



ARA ASSET MANAGEMENT LIMITED
A N N U A L R E P O R T 2 0 0 7



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OUR CORE VALUES

We strive to adhere to a set of core values that emphasizes:

- (i) Integrity and adherence to the highest standards of professionalism;
- (ii) Excellence in all aspects of our performance;
- (iii) Respect for our colleagues and business partners; and
- (iv) Teamwork.

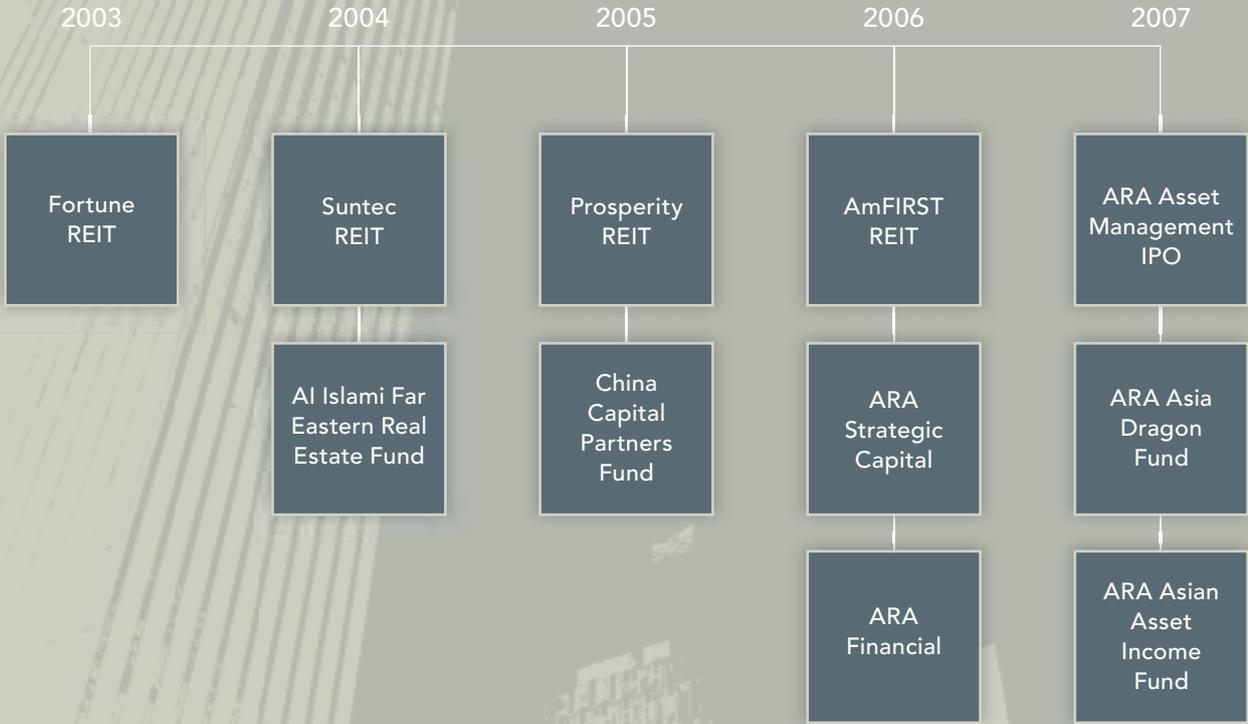
CORPORATE PROFILE

ARA Asset Management Limited ("ARA", the "Company" or 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 was incorporated as an exempted company with limited liability in Bermuda 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.

