. The Private Real Estate Funds focus on properties which offer opportunities for development/re-development, asset enhancement and/or lease restructuring, to achieve their targeted internal rate of returns within the limited fund life. All prospective deal information is submitted by the respective REITs or Private Real Estate Funds to the Head of Group Risk Management & Internal Audit Division to assess whether there is any potential conflict of interest (e.g. overlapping investment objectives and criteria). If the Head of Group Risk Management & Internal Audit Division forms a preliminary view that a potential conflict of interest could arise, the deal will be referred to the Deal Allocation Committee. The Deal Allocation Committee further evaluates the deal and determines which REIT or Private Real Estate Fund the deal should be allocated to, taking into account circumstances that best fit the investment objectives and criteria of the REITs or Private Real Estate Funds. All reviews carried out by the Head of Group Risk Management & Internal Audit Division are documented and submitted to the Deal Allocation Committee regularly and these records are subject to an annual audit by an external international accounting firm which reports to the Audit Committee.

The Group is exposed to credit, liquidity and market risks arising from its business, as reported under Note 12 to the audited financial statements. Credit risk is the risk of financial loss if any counterparty fails to meet its contractual obligations. This arises principally from the Group's receivables and financial assets which are monitored on an ongoing basis. These risks are limited as the receivables relate mainly to trade debtors and accrued fees due from REITs and Private Real Estate Funds, whereas financial assets are placed with regulated financial institutions of high credit quality and ratings. Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach is to ensure, as far as possible, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions in its cash-flow projections. The Group generally has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the serving of its financial obligations. In addition, the Group maintains several lines of revolving credit facilities and overdraft facilities to tap available funds for its growth. Market risk is the risk relating to changes in market prices, such as interest rates, foreign exchange rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments or assets. The Group closely monitors its long-term quoted and unquoted financial assets, which relate to strategic units held in listed REITs, open-ended specialist equity fund and seed capital investments. These financial assets are measured at fair values and subsequent changes in their fair values are recognized in the fair value reserves in equity. The Group also receives REIT units from its management fees and these are classified as quoted financial assets held-for-trading. The Group regularly reviews its mark-to-market assessment of these REIT units for appropriate disposal outside the applicable moratorium or black-out periods. Exposure to foreign currency risk is monitored on an on-going basis as the Group endeavours to keep the net exposure to an acceptable level. This exposure arises mainly from the management fee income received in foreign currencies, offset by the contribution of seed capital investments in the same foreign currencies. Where required, the Group enters into forward contracts to hedge its net exposure position. The Group's exposure to interest rate risks mainly relates its interest bearing financial assets and debt obligations. The Group manages its interest rate exposure by maintaining a debt portfolio with appropriate fixed and/or floating rates of interests and where applicable, uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

REPORT ON CORPORATE GOVERNANCE

A group-wide Business Continuity Plan (“BCP”) had been established to mitigate the business continuity risk of interruptions or catastrophic loss to its operations. One of the BCP components includes an Information Technology Disaster Recovery Plan (“IT DRP”), which focuses on the continuation of technology infrastructure that is critical to the Group during any unexpected disruptive event. The IT DRP contains a documented set of procedures to be followed before, during and after an event of a disaster. The primary objective is to minimize downtime and data loss, while ensuring a level of stability and orderly recovery. The Group carries out an annual exercise to simulate the scenario of a disaster, where participants are relocated to an offsite facility with access to IT systems and restored backup database.

The Internal Auditors perform detailed work to evaluate the ERM framework and related internal control systems, including information technology controls, as part of the internal audit plan approved by the Audit Committee. Any material non-compliance or weakness, including recommendations for improvements, is reported to the Audit Committee. The Audit Committee also reviews the effectiveness of actions taken by Management on the recommendations made by the Internal Auditors in this respect.

In addition to the work performed by the Internal Auditors, the external auditors also perform tests of certain controls relevant to the preparation of the Group’s financial statements. The external auditors report any significant deficiencies of such internal controls to the Audit Committee.

During the year, the Audit Committee had reviewed the adequacy, effectiveness and integrity of the Group’s internal control and risk management systems. The Group CEO and Senior Director of Group Finance provide quarterly and annual certifications, to give assurance on the state of the Group’s internal controls, risk management systems and financial records.

Based on the ERM framework established and the work performed by internal and external auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls and risk management systems in place are adequate and effective in addressing the Group’s financial, operational and compliance risks in its current business environment, pursuant to Listing Rule 1207(10) of the Listing Manual of the SGX-ST (the “Listing Manual”).

AUDIT COMMITTEE

Principle 12 The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee of the Board comprises five Directors, a majority of whom including the Chairman are Independent Non-Executive Directors. The Audit Committee members are Mr Lee Yock Suan, Mr Lim How Teck, Dr Cheng Mo Chi Moses, Mr Colin Stevens Russel and Mr Yap Chee Keong. The Chairman of the Audit Committee is Mr Lee Yock Suan.

The members of the Audit Committee bring with them invaluable experience and professional expertise in the financial, legal, consultancy and administration domains. The Board is of the view that the Chairman and members of the Audit Committee are appropriately qualified to discharge their responsibilities and have relevant accounting or financial experience and expertise. The Audit Committee is guided by its terms of reference endorsed by the Board. The terms of reference had been amended to be in line with the recommendations of the 2012 Code.

REPORT ON CORPORATE GOVERNANCE

The principal duties of the Audit Committee include reviewing:

- (i) the annual audit plan, including the nature and scope of the internal and external audits before the commencement of these audits;
- (ii) the adequacy and effectiveness of the internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group;
- (iii) the results of internal and external audit findings and Management’s response;
- (iv) significant financial reporting issues and judgements so as to ensure the integrity of the audited financial statements of the Company and the consolidated balance sheet and income statement of the Group, including announcements of financial results;
- (v) the independence and objectivity of the external auditors, recommendations to the Board on proposals to shareholders on the appointment and re-appointment of external auditors;
- (vi) the adequacy of the Group’s risk management process and internal controls, including financial, operational, compliance and information technology controls;
- (vii) interested person transactions; and
- (viii) the whistle-blowing programme.

The Audit Committee meets at least four times a year and at least quarterly with the internal and external auditors without the presence of Management to discuss their findings as set out in their respective reports to the Audit Committee. The internal and external auditors may also request the Audit Committee to meet if they consider a meeting necessary. The Audit Committee is also entitled to full access to Management and has full discretion to invite any Director, or members of Management to attend its meetings. The Audit Committee is required to pass resolutions only upon unanimous vote. Any conflicting views are submitted to the full Board for its final decision. Any member who has an interest in any matter being reviewed or considered is required to abstain from voting on the matter.

The Audit Committee reviews any significant financial reporting issues as well as the quality and reliability of information in the quarterly and annual financial statements and announcements of the Group. The Audit Committee is also kept abreast of changes to the financial reporting standards and regulatory updates, through briefings by the Auditors and Company Secretary during quarterly meetings or as and when appropriate.

The Audit Committee makes recommendations to the Board on the appointment/re-appointment of the external auditors, taking into consideration the terms of engagement, scope, results of the audit, cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee also reviews the non-audit services provided by the external auditors to ensure that provision of such services will not affect the independence of the external auditors.

The Company’s Whistle Blowing Policy allows employees and external parties, in confidence, to report possible improprieties directly to the Audit Committee in a responsible and effective manner. A copy of the Whistle Blowing Policy is available to all employees of the Group, including the contact details of the Audit Committee.

External parties may refer to the Company’s Whistle Blowing Policy, which is available on the Company’s website at www.ara-asia.com. The website also provides an email address, feedback@ara.com.hk, for any complainant to report possible improprieties. This email is routed directly to the Audit Committee Chairman and its members for an independent investigation of the matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by the Group Risk Management & Internal Audit Division, based on instructions from the Audit Committee Chairman.

REPORT ON CORPORATE GOVERNANCE

For FY2013, the Audit Committee had:

- (i) held 4 meetings during the year, which were attended by the Group CEO, Senior Director of Group Finance, Head of Group Risk Management & Internal Audit Division, internal auditors, external auditors and other members of Management at the invitation of the Audit Committee;
- (ii) reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- (iii) met up with the Group's internal and external auditors on a quarterly basis without the presence of Management, to discuss their findings as set out in their respective reports to the Audit Committee. Both the internal and external auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of audits;
- (iv) reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated cash flows and auditors' reports;
- (v) reviewed all services provided by the external auditors and is satisfied that the provision of such services did not affect the independence of the external auditors, in view that the aggregate amount of fees paid to the external auditors are S\$563,300, comprising S\$450,000 of audit services and S\$113,300 of non-audit services. The external auditors have also affirmed their independence in their report to the Audit Committee;
- (vi) reviewed the Group's updated Risk Profiles and related documents presented by the Risk Management Committee every half-year;
- (vii) reviewed arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties relating to accounting and financial controls as well as any other matters pursuant to the Whistle Blowing Policy. The Whistle Blowing Policy extends to "any other persons" in addition to all employees of the Group in line with the 2012 Code. There were no reports of whistle blowing received during the year; and
- (viii) reviewed the interested person transactions as set out in this Report in pursuant to Chapter 9 of the Listing Manual.

The Audit Committee, with the concurrence of the Board, had recommended the re-appointment of KPMG LLP as the external auditors at the forthcoming AGM. The Company had complied with Rules 712 and 715 of the Listing Manual in relation to the external auditors. Rule 716 of the Listing Manual is not applicable as the same auditing firm is appointed for the Company and its subsidiaries.

INTERNAL AUDIT

Principle 13 The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Audit Committee had approved the appointment of Ernst & Young Advisory Pte Ltd to assist the Group Risk Management & Internal Audit Division (together referred to as the "Internal Auditors"), in conducting a full review of the Group's internal control and risk management systems. The co-source arrangement combines internal expertise with external best practices and it enhances the Internal Auditors' independence and effectiveness.