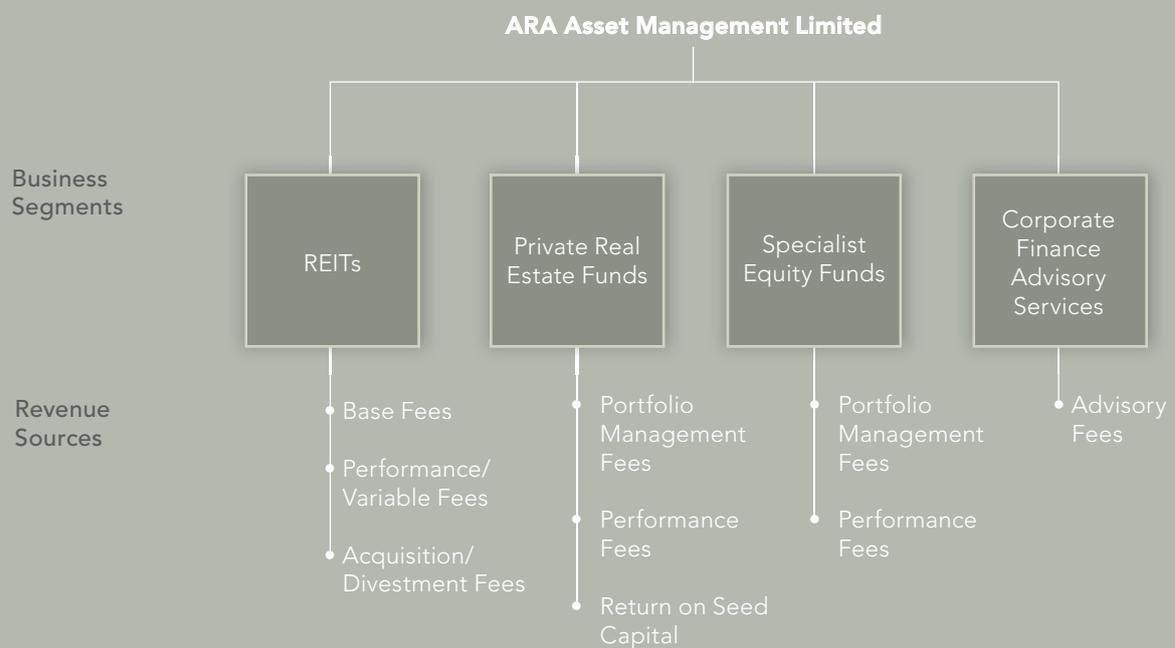
ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail and industrial sectors; private real estate funds that invest in Singapore, Hong Kong, Malaysia and China; and a specialist equity fund investing in a portfolio of primarily listed equity securities in asset-intensive growth sectors in the Asia Pacific region.

As at 31 December 2007, ARA's total assets under management was S\$10.4 billion (US\$7.3 billion).

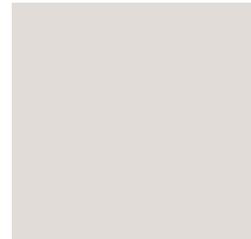
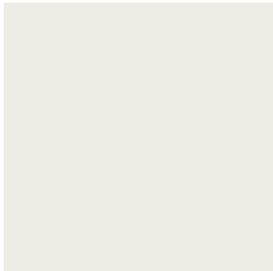
CORPORATE MILESTONES



BUSINESS SEGMENTS



REAL ESTATE INVESTMENT TRUSTS





Real Estate Investment Trusts

ARA currently manages four listed REITs across Singapore, Hong Kong and Malaysia with close to 7 million square feet of real estate space and a total property value of approximately S\$8.7 billion as at end 2007.

We earn:

- (i) base fees based on the property or gross asset value of the REITs we manage;
- (ii) performance or variable fees based on the net property income of the REITs; and
- (iii) acquisition or divestment fees based on the value of acquisitions or divestments by the REITs.

The REITs under our management are:

Fortune REIT

Asia's first cross-border REIT

Listed on 12 August 2003 on the SGX-ST, Fortune REIT was Asia's first cross-border REIT. Fortune REIT is managed by ARA Asset Management (Singapore) Limited (the "Fortune REIT Manager"), and currently holds a portfolio of 11 suburban retail malls and properties in Hong Kong with a gross rentable area of more than 1.6 million square feet:

- City One Shatin in Shatin, New Territories
- Ma On Shan Plaza in Ma On Shan, New Territories
- The Metropolis Mall in Hung Hom, Kowloon
- Waldorf Garden in Tuen Mun District, New Territories

- Smartland in Tsuen Wan, New Territories
- Jubilee Court Shopping Centre in Fo Tan, New Territories
- Tsing Yi Square on Tsing Yi Island, New Territories
- The Household Center in Kwai Chung, New Territories
- Centre de Laguna in Kwun Tong, Kowloon
- Lido Garden in Sham Tseng, New Territories
- Rhine Garden in Sham Tseng, New Territories