REPORT ON CORPORATE GOVERNANCE

The Internal Auditors are independent of Management, as the Head of Group Risk Management & Internal Audit Division has a direct and primary reporting line to the Chairman of the Audit Committee, with administrative reporting to the Group CEO. The Group Risk Management & Internal Audit Division comprises qualified professional staff with the requisite experience and they are provided with regular training to ensure their technical knowledge remains current. The internal audit activities are guided by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During the year, the Internal Auditors conducted audit reviews based on the internal audit plan approved by the Audit Committee and have unfettered access to all the Company's documents, records and personnel. The internal audit plan adopts a risk-based approach in covering all business and support functions within the Group, including having an oversight on the work performed by the REITs' internal auditors. Upon completion of each audit assignment, the Internal Auditors report their findings and recommendations to Management who would respond on the actions to be taken. The Internal Auditors submit quarterly internal audit reports to the Audit Committee on the audit findings and actions taken by Management on the findings.

The Internal Auditors also carry out consulting services to advise Management on corporate governance matters such as risk management framework, control self-assessment checklists on regulatory compliance, business continuity planning, updating of operations manuals and other improvements to systems and processes. This is coordinated through facilitated workshops and projects with active participation from Management.

These consulting services help the Internal Auditors to establish collaborative and positive relationships with Management and promote good practices in corporate governance. These consulting services do not impair the Internal Auditors' independence or objectivity, as Management is responsible for making managerial decisions and carrying out implementation of the projects.

The Audit Committee is satisfied that the Group's internal audit function is adequately resourced and qualified and has appropriate standing within the Group.

COMMUNICATION WITH SHAREHOLDERS

Principle 14 Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance agreements.

Principle 15 Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company strives for timeliness and consistency in its disclosures and ensure fair and equitable treatment to its stakeholders. It is the Group's policy to keep all stakeholders informed of developments or changes that would have a material impact on the Company's share price, through announcements on SGXNET and on the Group's website. Such announcements are communicated on an immediate basis as required under the Listing Manual or as soon as possible where immediate disclosure is not practicable.

REPORT ON CORPORATE GOVERNANCE

The Company notifies stakeholders in advance of the date of release of its financial results, through announcement via SGXNET. Regular briefings are conducted for analysts and the media, generally coinciding with the release of the Group's quarterly and full year financial results. The materials used in these briefings are also disseminated simultaneously via SGXNET and on the Group's website www.ara-asia.com, in the interest of transparency and are therefore made publicly available on a timely and non-selective basis.

The Group's website provides stakeholders with comprehensive information required to make informed decisions. Information on the Group's business strategies, core values and Directors' profiles can be accessed from the website. The website also features an "Investor Centre" link, which shows current and past announcements and Annual Reports, contact details of the Investor Relations team and corporate governance related information (e.g. Code of Business Conduct and Ethics, Risk Management Framework and Whistle Blowing Policy).

Management also actively engages institutional investors through face-to-face meetings, conference calls, non-deal road shows and by participating in investment conferences. Management also strives to keep retail investors updated on developments in the Group through timely announcements, the Group's website and the media.

Principle 16 Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company believes in regular, effective and fair communication with its shareholders and is committed to hearing their views and addressing their concerns where possible. Shareholders are accorded the opportunity to raise relevant questions on the Group's business activities, financial performance and other business related matters, and to communicate their views at shareholders' meetings. Voting in absentia such as by mail, email or fax has not been implemented due to concerns relating to issues of information control and security. For greater transparency and fairness in the voting process, voting at shareholders' meetings are conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one-vote basis. The voting results of all votes cast for or against each resolution are screened at the meeting and announced to the SGX-ST after the meeting.

If any shareholder is unable to attend the shareholders' meeting, he/she is allowed to appoint up to 2 proxies to vote on his/her behalf at the meeting through proxy forms which are sent together with the Annual Reports or Circulars (as the case may be). The duly completed and signed proxy forms are required to be submitted 48 hours before the shareholders' meeting at the Company's Share Transfer Agent's office. At each shareholders' meeting, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the AGM in the Notice.

The Chairpersons of the Audit, Nominating and Remuneration Committees attend the AGM of the Company to address any queries relating to the work of the committees. The external auditors also attend the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Shareholders are encouraged to participate in the Question and Answer session during the AGM.

The Company views the AGM as the principal forum for dialogue with shareholders, in particular retail shareholders. The Company has also designated contact persons to address queries from stakeholders from time to time and the email contacts of these persons are available at the Group's website.

REPORT ON CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

The Group had adopted an internal code which prohibits Directors of the Company and executives of the Group from dealing in the Company's shares as well as in the units of public-listed REITs managed by the Group, while in possession of unpublished material or non-public price sensitive information in relation to such securities and during the "black-out period" in respective jurisdictions. In the case of the Company, the "black-out" period is defined as two weeks immediately prior to the quarterly results announcements and one month immediately prior to the full year results announcements. The Company had revised the "black-out" period for the quarterly results announcement from one month to two weeks to align with the market best practices on dealings with securities, as set out in the Listing Manual.

In the case of listed REITs in Singapore, the "black-out" period is defined as two weeks before the date of announcement of quarterly and one month before the date of announcement of full year results and (where applicable) any property valuations. In the case of a REIT that is listed in Hong Kong, the "black-out" period is defined as 60 days immediately preceding the publication date of the full year results and 30 days immediately preceding the publication date of the half-year results and quarterly results (if any) (or if shorter, the period from the end of the relevant financial year or half-year / quarter period up to the publication date of the results).

In the case of a REIT that is concurrently listed in Singapore and Hong Kong, both preceding "black-out" periods shall be applied (and taking the view of the more restrictive or stringent regulation should there be any conflict between both periods). The Directors of the Company and executives of the Group are also encouraged to deal in the Company's shares and units of public-listed REITs managed by the Group on long-term considerations.

The Company had complied with Rule 1207(19) of the Listing Manual.

INTERESTED PERSON TRANSACTIONS

All interested person transactions are subject to review by the Audit Committee at its quarterly meetings to ensure that such transactions are conducted on an arm's length basis and not prejudicial to the interests of the shareholders. The Audit Committee is satisfied the procedures for the identification, evaluation, review, approval and reporting of interested person transactions are effective. It was noted that the interested person transactions were within the threshold limits set out under Chapter 9 of the Listing Manual and no announcement or shareholders' approval was, therefore, required. In addition to the requirements set out in the Listing Manual, the Board had also adopted a policy of requiring Directors to declare their conflicts of interest, if any and abstain from voting if they are so conflicted.

REPORT ON CORPORATE GOVERNANCE

PARTICIPATION OF DIRECTORS IN BOARD AND BOARD COMMITTEE MEETINGS IN 2013

Name of Director	Board Meetings		Audit Committee		Nominating Committee		Remuneration Committee	
	Appointment	Attendance/ Number of meetings held	Appointment	Attendance/ Number of meetings held	Appointment	Attendance/ Number of meetings held	Appointment	Attendance/ Number of meetings held
Dr Chiu Kwok Hung Justin	Chairman and Non-Executive Director	4/4	-	N/A	-	N/A	-	N/A
Mr Lim Hwee Chiang John	Group CEO and Executive Director	4/4	-	N/A	-	N/A	-	N/A
Ms Chew Gek Khim*	Deputy Chairman and Non-Independent Non-Executive Director	N/A	-	N/A	Member	N/A	Member	N/A
Mr Ip Tak Chuen Edmond	Non-Executive Director	4/4	-	N/A	-	N/A	Member	3/3
Mr Lee Yock Suan	Independent Non-Executive Director	4/4	Chairman	4/4	-	N/A	-	N/A
Mr Lim How Teck	Independent Non-Executive Director	4/4	Member	4/4	Chairman	1/1	Member	3/3
Dr Cheng Mo Chi Moses	Independent Non-Executive Director	4/4	Member	4/4	Member	1/1	Chairman	3/3
Mr Colin Stevens Russel	Independent Non-Executive Director	4/4	Member	4/4	Member	1/1	Member	3/3
Mr Yap Chee Keong*	Non-Independent Non-Executive Director	N/A	Member	N/A	-	N/A	-	N/A

* Ms Chew Gek Khim and Mr Yap Chee Keong were appointed on 15 January 2014.

REPORT ON CORPORATE GOVERNANCE

DATES OF INITIAL APPOINTMENT OF DIRECTORS AND DIRECTORSHIPS IN LISTED COMPANIES

Name of Director	Appointment	Date of Initial Appointment/ Last Re-Election	Directorships in Listed Companies
Dr Chiu Kwok Hung Justin	Chairman and Non-Executive Director	23 July 2002/ 28 April 2011	ARA Asset Management Limited Cheung Kong (Holdings) Limited
Mr Lim Hwee Chiang John	Group CEO and Executive Director	23 July 2002/ 26 April 2012	ARA Asset Management Limited Teckwah Industrial Corporation Limited
Ms Chew Gek Khim	Deputy Chairman and Non-Independent Non-Executive Director	15 January 2014	Singapore Exchange Limited The Straits Trading Company Limited
Mr Ip Tak Chuen Edmond	Non-Executive Director	17 September 2007/ 26 April 2012	ARA Asset Management Limited AVIC International Holding (HK) Limited (formerly known as CATIC International Holdings Limited) Cheung Kong (Holdings) Limited Cheung Kong Infrastructure Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Shougang Concord International Enterprises Company Limited TOM Group Limited Real Nutraceutical Group Limited (formerly known as Ruinian International Limited)
Mr Lee Yock Suan	Independent Non-Executive Director	17 September 2007/ 26 April 2012	ARA Asset Management Limited
Mr Lim How Teck	Independent Non-Executive Director	17 September 2007/ 26 April 2013	ARA Asset Management Limited Mewah International Inc. Swissco Holdings Limited (formerly known as C2O Holdings Limited)
Dr Cheng Mo Chi Moses	Independent Non-Executive Director	17 September 2007/ 26 April 2013	ARA Asset Management Limited China Mobile Limited China Resources Enterprise Limited Hong Kong Television Network Limited (formerly known as City Telecom (H.K.) Limited) Guangdong Investment Limited K.Wah International Holdings Limited Kader Holdings Company Limited Liu Chong Hing Investment Limited Tian An China Investments Company Limited Towngas China Company Limited
Mr Colin Stevens Russel	Independent Non-Executive Director	17 September 2007/ 26 April 2013	ARA Asset Management Limited Cheung Kong Infrastructure Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Husky Energy Inc.
Mr Yap Chee Keong	Non-Independent Non-Executive Director	15 January 2014	The Straits Trading Company Limited Tiger Airways Holdings Limited

Past Directorships held over the preceding 3 years (from 1 January 2010 to 31 December 2012): Mr Lim Hwee Chiang John – APN Property Group Limited; Ms Chew Gek Khim – CapitaRetail China Trust Management Limited; Mr Ip Tak Chuen Edmond – Excel Technology International Holdings Limited; Mr Lim How Teck – Eng Kong Holdings Limited and IFS Capital Limited; Dr Cheng Mo Chi Moses – China COSCO Holdings Company Limited and Hong Kong Exchanges and Clearing Limited; and Mr Yap Chee Keong – CapitaMalls Asia Limited and Hup Soon Global Corporation Limited.

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2013.

DIRECTORS

The directors in office at the date of this report are as follows:

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

^ : Appointed on 15 January 2014

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 1.1.2013	At 31.12.2013	At 1.1.2013	At 31.12.2013
ARA Asset Management Limited (number of ordinary shares of \$0.002 each at par)				
Mr Lim Hwee Chiang John	4,651,660	6,896,826	249,767,440	155,814,184
Mr Lee Yock Suan	66,000	72,600	-	-
Mr Lim How Teck	594,000	653,400	-	-
Mr Colin Stevens Russel	19,800	21,780	-	-

Mr Lim Hwee Chiang John is deemed to have interests in the subsidiaries of ARA Asset Management Limited at the beginning of the financial year and up to 29 November 2013. Thereafter and up to the end of the financial year, none of the above Directors with shareholdings are deemed to have an interest in the subsidiaries of ARA Asset Management Limited.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (cont'd)

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2014.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 25 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

During the financial year, there were:

- no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

- Mr Lee Yock Suan (Chairman), Independent Non-Executive Director
- Mr Lim How Teck, Independent Non-Executive Director
- Dr Cheng Mo Chi Moses, Independent Non-Executive Director
- Mr Colin Stevens Russel, Independent Non-Executive Director
- Mr Yap Chee Keong, Non-Executive Director ^

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies' Act, Chapter 50, the Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings during the financial year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to review their audit plans, discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' REPORT

AUDIT COMMITTEE (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual).

During the year, the Audit Committee has reviewed the adequacy, effectiveness and integrity of the Group's internal control, risk management systems and financial records. Management also provides a quarterly and annual assurance on the state of the Group's internal controls, risk management systems and financial records. Based on the work performed by internal and external auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls in place are adequate and effective in addressing the Group's financial, operational and compliance risks in its current business environment.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

DR CHIU KWOK HUNG JUSTIN
Director

MR LIM HWEE CHIANG JOHN
Director

21 February 2014

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 98 to 154 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

DR CHIU KWOK HUNG JUSTIN
Director

MR LIM HWEE CHIANG JOHN
Director

21 February 2014

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
ARA ASSET MANAGEMENT LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ARA Asset Management Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 98 to 154.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards to present fairly, in all material respects, the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

21 February 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	Group		Company	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Assets					
Plant and equipment	4	1,390	1,640	-	-
Subsidiaries	5	-	-	138,028	85,923
Associates	6	4,657	3,578	-	-
Financial assets	7	212,527	123,209	-	-
Other receivables	8	6,289	3,947	-	-
Total non-current assets		224,863	132,374	138,028	85,923
Financial assets	7	49,837	26,014	-	-
Trade and other receivables	8	33,576	30,444	4,696	4,029
Cash and cash equivalents	9	39,060	100,258	2,344	56,326
Total current assets		122,473	156,716	7,040	60,355
Total assets		347,336	289,090	145,068	146,278
Equity					
Share capital	10	1,690	1,537	1,690	1,537
Reserves	10	94,024	92,915	74,859	75,012
Accumulated profits		181,856	149,863	66,935	67,636
Equity attributable to equity holders of the Company		277,570	244,315	143,484	144,185
Non-controlling interests		2,827	2,304	-	-
Total equity		280,397	246,619	143,484	144,185
Liabilities					
Loans and borrowings	11	141	189	-	-
Deferred tax liabilities	13	68	118	-	-
Total non-current liabilities		209	307	-	-
Trade and other payables	14	26,318	26,099	1,584	2,093
Loans and borrowings	11	30,329	4,878	-	-
Current tax payable		10,083	11,187	-	-
Total current liabilities		66,730	42,164	1,584	2,093
Total liabilities		66,939	42,471	1,584	2,093
Total equity and liabilities		347,336	289,090	145,068	146,278

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2013

	Note	Group	
		2013	2012
		\$'000	\$'000
Management fees	15	114,003	102,615
Acquisition, divestment and performance fees		14,671	8,223
Revenue		128,674	110,838
Finance income	16	11,583	21,997
Other income		139	695
		140,396	133,530
Administrative expenses		(41,468)	(39,172)
Operating lease expenses		(3,784)	(3,149)
Other expenses		(6,264)	(8,930)
Finance costs	16	(4,387)	(638)
Results from operating activities		84,493	81,641
Share of profit of associates, net of tax		3,913	4,461
Profit before tax	17	88,406	86,102
Tax expense	18	(11,275)	(11,875)
Profit for the year		77,131	74,227
Profit attributable to:			
Equity holders of the Company		74,250	72,704
Non-controlling interests		2,881	1,523
Profit for the year		77,131	74,227
Earnings per share			
Basic earnings per share (cents)	19	8.79	8.60
Diluted earnings per share (cents)	19	8.79	8.60

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	2012
	\$'000	\$'000
Profit for the year	77,131	74,227
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	2,759	(2,626)
Net change in fair value of available-for-sale financial assets	(1,497)	23,033
Effective portion of changes in fair value of cash flow hedge	-	717
Other comprehensive income for the year, net of tax	1,262	21,124
Total comprehensive income for the year	78,393	95,351
Total comprehensive income attributable to:		
Equity holders of the Company	75,512	93,828
Non-controlling interests	2,881	1,523
Total comprehensive income for the year	78,393	95,351

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

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2013

Group	Note	Attributable to equity holders of the Company								
		Reserves						Total	Non-controlling interests	Total equity
		Share capital	Share premium	Foreign currency translation reserve	Fair value reserve	Hedging reserve	Accumulated profits			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2012		1,537	75,012	(3,259)	755	(717)	115,574	188,902	659	189,561
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	72,704	72,704	1,523	74,227
Total other comprehensive income		-	-	(2,626)	23,033	717	-	21,124	-	21,124
Total comprehensive income for the year		-	-	(2,626)	23,033	717	72,704	93,828	1,523	95,351
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends to equity holders	10	-	-	-	-	-	(38,415)	(38,415)	(800)	(39,215)
Total contributions by and distributions to owners		-	-	-	-	-	(38,415)	(38,415)	(800)	(39,215)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests with a change in control	21	-	-	-	-	-	-	-	922	922
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	922	922
Total transactions with owners		-	-	-	-	-	(38,415)	(38,415)	122	(38,293)
At 31 December 2012	10	1,537	75,012	(5,885)	23,788	-	149,863	244,315	2,304	246,619

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2013

Group	Note	Attributable to equity holders of the Company							Total equity \$'000
		Reserves					Total	Non-controlling interests	
		Share capital \$'000	Share premium \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000			
At 1 January 2013		1,537	75,012	(5,885)	23,788	149,863	244,315	2,304	246,619
Total comprehensive income for the year									
Profit for the year		-	-	-	-	74,250	74,250	2,881	77,131
Total other comprehensive income		-	-	2,759	(1,497)	-	1,262	-	1,262
Total comprehensive income for the year		-	-	2,759	(1,497)	74,250	75,512	2,881	78,393
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of bonus shares	10	153	(153)	-	-	-	-	-	-
Dividends to equity holders	10	-	-	-	-	(42,257)	(42,257)	(2,241)	(44,498)
Total contributions by and distributions to owners		153	(153)	-	-	(42,257)	(42,257)	(2,241)	(44,498)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	(117)	(117)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	(117)	(117)
Total transactions with owners		153	(153)	-	-	(42,257)	(42,257)	(2,358)	(44,615)
At 31 December 2013	10	1,690	74,859	(3,126)	22,291	181,856	277,570	2,827	280,397

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

Note	Group	
	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Profit for the year	77,131	74,227
Adjustments for:		
Depreciation of plant and equipment	684	595
Distribution income	(11,484)	(10,501)
Interest expense	617	230
Interest income	(99)	(165)
(Gain) / loss on disposal of plant and equipment	(6)	6
Loss / (gain) on fair valuation of financial assets	3,483	(11,331)
Management fees received / receivable in units of real estate investment trusts	(61,830)	(52,722)
Share of profit of associates	(3,913)	(4,461)
Tax expense	11,275	11,875
	15,858	7,753
Change in trade and other receivables	(2,700)	(2,570)
Change in trade and other payables	219	8,216
Cash generated from operating activities	13,377	13,399
Distribution income received	11,689	10,501
Proceeds from sale of units in real estate investment trusts	34,975	64,877
Tax paid	(12,412)	(7,114)
Net cash from operating activities	47,629	81,663
Cash flows from investing activities		
Dividends received from associates	672	908
Interest received	99	165
Acquisition of subsidiaries, net of cash acquired	21	1,346
Acquisition of non-controlling interests	(117)	-
Proceeds from disposal of plant and equipment	96	-
Purchase of plant and equipment	(501)	(892)
Purchase of available-for-sale securities	(89,947)	(5,035)
Net cash used in investing activities	(89,698)	(3,508)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Note	Group	
		2013	2012
		\$'000	\$'000
Cash flows from financing activities			
Dividends paid		(44,498)	(39,215)
Interest paid		(617)	(230)
Payment of finance lease liabilities		(76)	(122)
Drawdown of borrowings		25,664	4,801
Net cash used in financing activities		(19,527)	(34,766)
Net (decrease) / increase in cash and cash equivalents		(61,596)	43,389
Cash and cash equivalents at 1 January		100,258	57,291
Effect of exchange rate fluctuations on cash held		398	(422)
Cash and cash equivalents at 31 December	9	39,060	100,258

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 February 2014.