Suntec REIT

First composite REIT in Singapore owning both retail and office properties

Listed on 9 December 2004 on the SGX-ST, Suntec REIT is managed by ARA Trust Management (Suntec) Limited (the "Suntec REIT Manager"), and currently holds a portfolio of office and retail properties with a net lettable area of over 2.8 million square feet in the following developments:

- Suntec City – a landmark integrated commercial complex consisting of five office towers and one of Singapore's largest shopping malls.
- One Raffles Quay – a prime landmark office development situated within the new Business Financial Centre in the Marina Bay precinct with direct accessibility to the Raffles Place MRT, a key interchange station in the heart of Singapore's Central Business District. Suntec REIT acquired a one-third interest in One Raffles Quay on 31 October 2007.

REAL ESTATE INVESTMENT TRUSTS

- Park Mall – an integrated office, lifestyle and home furnishing mall situated within the Orchard Road shopping belt.
- Chijmes – a premier retail and dining establishment nestled in the heart of Singapore’s Civic and Cultural District and winner of numerous awards including the UNESCO Award for Cultural Heritage Conservation.

Prosperity REIT

First private sector REIT in Hong Kong

Listed on 16 December 2005 on The Stock Exchange of Hong Kong Limited, Prosperity REIT was the first private sector REIT listed in Hong Kong. Prosperity REIT is managed by ARA Asset Management (Prosperity) Limited (the “Prosperity REIT Manager”), and currently owns a diverse portfolio of seven high-quality commercial properties with exposure to the office and industrial/office sectors in Hong Kong and a total gross rentable area of approximately 1.2 million square feet:

Grade A Office

- The Metropolis Tower in Hung Hom, Kowloon
- Prosperity Millennia Plaza in North Point, Hong Kong
- Harbourfront Landmark in Hung Hom, Kowloon

Industrial/Office

- Modern Warehouse in Kwun Tong, Kowloon
- Trendy Centre in Cheung Sha Wan, Kowloon
- Prosperity Center in Kwun Tong, Kowloon

Industrial

- New Treasure Centre in San Po Kong, Kowloon

AmFIRST REIT

Largest office REIT listed on Bursa Malaysia

Listed on 21 December 2006 on Bursa Malaysia, AmFIRST REIT was the largest office REIT listed in Malaysia. AmFIRST REIT is managed by Am ARA REIT Managers Sdn Bhd (the “AmFIRST REIT Manager”), a joint venture (in which we hold an effective 30.0% interest) with the AmBank Group in Malaysia. AmFIRST REIT currently holds a portfolio of commercial properties in Malaysia with over 1.3 million square feet of net lettable area:

- Menara AmBank – a 46-storey commercial office building located in the heart of Kuala Lumpur, north of the Kuala Lumpur City Centre.
- Bangunan AmBank Group – a 26-storey commercial office building located in the “Golden Triangle District” of Kuala Lumpur.
- Menara Merais – a 22-storey commercial office and landmark building in Petaling Jaya, Selangor.
- AmBank Group Leadership Centre – a 14-storey commercial office building located in the “Golden Triangle District” of Kuala Lumpur.
- Kelana Brem Towers – two 16-storey office towers located within the Kelana Jaya business park, at the western fringe of Petaling Jaya, Selangor.



PRIVATE FUNDS



Private Real Estate Funds

We currently manage three closed-end private real estate funds investing in real estate in Asia. Investors in the private real estate funds we manage commit capital at the outset of a fund, which is then drawn down over the investment period of the fund. Capital is returned to the investors as investments are realized. We earn:

- (i) portfolio management fees based on the committed or invested capital of the private real estate funds we manage; and
- (ii) performance fees comprising of a share of the returns of the funds beyond certain hurdle rates.

The private real estate funds under our management are:

Al Islami Far Eastern Real Estate Fund

Established in August 2004, the Al Islami Far Eastern Real Estate Fund ("AIFEREF") was our first private real estate fund and the first Shariah-compliant private real estate fund in Asia. The AIFEREF, which invested in Singapore residential properties, had a committed capital of S\$100.0 million and counted the Dubai Islamic Bank and the Cheung Kong Group as its major investors. We completed the divestment of the underlying assets of the AIFEREF in October 2007, achieving an internal rate of return of 23.7% for the fund. Following the success of the AIFEREF, we are currently in the process of marketing a second Shariah-compliant fund to investors from the Middle East.