1. DOMICILE AND ACTIVITIES

ARA Asset Management Limited (the "Company") is incorporated as an exempted company with limited liability in Bermuda and has its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986. The Company was admitted to the official list of the main board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 2 November 2007.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are those relating to the provision of real estate fund management services, including acting as the manager for public-listed real estate investment trusts and private real estate funds, as well as the provision of real estate management services and corporate finance advisory services.

The financial statements of the Company as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (cont'd)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 22 – valuation and measurement of financial assets and financial liabilities.

2.5 Changes in accounting policies

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*. The additional disclosures necessary as a result of the adoption of this standard has been included in Note 12.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date the significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Accounting for subsidiaries and associates

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), or qualifying cash flow hedges to the extent the hedge is effective, both of which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other income / other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is calculated separately.

Depreciation is recognised as an expense in profit or loss from the date the plant and equipment are installed and ready for use and is measured on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Fittings and office equipment	–	3 to 5 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets classified as held-for-trading comprise investments in listed real estate investment trust units actively managed by the Group's management to address short-term liquidity needs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3.5(i)) and foreign currency differences on available-for-sale debt instruments (see Note 3.2(i)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprises investments in listed real estate investment trust units and private funds.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(iv) Derivative financial instruments, including hedge accounting

The Group may hold derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(iv) Derivative financial instruments, including hedge accounting (cont'd)

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.5 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.5(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance lease is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specific asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.8 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Revenue recognition

(i) Real estate investment trust ("REIT") management fees

REIT management fees, comprising base and performance fees, are derived from the management of REITs and are determined based on the value of the real estate assets or total gross assets under management and net property income of the REITs managed, respectively. These fees are recognised on an accrual basis.

(ii) Acquisition, divestment and performance fees

Acquisition / divestment fees relate to fees earned in relation to the acquisition / divestment of properties by REITs. The acquisition / divestment fees are determined based on the value of the properties acquired / divested and are recognised when the services have been rendered.

Performance fees relate to advisory and consultancy fees and fees earned in relation to private real estate funds and where the returns of the private real estate funds exceed certain specified hurdles. Advisory and consultancy fees include project management fees and corporate finance advisory fees which are determined based on contracted terms and are recognised when the services have been rendered.

(iii) Portfolio management fees

Portfolio management fees are derived from the management of private real estate funds and are determined based on committed capital, contributed capital or portfolio value. These fees are recognised on an accrual basis.

(iv) Real estate management service fees

Real estate management service fees are derived from the provision of property management services and convention and exhibition services rendered. These fees include marketing services fees, advertising fees and commissions and promotion commissions, and are recognised on an accrual basis.

3.10 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), distribution income, dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Distribution income and dividend income are recognised in profit or loss when the respective unitholder's or shareholder's right to receive payment is established.

Finance costs comprise interest expense on financial liabilities, fees incurred in connection with the arrangement of debt facility, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Finance income and finance costs (cont'd)

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Tax (cont'd)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.12 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed monthly by the Group Chief Executive Officer ("Group CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, finance lease liabilities and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment.

3.13 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, and for the effects of all dilutive potential ordinary shares.

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt except as otherwise indicated below, are set out below.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 New standards and interpretations not yet adopted (cont'd)

Applicable for the Group's 2014 financial statements

- FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees and on initial application of the standard, the Group does not expect any significant impact on the Group's financial statements.

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.

FRS 110 and FRS 112 are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

4. PLANT AND EQUIPMENT

Group	Fittings and office equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000
Cost			
At 1 January 2012	2,340	576	2,916
Additions	892	-	892
Disposals	(66)	-	(66)
Effect of movement in exchange rates	(17)	(12)	(29)
At 31 December 2012	3,149	564	3,713
Additions	501	-	501
Disposals	(187)	-	(187)
Effect of movement in exchange rates	31	7	38
At 31 December 2013	3,494	571	4,065

4. PLANT AND EQUIPMENT (cont'd)

Group	Fittings and office equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000
Accumulated depreciation			
At 1 January 2012	1,417	139	1,556
Depreciation for the year	482	113	595
Disposals	(60)	-	(60)
Effect of movement in exchange rates	(14)	(4)	(18)
At 31 December 2012	1,825	248	2,073
Depreciation for the year	570	114	684
Disposals	(97)	-	(97)
Effect of movement in exchange rates	11	4	15
At 31 December 2013	2,309	366	2,675
Carrying amounts			
At 1 January 2012	923	437	1,360
At 31 December 2012	1,324	316	1,640
At 31 December 2013	1,185	205	1,390

Leased motor vehicles

As at 31 December 2013, the carrying amount of motor vehicles held under finance leases was \$138,000 (2012: \$316,000). The amount outstanding under the finance lease agreements is set out in Note 11 to the financial statements.

5. SUBSIDIARIES

	Company	
	2013	2012
	\$'000	\$'000
Equity investments at cost	57,575	63,591
Shareholders' loan to subsidiaries	82,692	24,571
Less: Impairment loss	(2,239)	(2,239)
	138,028	85,923

The shareholders' loan to subsidiaries are unsecured and interest-free with no specified repayment date. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

5. SUBSIDIARIES (cont'd)

The Company had in the prior years, cumulatively provided for impairment loss totalling \$2,239,000 (2012: \$2,239,000) which arose from a review of the recoverable amount, estimated based on the fair value of the net assets of its net investments in subsidiaries. There is no such provision of impairment loss during the year.

Details of significant and / or principal subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	
		2013	2012
		%	%
ARA Asset Management (Fortune) Limited ⁽¹⁾⁽²⁾	Republic of Singapore	100	100
ARA Trust Management (Suntec) Limited ⁽¹⁾	Republic of Singapore	100	100
ARA Management Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
ARA Asset Management (Prosperity) Limited ⁽²⁾	Hong Kong	100	100
ARA-CWT Trust Management (Cache) Limited ⁽¹⁾	Republic of Singapore	60	60
ARA Fund Management (Asia Dragon) Limited ⁽¹⁾	Bermuda	100	100
ARA Managers (Asia Dragon) Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
ARA Fund Management (Asia Dragon II) Limited ⁽¹⁾	Bermuda	100	100
ARA Managers (Asia Dragon II) Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
ARA Fund Management (CIP) Limited ⁽¹⁾	Bermuda	100	100
ARA Managers (CIP) Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
Jadeline Capital Sdn Bhd ⁽²⁾	Malaysia	100	100
ARA Real Estate Investors I Limited ⁽³⁾	British Virgin Islands	100	100
ARA Investors II Limited ⁽³⁾	British Virgin Islands	100	100

5. SUBSIDIARIES (cont'd)

Details of significant and / or principal subsidiaries are as follows: (cont'd)

Name of subsidiary	Country of incorporation	Ownership interest	
		2013	2012
		%	%
ARA Real Estate Investors III Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors IV Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors V Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors VI Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors VII Limited ⁽³⁾	British Virgin Islands	100	100
ARA Managers (Harmony) Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
Suntec Singapore International Convention & Exhibition Services Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
APM Property Management Pte Ltd ⁽¹⁾	Republic of Singapore	100	100
ARA Fund Management (MIP) Limited ⁽³⁾	Bermuda	100	-
ARA Managers (MIP) Pte Ltd ⁽¹⁾	Republic of Singapore	100	-

⁽¹⁾ Audited by KPMG LLP, Singapore.

⁽²⁾ Audited by other member firms of KPMG International.

⁽³⁾ Not required to be audited by law of country of incorporation.

KPMG LLP is the auditor of all significant Singapore-incorporated and Bermuda-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for subsidiaries incorporated in the British Virgin Islands ("BVI") and Bermuda which are not required to be audited under the laws prevailing in their respective jurisdiction. For this purpose, a subsidiary is considered significant as defined under the Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

6. ASSOCIATES

	Group	
	2013	2012
	\$'000	\$'000
Movements in carrying value:		
At 1 January	3,578	3,100
Effect of movement in exchange rates	435	(90)
Share of profit for the year, net of tax	3,913	4,461
Dividends received in cash and in units of real estate investment trust	(3,269)	(3,893)
At 31 December	4,657	3,578

Details of associates are as follows:

Name of associate	Country of incorporation	Ownership interest	
		2013	2012
		%	%
Am ARA REIT Holdings Sdn. Bhd. ⁽¹⁾	Malaysia	30	30
Am ARA REIT Managers Sdn. Bhd. ⁽¹⁾	Malaysia	30	30
Cache Property Management Pte. Ltd. ⁽²⁾	Singapore	40	40
World Deluxe Enterprises Limited ⁽³⁾	British Virgin Islands	30	30
Hui Xian Asset Management Limited ⁽⁴⁾	Hong Kong	30	30
Beijing Hui Xian Enterprise Services Limited ⁽⁵⁾	People's Republic of China	30	30

⁽¹⁾ Audited by Ernst & Young, Malaysia.

⁽²⁾ Audited by KPMG LLP, Singapore.

⁽³⁾ Not required to be audited by law of country of incorporation.

⁽⁴⁾ Audited by Deloitte Touche Tohmatsu, Hong Kong.

⁽⁵⁾ Audited by Unity & Strength Certified Public Accountants, China.

NOTES TO THE FINANCIAL STATEMENTS

6. ASSOCIATES (cont'd)

Summary financial information for associates which is not adjusted for the percentage of ownership held by the Group, are as follows:

	2013	2012
	\$'000	\$'000
Assets and liabilities		
Total assets	30,308	24,749
Total liabilities	16,075	12,405
Results		
Revenue	40,966	43,466
Expenses (including taxation)	(28,606)	(29,028)
Profit after taxation	12,360	14,438

7. FINANCIAL ASSETS

	Group	
	2013	2012
	\$'000	\$'000
Non-current		
Quoted available-for-sale financial assets	79,939	92,486
Unquoted available-for-sale financial assets	132,588	30,723
	212,527	123,209
Current		
Quoted financial assets held-for-trading	49,837	26,014

Quoted financial assets relate to units held in listed REITs and a real estate fund manager. Certain quoted available-for-sale securities with an aggregate amount of \$74,606,000 (2012: \$66,812,000) relate to units held in certain listed REITs which are pledged as security to obtain credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL ASSETS (cont'd)

Unquoted available-for-sale financial assets with a carrying value of \$128,272,000 (2012: \$26,252,000) relate to seed capital investments and the remaining carrying value of \$4,316,000 (2012: \$4,471,000) relate to units held in an open-ended specialist equity fund, all of which are stated at their fair values.

The Group's exposure to credit and currency risks related to financial assets is disclosed in Note 12.

Sensitivity analysis - equity price risk

All of the Group's quoted equity financial assets are listed on the SGX-ST, the Stock Exchange of Hong Kong ("SEHK"), ASX Limited or the Bursa Malaysia Securities Berhad.

For such investments classified as available-for-sale or held-for-trading, a 10% increase / (decrease) in the above stock prices at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012, as indicated below:

	Equity		Profit or (loss)	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
SGX-ST	6,572	7,181	2,560	1,820
SEHK	-	-	2,424	781
ASX Limited	-	515	-	-
Bursa Malaysia Securities Berhad	1,422	1,553	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade receivables	8,280	6,486	-	-
Accrued revenue	20,337	19,357	-	-
Tenancy and other deposits	1,026	988	-	-
Other receivables	2,800	3,764	-	-
Amounts due from a related party, non-trade	240	233	-	-
Amounts due from subsidiaries, non-trade	-	-	4,667	4,003
Loans and receivables	32,683	30,828	4,667	4,003
Prepayments	7,182	3,563	29	26
	39,865	34,391	4,696	4,029
Non-current	6,289	3,947	-	-
Current	33,576	30,444	4,696	4,029
	39,865	34,391	4,696	4,029

There is no impairment allowance arising from the outstanding balances. The non-trade amounts due from a related party and subsidiaries are unsecured, interest-free and repayable on demand.

Trade receivables for the Group include amounts due from a trustee of REITs of \$2,985,000 (2012: \$1,670,000).

Accrued revenue relates to accrual of REIT management fees, portfolio management fees and real estate management services fees.

Non-current receivables for the Group relates to prepayments for agent fees in relation to the private real estate funds under management, which will be amortised over the life of these funds as well as tenancy deposits.

The Group's and Company's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	36,904	94,572	2,344	56,326
Short-term fixed deposits	2,156	5,686	-	-
Cash and cash equivalents in the statement of cash flows	39,060	100,258	2,344	56,326

The Group's and Company's exposure to interest rate and currency risks related to cash and cash equivalents are disclosed in Note 12.

10. CAPITAL AND RESERVES

Share capital

Group and Company	2013	2012
	Number of shares	Number of shares
	'000	'000
At 1 January	768,319	768,319
Issue of bonus shares	76,832	-
At 31 December	845,151	768,319

On 26 March 2013, 76,831,904 new ordinary shares of \$0.002 each in the capital of the Company credited as fully paid were allotted and issued to shareholders of the Company on the basis of one bonus share for every ten existing shares held in the capital of the Company (the "Bonus Issue"). Following the Bonus Issue, the total number of issued shares of the Company increased from 768,319,189 to 845,151,093.

All the newly issued shares rank pari passu in all respect with the existing ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with a par value of \$0.002 each.

NOTES TO THE FINANCIAL STATEMENTS

10. CAPITAL AND RESERVES (cont'd)

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Share premium	74,859	75,012	74,859	75,012
Foreign currency translation reserve	(3,126)	(5,885)	-	-
Fair value reserve	22,291	23,788	-	-
	94,024	92,915	74,859	75,012

Share premium

Share premium is net of cost of issue of new shares.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

10. CAPITAL AND RESERVES (cont'd)

Dividends

The following dividends were declared and paid by the Group and Company for the year ended 31 December:

	Group and Company	
	2013	2012
	\$'000	\$'000
Paid by the Company to owners of the Company:		
Interim dividend of \$0.023 per ordinary share (2012: \$0.023)	19,438	17,671
Final dividend of \$0.027 per ordinary share, paid in respect of the previous financial year (2012: \$0.027)	22,819	20,744
	<u>42,257</u>	<u>38,415</u>

At the Annual General Meeting to be held on 25 April 2014 (2012: 26 April 2013), a final exempt dividend of \$0.027 (2012: \$0.027) per share amounting to \$22,819,000 (2012: \$20,744,000) will be recommended for shareholders' approval. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2014.

	Group	
	2013	2012
	\$'000	\$'000
Paid by subsidiaries to parties with non-controlling interest	2,241	800

11. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risks, see Note 12.

	Group	
	2013	2012
	\$'000	\$'000
Non-current liabilities		
Finance lease liabilities	141	189
Current liabilities		
Secured bank loan	30,280	4,801
Finance lease liabilities	49	77
	<u>30,329</u>	<u>4,878</u>
	<u>30,470</u>	<u>5,067</u>

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount
				\$'000	\$'000
2013					
Secured bank loan	RM	4.80% per annum	2014	4,616	4,616
Secured bank loan	SGD	1.44% per annum	2014	9,000	9,000
Secured bank loan	USD	1.82% per annum	2014	16,664	16,664
Finance lease liabilities	SGD	2.68% per annum	2017	190	190
				<u>30,470</u>	<u>30,470</u>
2012					
Secured bank loan	RM	4.80% per annum	2013	4,801	4,801
Finance lease liabilities	HKD	2.50% per annum	2013	27	27
Finance lease liabilities	SGD	2.68% per annum	2017	239	239
				<u>5,067</u>	<u>5,067</u>

The secured bank loan of \$4,616,000 (2012: \$4,801,000) relates to a RM12.0 million secured variable rate revolving credit facility provided to a subsidiary, Jadeline Capital Sdn. Bhd. ("Jadeline") to finance the subscription of a 3-for-5 rights issue by AmFIRST REIT which amounted to 13,863,000 units. The facility is secured by 23,105,000 units held in AmFIRST REIT and is available for a period of three years until September 2014 with an option to extend for another three years.

The secured bank loans of \$25,664,000 (2012: Nil) relates to a multicurrency revolving credit facility drawn for the Group's general working purposes and seed capital contributions to the private funds. The facility is secured by 34,093,000 units held in Suntec REIT and 11,905,000 units in Cache Logistics Trust and terminates in March 2017.

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS (cont'd)

Finance lease liabilities

At 31 December, the Group has obligations under finance leases that are payable as follows:

	2013			2012		
	Principal	Interest	Future minimum payments	Principal	Interest	Future minimum payments
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Within 1 year	49	9	58	77	12	89
Between 1 to 5 years	141	27	168	189	36	225
	190	36	226	266	48	314

12. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Group Risk Management and Internal Audit division. The Group Risk Management and Internal Audit division undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from counterparties.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Trade and other receivables

The Group's exposure to credit risk arises mainly through its trade and accrued fees receivables from REITs, real estate management and private real estate funds. Exposure to credit risk is monitored on an ongoing basis.

Investments and other financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash and cash equivalents and other financial assets. Credit risk on cash and cash equivalents and derivative financial instruments is limited because these are placed with regulated financial institutions. Credit risk on other financial assets is limited because the counterparties are entities with high credit quality and/or acceptable credit ratings. These financial assets are monitored on an ongoing basis by management.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Group		Company	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Loans and receivables					
- Loans and receivables	8	32,683	30,828	4,667	4,003
- Cash and cash equivalents	9	39,060	100,258	2,344	56,326
Available-for-sale financial assets					
- Quoted financial assets	7	79,939	92,486	-	-
- Unquoted financial assets	7	132,588	30,723	-	-
Fair value through profit or loss					
- Quoted financial assets held-for-trading	7	49,837	26,014	-	-
		334,107	280,309	7,011	60,329

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Credit risk (cont'd)

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The aging of trade receivables that was not impaired at the reporting date was:

	Group	
	2013	2012
	\$'000	\$'000
Not past due	6,482	5,129
Past due 0-60 days	1,061	639
Past due 61-120 days	636	718
More than 120 days	101	-
	<u>8,280</u>	<u>6,486</u>

Based on historical default rates, the Group believes that no impairment allowance is necessary as these accounts mainly relates to customers that have a good payment record with the Group. None of the other receivables are past due.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd)

In addition, the Group maintains the following lines of credit:

- An unutilised multicurrency revolving credit facility of \$23.9 million (2012: \$19.8 million) secured on the Group's strategic stakes in Suntec REIT and Cache Logistics Trust. The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies and terminates in March 2017.
- An unutilised revolving credit facility of RM4.0 million (2012: RM4.0 million) secured on the Group's strategic stake in AmFIRST REIT. 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 three years until September 2014 with an option to extend for another three years.
- An unutilised unsecured money market line of \$50.0 million (2012: Nil). The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies.
- \$6.0 million and HK\$3.0 million (2012: \$6.0 million and HK\$3.0 million) overdraft facilities that are unsecured. Interest would be payable at the respective Singapore and Hong Kong prime lending rates.

The Group has contractual commitments to incur capital expenditure with regard to its investments in various funds (see Note 24).

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities which are measured at amortised cost including estimated interest payments but excluding the impact of netting agreements:

Group	Cash flows			
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years
	\$'000	\$'000	\$'000	\$'000
2013				
Non-derivative financial liabilities				
Finance lease liabilities	190	(226)	(58)	(168)
Trade and other payables	26,318	(26,318)	(26,318)	-
Secured bank loans	30,280	(30,873)	(30,873)	-
	56,788	(57,417)	(57,249)	(168)
2012				
Non-derivative financial liabilities				
Finance lease liabilities	266	(314)	(89)	(225)
Trade and other payables	26,099	(26,099)	(26,099)	-
Secured bank loans	4,801	(4,988)	(4,988)	-
	31,166	(31,401)	(31,176)	(225)
Company				
2013				
Trade and other payables	1,584	(1,584)	(1,584)	-
2012				
Trade and other payables	2,093	(2,093)	(2,093)	-

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages its market risk using derivatives. All such transactions are carried out within the guidelines set by the Board of Directors. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Market risk (cont'd)

Currency risk

Exposure to currency risk

Exposure to foreign currency risk is monitored on an outgoing basis and the Group endeavours to keep the net exposure to an acceptable level.