ARA Asia Dragon Fund

The Group's flagship private real estate fund, the ARA Asia Dragon Fund ("ADF") is designed to provide a platform for global institutional investors to invest in a

diversified portfolio of real estate investments in various growth economies of Asia. The ADF targets investment opportunities primarily in the main cities of China, Singapore, Hong Kong and Malaysia and in other key cities in Thailand, Vietnam and other countries in Asia to capitalize on the growth of the regional property markets. These investments include projects in development and completed projects in the office, retail, and residential sectors as well as other real estate sectors, with the goal of maximizing total returns from a combination of income and capital appreciation. The ADF has an investment period of four years and an initial lifespan of seven years.

The Group has committed to invest an amount equivalent to 2.0% of the ADF's aggregate committed capital as seed capital for the fund.

The ADF completed a first closing on 20 September 2007 with capital commitments of US\$716.0 million and a second closing on 30 December 2007 with capital commitments of US\$295.8 million to bring the aggregate committed capital for the fund to over US\$1 billion. A major investor in the fund has also allocated an additional US\$500.0 million for co-investments with the ADF.

China Capital Partners Fund

The China Capital Partners Fund ("CCP Fund") was established in October 2005 and targets strategic investments in property projects and land parcels in China with a primary focus on structural investment products such as mezzanine and subordinated corporate debt. The CCP Fund has a committed capital of US\$80.0 million. We hold a 25.0% effective interest in the manager of the CCP Fund. An affiliate of Credit Suisse is the main investor in the CCP Fund as well as the main shareholder of the manager of the fund.

Specialist Equity Funds

The Group commenced the management of open-ended specialist equity funds in 2007 with the establishment of the ARA Asian Asset Income Fund. We earn:

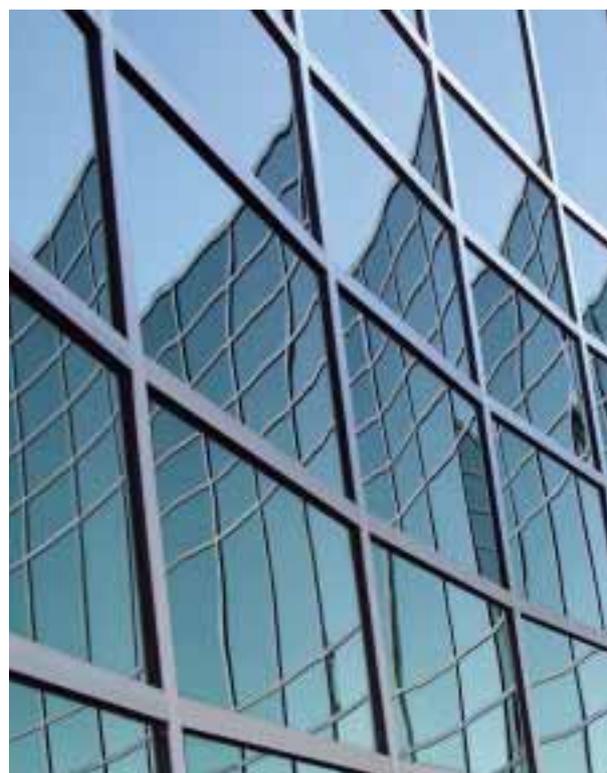
- (i) portfolio management fees based on the net asset value of the fund; and
- (ii) performance fees comprising of a share of the net realized and unrealized returns of the fund beyond a hurdle rate.

ARA Asian Asset Income Fund

Managed by ARA Strategic Capital I Pte Ltd ("ARA Strategic Capital"), a subsidiary of the Company, the ARA Asian Asset Income Fund ("AAIF") received its initial subscriptions in June 2007 and has grown to a fund size of more than US\$50 million as at end 2007. The fund's objective is to generate superior long-term returns by investing in a portfolio of primarily listed equity securities in asset-intensive growth sectors in the Asia Pacific region, including REITs and listed infrastructure and utilities trusts. The AAIF is marketed to global institutional investors.