The Group's and Company's exposures to foreign currency was as follows based on notional amounts:

	Group					Company
	Singapore dollar	United States dollar	Hong Kong dollar	Australian dollar	Chinese Renminbi	United States dollar
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013						
Financial assets	-	-	-	-	5,465	-
Trade and other receivables	2	3	4,670	-	-	-
Cash and cash equivalents	554	183	41	661	-	7
Trade and other payables	(274)	(34)	(135)	-	-	-
Secured bank loan	-	(16,664)	-	-	-	-
	282	(16,512)	4,576	661	5,465	7
2012						
Financial assets	-	-	-	-	2,985	-
Trade and other receivables	-	2	3,101	-	-	-
Cash and cash equivalents	1,101	230	84	741	-	35
Trade and other payables	(330)	(11)	(88)	-	-	(19)
	771	221	3,097	741	2,985	16

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012, as indicated below:

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

Sensitivity analysis (cont'd)

	Group		Company	
	Profit or (loss)		Profit or (loss)	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
United States dollar	1,651	(22)	(1)	(2)
Hong Kong dollar	(458)	(310)	-	-
Australian dollar	(66)	(74)	-	-
Chinese Renminbi	(547)	(299)	-	-
	580	(705)	(1)	(2)

A 10% weakening of the Singapore dollar against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group	
	Carrying amount	
	2013	2012
	\$'000	\$'000
Fixed rate instruments		
Financial assets	2,156	5,686
Financial liabilities	(190)	(266)
	1,966	5,420
Variable rate instruments		
Financial liabilities	(30,280)	(4,801)

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rate at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

Group	Profit or (loss)	
	100 bp increase	100 bp decrease
	\$'000	\$'000
2013		
Variable rate instruments	(303)	303
Cash flow sensitivity (net)	(303)	303
2012		
Variable rate instruments	(48)	48
Cash flow sensitivity (net)	(48)	48

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total shareholders' equity, excluding non-controlling interests.

The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Capital management (cont'd)

In addition, certain subsidiaries of the Company are Capital Markets Services ("CMS") Licence holders registered by the Monetary Authority of Singapore to conduct the regulated activity of REIT management and are subject to the requirements under the Securities and Futures Act and Securities and Futures (Licensing and Conduct of Business) Regulations (collectively referred to as "CMS regulations"). As defined in the applicable legislation under the CMS regulations, these subsidiaries are required to maintain the "Base Capital" of \$1,000,000 and ensure that their "Financial Resources" shall not fall below 120% of the "Total Risk Requirement".

Apart from the above, certain subsidiaries of the Company are licensed corporations registered under the Hong Kong Securities and Futures Ordinance and are subject to the capital requirements of the Hong Kong Securities and Futures (Financial Resources) Rules ("FRR"). The minimum paid-up share capital requirement of these subsidiaries is HK\$5,000,000 and the minimum liquid capital requirement is the higher of HK\$3,000,000 and the variable required liquid capital as defined in the FRR.

The Group monitors its compliance with the requirements of both the CMS and FRR regulations regularly.

Fair value

Valuation processes applied by the Group

The Group's finance division oversees the Group's financial reporting valuation process and is responsible for all significant fair value measurements, including Level 3 fair values.

Significant changes in fair value measurements from period to period are evaluated by the finance division for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate. All significant changes in fair value measurements are reflected in the internal monthly management report.

Fair values versus carrying amounts

The carrying amounts of the Group and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 2012.

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Fair value (cont'd)

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

Group	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2013				
Available-for-sale financial assets	79,939	4,316	128,272	212,527
Financial assets held-for-trading	49,837	-	-	49,837
	129,776	4,316	128,272	262,364
2012				
Available-for-sale financial assets	92,486	4,471	26,252	123,209
Financial assets held-for-trading	26,014	-	-	26,014
	118,500	4,471	26,252	149,223

During the financial year ended 31 December 2013, there were no transfers between Level 1 and Level 2 of the fair value hierarchy (2012: no transfers between Level 1 and Level 2 of the fair value hierarchy).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (cont'd)

Fair value (cont'd)

Fair value hierarchy (cont'd)

	Group	
	2013	2012
	\$'000	\$'000
Available-for-sale financial assets – Level 3:		
At 1 January	26,252	30,513
Capital contribution	99,996	4,382
Capital returns	(4,139)	(3,947)
Total gains and losses recognised in other comprehensive income	6,163	(4,696)
At 31 December	128,272	26,252

The fair value of the Level 3 financial instrument as at the reporting date was determined using a valuation technique using the realisable net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the entities to which the financial instrument relates. The assets held by the relevant entities comprise mainly properties whose fair values were determined by an independent licensed appraiser. The fair values of the properties were based on market values determined using the discounted cash flow and direct comparison methods. Therefore, given the above, management has determined that the reported net asset value represents fair value at the end of the reporting period.

The following table shows the valuation technique and the key unobservable input used in the determination of fair value of the available-for-sale level 3 financial assets.

Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable input and fair value measurement
Net asset value	Net asset value	The estimated fair value would increase if net asset value was higher.

For the fair value of available-for-sale level 3 financial assets, changing the significant unobservable input by 10% at the reporting date would have the following favourable / (unfavourable) impact by the amount shown below.

31 December 2013	Increase / (decrease)	Favourable/(unfavourable) impact on other comprehensive income \$'000
Net asset value	10% (10%)	12,827 (12,827)*

* Assuming there is no prolonged decline in its fair value below its cost.

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities				
Plant and equipment	68	118	-	-

Movements in deferred tax liabilities of the Group during the year are as follows:

	At	Recognised	At	Recognised	At
	1 January 2012	in profit or loss (Note 18)	31 December 2012	in profit or loss (Note 18)	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment	117	1	118	(50)	68

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,366	2,400	71	63
Accrued expenses	17,741	23,141	1,513	2,028
Other payables	5,211	558	-	-
Amounts due to subsidiaries, non-trade	-	-	-	2
	26,318	26,099	1,584	2,093

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 12.

Outstanding balances with subsidiaries were unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

15. MANAGEMENT FEES

	Group	
	2013	2012
	\$'000	\$'000
REIT management fees	65,984	61,709
Portfolio management fees	25,628	25,457
Real estate management service fees	22,391	15,449
	<u>114,003</u>	<u>102,615</u>

16. FINANCE INCOME AND FINANCE COSTS

Recognised in profit or loss:	Group	
	2013	2012
	\$'000	\$'000
Finance income		
Interest income - bank deposits	99	165
Gain on fair valuation of held-for-trading securities	-	11,331
Distribution income	11,484	10,501
Total finance income	<u>11,583</u>	<u>21,997</u>
Finance costs		
Interest expense:		
- bank loans	594	214
- finance lease liabilities	13	14
- bank overdraft	10	2
Foreign exchange loss, net	287	408
Loss on fair valuation of held-for-trading securities	3,483	-
Total finance costs	<u>4,387</u>	<u>638</u>

NOTES TO THE FINANCIAL STATEMENTS

17. PROFIT BEFORE TAX

The following items have been included in arriving at the profit for the year:

	Group	
	2013	2012
	\$'000	\$'000
Operating expenses		
Audit fee paid to:		
- auditors of the Company	312	340
- other auditors	139	59
Non-audit fee paid to:		
- auditors of the Company	113	97
Depreciation of plant and equipment	684	595
(Gain) / loss on disposal of plant and equipment	(6)	6
Staff costs*	36,277	34,086
Contribution to defined contribution plans, included in staff costs	1,634	1,211
Other miscellaneous expenses	<u>4,760</u>	<u>7,940</u>

* Included in staff costs are staff-related expenses of \$11,930,000 (2012: \$16,204,000) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd., a wholly-owned subsidiary of the Company, which was fully reimbursed by a private fund and netted off.

18. TAX EXPENSE

	Group	
	2013	2012
	\$'000	\$'000
Current tax expense		
Current year	11,869	11,975
Overprovision in prior years	(544)	(101)
	<u>11,325</u>	<u>11,874</u>
Deferred tax expense		
(Reversal) / origination of temporary differences	(50)	1
Total tax expense	<u>11,275</u>	<u>11,875</u>

NOTES TO THE FINANCIAL STATEMENTS

18. TAX EXPENSE (cont'd)

	Group	
	2013	2012
	\$'000	\$'000
Reconciliation of effective tax rate:		
Profit for the year	77,131	74,227
Total tax expense	11,275	11,875
Profit excluding tax	88,406	86,102
Tax using the Singapore tax rate at 17% (2012: 17%)	15,029	14,637
Effects of tax rates in foreign jurisdiction	(2,921)	(3,009)
Non-deductible expenses	467	1,001
Tax exempt income	(745)	(655)
Tax incentives	(15)	-
Overprovision in prior years	(544)	(101)
Deferred tax assets not recognised	4	2
	11,275	11,875

19. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of \$74,250,000 (2012: \$72,704,000) and a weighted average number of ordinary shares outstanding of 845,151,093 calculated as follows:

	Group	
	2013	2012
	\$'000	\$'000
Profit attributable to ordinary shareholders	74,250	72,704
	Number of shares	Number of shares
	'000	'000
Issued ordinary shares at beginning of the year	768,319	768,319
Effect of bonus shares issued 26 March 2013	76,832	76,832
Weighted average number of ordinary shares during the year	845,151	845,151
Basic and diluted earnings per share (cents)	8.79	8.60

NOTES TO THE FINANCIAL STATEMENTS

19. EARNINGS PER SHARE (cont'd)

The basic and diluted earnings per ordinary share for the years ended 31 December 2013 and 31 December 2012 are calculated based on the number of ordinary shares after the Bonus Issue.

20. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Group CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

REITs:	Provision of fund management services to real estate investment trusts
Private real estate funds:	Provision of fund management services to private real estate funds
Real estate management services:	Provision of property management services and convention and exhibition services
Investment holdings:	Investing in a portfolio of listed securities in REITs and a real estate fund manager and unlisted equity investment in private real estate funds

Others comprise primarily corporate finance advisory services which do not meet any of the quantitative thresholds for determining reportable segment in 2013 or 2012.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

20. OPERATING SEGMENTS (cont'd)

Information about reportable segments

	REITs		Private real estate funds		Real estate management services		Investment holdings		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	79,361	80,074	25,631	25,508	25,564	18,365	9,287	8,885	553	698	140,396	133,530
Inter-segment revenue	-	-	-	-	-	-	-	-	12,109	11,802	12,109	11,802
	79,361	80,074	25,631	25,508	25,564	18,365	9,287	8,885	12,662	12,500	152,505	145,332
Interest expense	(23)	(16)	-	-	-	-	(594)	(214)	-	-	(617)	(230)
Depreciation	(357)	(340)	(23)	(11)	(288)	(232)	-	-	(16)	(12)	(684)	(595)
Reportable segment profit before tax	48,999	54,002	13,434	10,805	13,619	9,239	8,975	8,432	846	874	85,873	83,352
Share of profit of associates, net of tax	3,094	3,932	-	-	819	529	-	-	-	-	3,913	4,461
Reportable segment assets	77,261	57,810	16,379	18,405	25,957	15,632	218,488	191,280	4,594	2,385	342,679	285,512
Investment in associates	4,196	3,264	-	-	461	314	-	-	-	-	4,657	3,578
Capital expenditure	197	638	7	71	272	182	-	-	25	1	501	892
Reportable segment liabilities	6,486	5,663	3,108	5,735	10,287	6,893	2,329	3,483	4,176	4,443	26,386	26,217

20. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items of the Group

	2013	2012
	\$'000	\$'000
Revenue		
Total revenue for reporting segments	140,396	133,530
Other revenue	12,109	11,802
	152,505	145,332
Elimination of inter-segment revenue	(12,109)	(11,802)
Revenue	140,396	133,530
Profit or (loss)		
Total profit for reportable segments	85,027	82,478
Other profit or (loss)	846	874
	85,873	83,352
Unallocated amounts:		
- Other corporate expenses	(1,380)	(1,711)
Share of profit of associates, net of tax	3,913	4,461
Profit before tax	88,406	86,102
Assets		
Total assets for reportable segments	338,085	283,127
Other assets	4,594	2,385
	342,679	285,512
Investments in associates	4,657	3,578
Total assets	347,336	289,090
Liabilities		
Total liabilities for reportable segments	22,210	21,774
Other liabilities	4,176	4,443
	26,386	26,217
Other unallocated liabilities	40,553	16,254
Total liabilities	66,939	42,471

NOTES TO THE FINANCIAL STATEMENTS

20. OPERATING SEGMENTS (cont'd)

Geographical segments

The Group's business is managed in five principal geographical areas, namely, Singapore, Hong Kong, Malaysia, China and Others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of counterparties. Segment assets are based on the geographical location of the assets.

Geographical Information	Revenue	Segment assets	Capital expenditure
	\$'000	\$'000	\$'000
2013			
Singapore	97,766	238,283	420
Hong Kong	6,785	5,868	23
Malaysia	3,550	17,303	6
China	5,561	10,537	45
Others	26,734	70,688	7
	140,396	342,679	501
2012			
Singapore	98,687	190,060	803
Hong Kong	6,325	6,387	89
Malaysia	1,458	16,595	–
Others	27,060	72,470	–
	133,530	285,512	892

21. ACQUISITION OF SUBSIDIARIES

On 1 August 2012, the Group acquired 51% stake in SC Property Management Company Limited, which had held 60% stake in Central Property Management Company Limited (now known as Asia Property Management (China) Limited), a property management company.

The total consideration of \$406,000 for the acquisition, which was negotiated on a willing-buyer, willing-seller basis, is based on the net asset value and as a result, no goodwill was recognised. The Group has paid \$250,000 to the selling shareholders during the financial year ended 31 December 2012, therefore the outstanding consideration due as at 31 December 2012 is \$156,000. The outstanding consideration has since been settled as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

21. ACQUISITION OF SUBSIDIARIES (cont'd)

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	2012
	\$'000
Cash and cash equivalents	1,596
Trade and other receivables	136
Trade and other payables	(384)
Current tax payable	(20)
Total identifiable net assets	1,328
Total consideration payable	(156)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree	(922)
Cash acquired	(1,596)
Net cash inflow	(1,346)

There was no acquisition of any subsidiary during the financial year ended 31 December 2013.

22. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in financial assets

The fair values of quoted investments that are classified as available-for-sale as well as quoted investments held-for-trading is determined by reference to their quoted closing bid prices at the reporting date. The fair value of certain unquoted securities classified as available-for-sale is determined using a valuation technique (see Note 12).

(ii) Loans and receivables

The fair value of loans and receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS

22. DETERMINATION OF FAIR VALUES (cont'd)

(iii) Derivatives

The fair value of forward exchange contracts is based on quotes from the contracted banks. These quotes are tested for reasonableness by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(iv) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

23. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2013	2012
	\$'000	\$'000
Within 1 year	2,946	3,261
Between 1 to 5 years	4,300	2,358
	<u>7,246</u>	<u>5,619</u>

The Group leases a number of offices under operating leases. The leases typically run for an initial period of 2 to 3 years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

24. CAPITAL COMMITMENTS

Group	US\$'000	S\$'000 ⁽¹⁾
2013		
Undrawn commitments in:		
ARA Asia Dragon Fund II ⁽³⁾	32,089	40,509
ARA China Investment Partners, LLC ⁽⁴⁾	21,150	26,700
Morningside Investment Partners, LLC ⁽⁵⁾	40,000	50,496
	<u>93,239</u>	<u>117,705</u>
2012		
Undrawn commitments in:		
ARA Asia Dragon Fund ⁽²⁾	1,590	1,942
ARA Asia Dragon Fund II ⁽³⁾	99,250	121,244
ARA China Investment Partners, LLC ⁽⁴⁾	20,000	24,432
	<u>120,840</u>	<u>147,618</u>

⁽¹⁾ Represents the equivalent in Singapore dollar based on the foreign exchange rates prevailing at 31 December 2013 and 31 December 2012, respectively.

⁽²⁾ The Group has a commitment to invest an amount of up to 2.0% of ARA Asia Dragon Fund's aggregate committed capital as seed capital in the fund.

⁽³⁾ The Group has a commitment to invest up to US\$100 million in ARA Asia Dragon Fund II's aggregate committed capital as seed capital in the fund.

⁽⁴⁾ The Group has a commitment to invest an amount of up to 4.0% in ARA China Investment Partners, LLC's aggregate committed capital as seed capital in the fund.

⁽⁵⁾ The Group has a commitment to invest up to US\$40 million in Morningside Investment Partners, LLC's aggregate committed capital as seed capital in the fund.

25. RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation

Compensation payable to key management personnel comprised:

	Group	
	2013	2012
	\$'000	\$'000
Short-term employee benefits	20,652	19,489
Post-employment benefits (including CPF)	295	406
	<u>20,947</u>	<u>19,895</u>

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel of the Group.

Other related party transactions

Other than disclosed elsewhere in the financial statements, significant transactions with related parties at terms agreed between the parties are as follows:

	Transaction value for the year ended 31 December	
	2013	2012
	\$'000	\$'000
Entities subject to common significant influence:		
- Acquisition and performance fees received	9,464	3,080
- REIT management fees received / receivable	16,074	13,222
- Distribution received	356	350
- Advisory fee	(2,568)	(2,572)
- Operating lease expenses paid / payable	(959)	(947)

1. INTERESTED PERSON TRANSACTIONS

The aggregate value of transactions entered into by the Group with interested persons and their affiliates, as defined in the Listing Manual, are as follows:

	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual*		Aggregate value of all other transactions	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Name of interested person				
Fortune REIT (*)				
- Acquisition and performance fees	-	3,080	-	-
- REIT management fees	-	13,222	-	-
- Operating lease expenses	-	175	-	-
Dr Chiu Kwok Hung Justin				
- Key person and advisory services to the ARA Asia Dragon Fund	-	-	376	373
Cheung Kong Group (*)				
- Property management and related consultancy services	-	5,267	-	-

(*) Transactions with Fortune REIT and Cheung Kong Group are no longer considered as interested person transactions in 2013.

2. USE OF IPO PROCEEDS

There are no outstanding proceeds raised from IPO and any offerings pursuant to Chapter 8 of the Listing Manual for the year ended 31 December 2013.

3. MATERIAL CONTRACTS

Save for interested person transactions disclosed in this Annual Report, there are no material contracts involving the interests of any Directors or controlling shareholders still subsisting during the financial year as required to be reported under Rule 1207(8) of the Listing Manual.