Corporate Finance Advisory Services

ARA Financial Pte Ltd ("ARA Financial") is the Group's in-house corporate finance advisory arm. ARA Financial currently provides advisory services on asset acquisitions to the REITs managed by the Group and advises the Group on the establishment of REITs, partnerships and joint ventures as well as mergers and acquisitions.





LETTER TO SHAREHOLDERS

In 2007, the Group recorded a net profit of S\$34.0 million, a significant 153% increase over the 2006 figure of S\$13.5 million. Earnings per share were 6.53⁽¹⁾ cents.

The Directors are pleased to propose a final dividend of 3.8 cents per share for the financial year ended 31 December 2007. This brings the total dividend paid out to shareholders for the financial year to S\$30.7 million, representing a 90% dividend payout ratio⁽²⁾.

Sterling Results

The Group delivered a sterling performance in 2007. Revenue from REIT management hit a record S\$43.5 million, a 55% increase from 2006, while revenue from private real estate fund management climbed to S\$15.0 million from S\$1.1 million. At the same time, net margin rose by an impressive 12 percentage points to 55% from 43% in 2006, boosted by increased REIT acquisition fees and private fund performance fees. Total assets under management grew substantially to reach S\$10.4 billion (US\$7.3 billion) at year end, up 56% from S\$6.7 billion (US\$4.6 billion) as at the end of 2006.

REIT Management

The Group's ongoing asset enhancement and lease management efforts for our portfolio of REITs paid off handsomely in 2007. Supported by buoyant economic growth in Singapore and Hong Kong, Suntec, Fortune and Prosperity REITs recorded strong rental reversions, as well as increases in property valuations during the year.

Suntec REIT was particularly active on the acquisition front. During the year, the acquisitions of a one-third interest in One Raffles Quay, nearly 30,000 square feet of office strata space in Suntec City, and over 13,000 square feet of land were completed.

In Malaysia, our partnership with the AmBank Group is bearing fruit. In June 2007, AmFIRST REIT completed its acquisition of the Kelana Brem Towers in Kelana Jaya, Selangor for RM85.0 million. It is now on its way to completing its second acquisition of an interest in The Summit Subang USJ in Subang Jaya for RM260.0 million.

Looking ahead, occupancy levels across all the REITs managed by the Group continue to be very healthy, with positive rental reversions. This, together with the strong

Notes:

(1) Based on weighted average number of shares of 521,260,000 as at 31 December 2007

(2) Inclusive of an interim dividend of S\$8.6 million paid out to shareholders prior to the initial public offering of the Company



increase in REIT property values during 2007, are poised to provide the Group with significantly higher recurrent REIT management revenue in 2008 and beyond.

Private Funds

During the year, the Group completed the divestment of the underlying assets of the Al Islami Far Eastern Real Estate Fund ("AIFEREF") and recorded an excellent internal rate of return of 23.7%. The AIFEREF represents our first private real estate fund and also the first Shariah-compliant private real estate fund in Asia. With the success of the AIFEREF, we have significantly strengthened the Group's reputation and brand position in the Middle East.

The first two closings of the ARA Asia Dragon Fund ("ADF") have brought the committed and allocated co-investment capital of the fund to over US\$1.5 billion, elevating the Group to the bulge bracket of real estate fund managers worldwide. With the ADF, we now count some of the most prominent names in the investment world on our investor roll. We are honoured by the confidence these institutions have placed in us and will endeavour to deliver returns that meet their expectations.

Another significant development in 2007 was the establishment of the ARA Asian Asset Income Fund which received its initial subscriptions in June 2007. The fund, an open-ended private fund investing primarily in REITs and infrastructure and utilities trusts, marks our first foray into equity fund management and leverages on the Group's intimate knowledge of REITs and other securities with similar income characteristics.

Looking Ahead

Looking ahead, concerns over sub-prime losses, tighter credit markets, as well as a slowdown in the US economy, are casting a cloud over the near-term outlook for the capital markets. Nevertheless, the Group is well positioned to weather the current turbulence in the financial markets and take advantage of any opportunities that may arise. We have an experienced management team in place with an established track record and proven execution capabilities. Financially, the Group



LETTER TO SHAREHOLDERS



has never been in better shape, with ample cash on our balance sheet. Furthermore, the Group's recurrent income for the medium term is virtually secured and our operations continue to generate cash without the need for capital investment. As such, we are confident of maintaining our growth momentum and realizing our goal of becoming a premier real estate fund management company in Asia.