SHAREHOLDERS' INFORMATION

AS AT 11 MARCH 2014

Issued and fully paid-up capital	:	S\$1,690,302
No. of issued shares (excluding treasury shares)	:	845,151,093
Class of shares	:	Ordinary
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 999	372	10.99	156,138	0.02
1,000 - 10,000	2,087	61.64	8,543,643	1.01
10,001 - 1,000,000	911	26.90	51,021,516	6.04
1,000,001 and above	16	0.47	785,429,796	92.93
Total	3,386	100.00	845,151,093	100.00

Treasury Shares

Number of treasury shares held	:	NIL
Percentage of treasury shares held against total number of issued shares (excluding treasury shares)	:	NIL

List Of Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	JL Investment Group Limited	154,604,184	18.29
2.	DBS Nominees (Private) Limited	114,844,553	13.59
3.	HSBC (Singapore) Nominees Pte Ltd	96,826,878	11.46
4.	Citibank Nominees Singapore Pte Ltd	88,044,879	10.42
5.	Straits Equities Holdings (One) Pte. Ltd	84,950,000	10.05
6.	Straits Equities Holdings (Two) Pte. Ltd.	84,950,000	10.05
7.	Cheung Kong Investment Company Limited	66,258,936	7.84
8.	DBSN Services Pte. Ltd.	35,390,135	4.19
9.	United Overseas Bank Nominees (Private) Limited	34,362,220	4.07
10.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,304,380	1.22
11.	DB Nominees (Singapore) Pte Ltd	6,092,659	0.72
12.	Yim Chee Chong	2,500,000	0.30
13.	Raffles Nominees (Pte) Limited	1,929,424	0.23
14.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,746,759	0.21
15.	BNP Paribas Securities Services Singapore Branch	1,539,813	0.18
16.	Bank Of Singapore Nominees Pte. Ltd.	1,084,976	0.13
17.	Wong Cheng Yong	952,916	0.11
18.	Ng Geok Khim	800,000	0.09
19.	Wee Hian Peng	782,650	0.09
20.	Chen Wei Ching	774,000	0.09
	Total	788,739,362	93.33

SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2014

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Straits Equities Holdings (One) Pte. Ltd.	84,950,000	10.05	-	-
Straits Equities Holdings (Two) Pte. Ltd.	84,950,000	10.05	-	-
The Straits Trading Company Limited ⁽¹⁾	-	-	169,900,000	20.10
The Cairns Pte. Ltd. ⁽¹⁾	-	-	169,900,000	20.10
Raffles Investments Limited ⁽¹⁾	-	-	169,900,000	20.10
Siong Lim Private Limited ⁽¹⁾	-	-	169,900,000	20.10
Tecity Pte. Ltd. ⁽¹⁾	-	-	169,900,000	20.10
Aequitas Pte. Ltd. ⁽¹⁾	-	-	169,900,000	20.10
Kambau Pte. Ltd. ⁽¹⁾	-	-	169,900,000	20.10

SHAREHOLDERS' INFORMATION

AS AT 11 MARCH 2014

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Grange Investment Holdings Private Limited ⁽¹⁾	-	-	169,900,000	20.10
Dr Tan Kheng Lian ⁽¹⁾	-	-	169,900,000	20.10
JL Investment Group Limited	154,604,184	18.29	-	-
Lim Hwee Chiang John ⁽²⁾	6,896,826	0.82	155,814,184	18.43
Cheung Kong Investment Company Limited	66,258,936	7.83	-	-
Cheung Kong (Holdings) Limited ⁽³⁾	-	-	66,258,936	7.83
Matthews International Funds ⁽⁴⁾	-	-	67,659,870	8.01
Matthews International Capital Management, LLC ⁽⁵⁾	-	-	84,984,230	10.05
Franklin Resources, Inc. ⁽⁶⁾	-	-	51,068,063	6.04
Franklin Templeton Institutional, LLC ⁽⁷⁾	-	-	51,068,063	6.04

⁽¹⁾ The Straits Trading Company Limited ("STC") has a deemed interest in the shares of the Company 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 of the Company 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 of the Company 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 of the Company 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 of the Company held by SEH1 and SEH2.

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 of the Company 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 of the Company held by SEH1 and SEH2.

⁽²⁾ Mr Lim Hwee Chiang John has an indirect interest in the 154,604,184 shares of the Company 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 is the settlor of JL Charitable Settlement.

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

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

⁽⁵⁾ Matthews International Capital Management, LLC ("MICM"), a U.S.-registered investment advisor that transacts in the Company's shares on behalf of its clients, is deemed to be interested in these shares of the Company held by a local custodian. MICM, which acts as an investment advisor to MIF is also deemed to be interested in the 67,659,870 shares of the Company in which MIF has a deemed interest.

⁽⁶⁾ Franklin Resources, Inc. is a fund manager and is deemed to be interested in the shares of the Company.

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

PUBLIC SHAREHOLDERS

As at 11 March 2014, approximately 36.61% of the Company's issued ordinary shares (excluding Treasury Shares) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ARA ASSET MANAGEMENT LIMITED (the "Company") will be held at Level 3 Meeting Room 331, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 25 April 2014 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2013 together with the Auditors' Report thereon.

(Ordinary Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 2.7 Singapore cents per ordinary share for the financial year ended 31 December 2013 (2012: 2.7 Singapore cents per ordinary share).

(Ordinary Resolution 2)

3. To re-elect the following Directors retiring pursuant to Bye-laws 86(1) and 85(6) of the Company's Bye-laws:

(i) Chiu Kwok Hung Justin (retiring under Bye-law 86(1)) **(Ordinary Resolution 3)**

(ii) Lim Hwee Chiang John (retiring under Bye-law 86(1)) **(Ordinary Resolution 4)**

(iii) Ip Tak Chuen Edmond (retiring under Bye-law 86(1)) **(Ordinary Resolution 5)**

(iv) Chew Gek Khim (retiring under Bye-law 85(6)) **(Ordinary Resolution 6)**

(v) Yap Chee Keong (retiring under Bye-law 85(6)) **(Ordinary Resolution 7)**

Mr Ip Tak Chuen Edmond will, upon re-election as Director of the Company, remain as a member of the Remuneration Committee.

Ms Chew Gek Khim will, upon re-election as Director of the Company, remain as Non-Executive Deputy Chairman and a member of the Nominating and Remuneration Committees.

Mr Yap Chee Keong will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

4. To approve the payment of Directors' fees of S\$590,000 for the financial year ending 31 December 2014, to be paid quarterly in arrears (2013: S\$280,000). **(Ordinary Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

5. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 9)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without any modifications:

7. Share Issue Mandate

That pursuant to Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be empowered to:

- (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the issued share capital (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing Shareholders of the Company shall not exceed twenty per cent. (20%) of the issued share capital (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital (excluding treasury shares) of the Company at the time of the passing of this Resolution, after adjusting for:

NOTICE OF ANNUAL GENERAL MEETING

- (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the exercise of any share options or vesting of any share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until 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.

[See Explanatory Note (i)]

(Ordinary Resolution 10)

8. Adoption of Shareholders' Mandate for Interested Person Transactions

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be given for the adoption of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9) or any of them to enter into any of the transactions falling within the types of Mandated Transactions as described in Appendix A to the Company's Letter to Shareholders and Depositors dated 9 April 2014 (the "Letter"), with any party who is of the class of Mandated Interested Persons described in Appendix A to the Letter, provided that such transactions are made on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and in accordance with the guidelines and review procedures set out in Appendix A to the Letter;
- (b) authority be given to the Directors of the Company and/or any of them to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider necessary, desirable or expedient to give effect to this Resolution as they and/or he may think fit; and
- (c) the mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until 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.

[See Explanatory Note (ii)]

(Ordinary Resolution 11)

NOTICE OF ANNUAL GENERAL MEETING

9. Renewal of Share Purchase Mandate

That for the purposes of the Companies Act of Bermuda and otherwise in accordance with the rules and regulations of the SGX-ST, the Directors of the Company be and are hereby authorised:

- (a) to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent. (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of this Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Letter dated 9 April 2014 and that this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until 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 by law to be held, whichever is earlier; and
- (b) to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (iii)]

(Ordinary Resolution 12)

By Order of the Board

Yvonne Choo
Company Secretary

Singapore, 9 April 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions to be passed –

- (i) The Ordinary Resolution 10 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For the purposes of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital (excluding treasury shares) of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities, the exercise of any share options or the vesting of any share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue or consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 11 proposed in item 8 above, if passed, will adopt the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk or any of them to enter into the Mandated Transactions described in Appendix A to the Letter with any party who is of the class of Mandated Interested Persons described in Appendix A to the Letter, and will empower the Directors of the Company to do all acts necessary to give effect to the mandate. This authority will, unless revoked or varied by the Company in a general meeting, continue in force until 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 the earlier. Please refer to the Letter for more details.
- (iii) The Ordinary Resolution 12 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Letter.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Shareholder being a Depositor whose name appears in the records of the Depository is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. With the exception of The Central Depository (Pte) Limited, who may appoint more than two proxies, a Shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint no more than two proxies to attend and vote in his stead.
3. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at least forty-eight (48) hours before the time of the Meeting.
4. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of ARA ASSET MANAGEMENT LIMITED (the "Company") will be closed on 7 May 2014 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 6 May 2014 will be registered to determine shareholders' entitlements to the said dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 6 May 2014 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the Annual General Meeting to be held on 25 April 2014, will be paid on 20 May 2014.

CORPORATE INFORMATION

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton Hm 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

6 Temasek Boulevard
#16-02 Suntec Tower Four
Singapore 038986
Tel: +65 6835 9232
Fax: +65 6835 9672

BOARD OF DIRECTORS

Chiu Kwok Hung Justin
Chairman and Non-Executive Director

Lim Hwee Chiang John
Group Chief Executive Officer and
Executive Director

Chew Gek Khim
Deputy Chairman and
Non-Executive Director

Ip Tak Chuen Edmond
Non-Executive Director

Lee Yock Suan
Independent
Non-Executive Director

Lim How Teck
Independent
Non-Executive Director

Cheng Mo Chi Moses
Independent
Non-Executive Director

Colin Stevens Russel
Independent
Non-Executive Director

Yap Chee Keong
Non-Executive Director

AUDIT COMMITTEE

Lee Yock Suan
Chairman

Lim How Teck

Cheng Mo Chi Moses

Colin Stevens Russel

Yap Chee Keong

REMUNERATION COMMITTEE

Cheng Mo Chi Moses
Chairman

Chew Gek Khim

Lim How Teck

Colin Stevens Russel

Ip Tak Chuen Edmond

NOMINATING COMMITTEE

Lim How Teck
Chairman

Chew Gek Khim

Cheng Mo Chi Moses

Colin Stevens Russel

COMPANY SECRETARY

Yvonne Choo

ASSISTANT COMPANY SECRETARIES

Busarakham Kohsikaporn

Ira Stuart Outerbridge III

SINGAPORE SHARE TRANSFER AGENT

**Boardroom Corporate &
Advisory Services Pte. Ltd.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
(Partner-in-charge: Lim Jek)
(Appointment from financial
year ended 31 December 2012)

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
Tower 3 Level 46
Marina Bay Financial Centre
Singapore 018982

Standard Chartered Bank
8 Marina Boulevard
Tower 1 Level 25
Marina Bay Financial Centre
Singapore 018981

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624



(An Affiliate of Cheung Kong Group)

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