As a fund management company, performance is the cornerstone of our success and we remain committed to generating attractive returns for investors in the REITs and private funds we manage.

We are currently one of the largest REIT managers in Asia (excluding Japan), with strong experience in managing REITs in multiple jurisdictions. We are well placed to sustain our growth amidst the unfolding consolidation in the REIT industry. We will continue to pursue acquisition opportunities, and will explore the establishment of new REITs in other asset sectors.

With the successful closings of the ADF, we are currently actively reviewing various investment opportunities for the fund and are pleased to report that the fund has completed its maiden investment in March 2008.

We continue to seek opportunities to set up new private real estate funds. Following the successful performance

of the AIFEREF, we have launched our second Shariah-compliant fund targeted at investors from the Middle East to capitalize on opportunities in the fast growing global Islamic finance market, currently estimated to be worth US\$700 billion.

We have strong expertise and established networks in our core markets of Singapore, Hong Kong, Malaysia and China which allow us to take advantage of opportunities arising from the economic growth and growing affluence in these countries. We will leverage on our growing profile to explore opportunities in other dynamic real estate markets in Asia such as Japan, India and the Middle East.

Acknowledgement

2007 was a watershed year for the Group with our listing on the SGX-ST on 2 November 2007. In the extremely competitive fund management industry, we are proud to have exceptionally capable and dedicated employees that are our most valuable assets. We take this opportunity to thank our fellow Directors on the Board and our employees for their contributions and service during the year.

Chiu Kwok Hung Justin
Chairman

Lim Hwee Chiang John
Group Chief Executive Officer



FINANCIAL HIGHLIGHTS



- Total revenue surged 98% year-on-year to S\$62.1 million
- Net profit jumped 153% year-on-year to S\$34.0 million
- Return on equity of 34%
- Total assets under management climbed 56% year-on-year to S\$10.4 billion (US\$7.3 billion)
- Strong balance sheet with net cash of S\$54.8 million as at end 2007 ⁽¹⁾
- Proposed dividend payout ratio of 90% for FY2007 ⁽²⁾

Notes:

(1) Cash and cash equivalents less financial liabilities

(2) Based on interim dividend of S\$8.6 million paid out to shareholders prior to the initial public offering of the Company and the proposed final dividend of 3.8 cents per share

Financial Highlights		FY2007	FY2006	Change
Total Revenue	(S\$'000)	62,077	31,311	98%
EBIT ⁽¹⁾	(S\$'000)	39,216	16,208	142%
Net Profit ⁽²⁾	(S\$'000)	34,012	13,463	153%
Net Margin	(%)	55%	43%	+12%
Earnings Per Share ⁽³⁾	(cents)	6.53	2.64	147%
Return On Equity	(%)	34%	n.m.	n.m.

Assets Under Management		31 December 2007	31 December 2006	Change
Real Estate ⁽⁴⁾	(millions)	S\$8,797 (US\$6,116)	S\$6,465 (US\$4,495)	36%
Private Funds ⁽⁵⁾	(millions)	S\$1,646 (US\$1,144)	S\$208 (US\$144)	693%
Total	(millions)	S\$10,443 (US\$7,261)	S\$6,673 (US\$4,639)	56%

Notes:

(1) Earnings before interest and tax

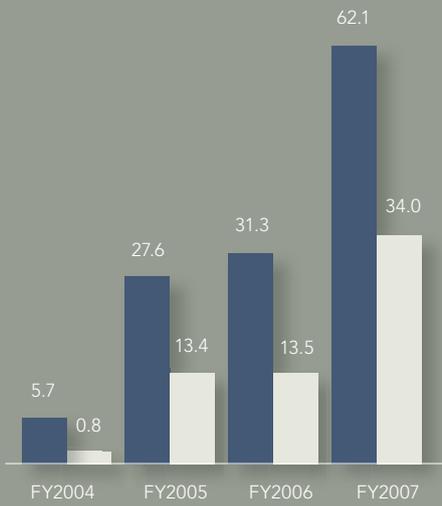
(2) Net Profit refers to net profit after tax and minority interests

(3) Based on weighted average number of shares of 521,260,000 shares as at 31 December 2007 and 509,060,000 shares as at 31 December 2006

(4) Comprises property value of REITs and third party real estate managed by ARA

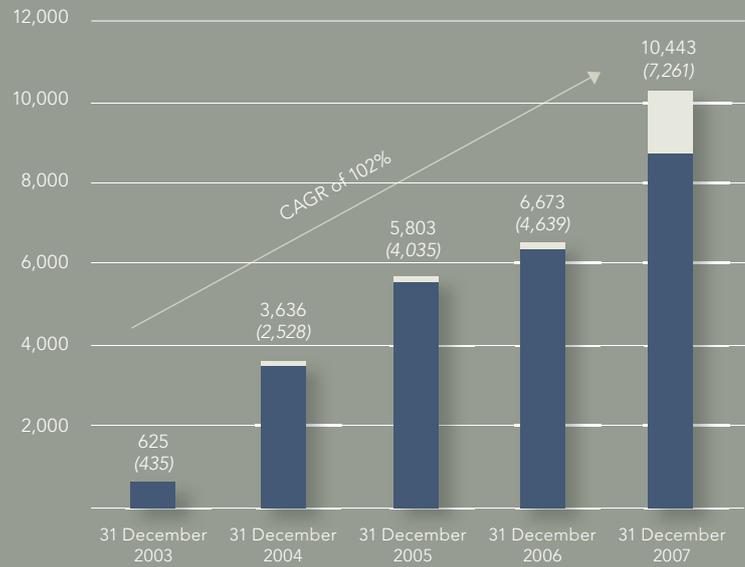
(5) Comprises committed capital of private real estate funds and NAV of specialist equity funds managed by ARA

Total Revenue / Net Profit
S\$ million



■ Total Revenue
■ Net Profit

Total Assets Under Management
S\$ million
(US\$ million)



■ Real Estate
■ Private Funds

Notes:

Based on 31 December 2007 exchange rate, Source: Bloomberg

HIGHLIGHTS OF THE YEAR

January

- Completion of acquisition by Prosperity REIT of the entire 10th floor and units on the 26th floor of Prosperity Center for HK\$43.4 million
- Completion of acquisition by Suntec REIT of 14,381 square feet ("sf") of office strata space in Suntec Tower Two for S\$19.3 million

February

- Completion of acquisition by Suntec REIT of 3,746 sf of office strata space in Suntec Tower Two for S\$5.3 million

June

- Received initial subscriptions for the ARA Asian Asset Income Fund
- Completion of acquisition by AmFIRST REIT of Kelana Brem Towers for RM85.0 million

July

- Completion of acquisition by Suntec REIT of 13,572 sf of State Land along Penang Road for S\$15.9 million

August

- Entry by AmFIRST REIT into a conditional sale and purchase agreement to acquire an interest in The Summit Subang USJ for RM260.0 million

September

- First closing of the ARA Asia Dragon Fund with US\$716.0 million in committed capital and an additional allocation of US\$500.0 million by a major investor for co-investments with the fund

October

- Completion of acquisition by Suntec REIT of a one-third interest in One Raffles Quay for S\$941.5 million
- Completion of divestment of the underlying assets of the Al Islami Far Eastern Real Estate Fund

November

- Initial public offering of ARA Asset Management Limited on the SGX-ST

December

- Completion of acquisition by Suntec REIT of 11,786 sf of office strata space in Suntec Tower Two for S\$24.9 million
- Execution of options by Suntec REIT to acquire 16,082 sf of office strata space in Suntec Tower One for S\$36.6 million
- Second closing of the ARA Asia Dragon Fund with US\$295.8 million in committed capital



PERFORMANCE REVIEW

Performance Overview

The Group reached new heights in 2007 with strong growth across all our key business units. The REITs under our management grew strongly through organic growth as well as acquisitions while the two closings of the ARA Asia Dragon Fund ("ADF") has propelled the Group into the premier tier of private real estate fund managers in Asia. This strong growth was reflected in the Group's financial performance with net profit soaring 153% to S\$34.0 million in 2007 from S\$13.5 million in 2006.

Assets Under Management

Total assets under management for the year climbed 56% to S\$10.4 billion (US\$7.3 billion) as at end 2007 from S\$6.7 billion (US\$4.6 billion) at end 2006 with strong growth in both the Group's REIT and private fund business segments. Buoyed by strong property markets,

the Group's ongoing efforts at asset enhancements and active lease management paid off handsomely during the year with revaluation gains of S\$1.6 billion (US\$1.1 billion) recorded for the REITs under the Group's management. Acquisitions by the REITs, notably Suntec REIT's acquisition of a one-third interest in One Raffles Quay, added a further S\$1.1 billion (US\$0.7 billion) to the Group's REIT real estate assets under management.

The Group's private fund business segment reached new heights in 2007 with the two closings of the ADF bringing the total committed and allocated co-investment capital of the fund to over US\$1.5 billion. In addition, the year also saw the Group entering into the equity fund management space with the establishment of the ARA Asian Asset Income Fund which has grown to a fund size of more than US\$50 million as at end 2007.

Managed real estate assets by country



Managed real estate assets by asset sector





Revenue

Total revenue for the full year 2007 hit a record S\$62.1 million, a 98% increase from S\$31.3 million in 2006. The increase was fuelled by strong growth across the key business units of the Group.

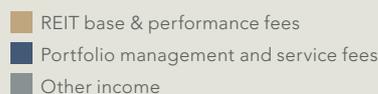
On the REIT management front, REIT base and performance fees increased by 20% to S\$33.6 million in 2007 from S\$28.1 million in 2006 due to higher property values and net property income in the REITs managed by the Group. The Group also recorded acquisition fees of S\$10.2 million in 2007, primarily from the One Raffles Quay acquisition which was completed on 31 October 2007.

Portfolio management fees from the ADF and corporate finance advisory fees received by ARA Financial were the primary contributors to portfolio management and service fees which rose to S\$7.7 million in 2007, up 428% from S\$1.4 million in 2006. We recorded portfolio management fees

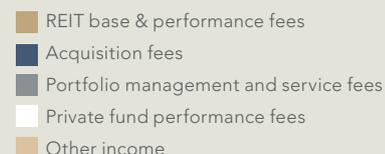
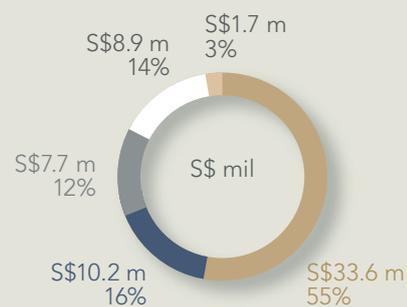
of S\$4.6 million for the ADF, being 103 days of portfolio management fees for the first closing of the fund. The ADF completed its first closing with a committed capital of US\$716.0 million on 20 September 2007 and a second closing with a committed capital of US\$295.8 million on 30 December 2007. A major investor has also allocated an additional US\$500.0 million for co-investments with the ADF. ARA Financial, the Group's corporate finance advisory arm, received advisory fees of S\$1.4 million for advising on the One Raffles Quay transaction.

In addition, the Group also completed the successful divestment of the underlying assets of the Al Islami Far Eastern Real Estate Fund ("AIFEREF") in October 2007. The AIFEREF, a Shariah-compliant fund, turned in an excellent performance with an internal rate of return of 23.7%, for which the Group received net performance fees of S\$8.9 million.

Revenue by segments (FY2006)



Revenue by segments (FY2007)



PERFORMANCE REVIEW

Earnings Analysis

Group earnings before interest and tax ("EBIT") for 2007 reached S\$39.2 million, a 142% increase from S\$16.2 million in 2006. The increase was primarily due to the strong increase in Group total revenue from recurrent income from the management of REITs and private funds as well as acquisition fees from Suntec REIT's acquisition of its one-third interest in One Raffles Quay and performance fees from the divestment of the underlying assets of AIFEREF.

Despite the strong growth, the Group was able to keep costs in check. Administrative expenses and operating lease expenses rose by 30% and 50% respectively, in line with the increase in headcount of the Group.

Finance expenses increased to S\$0.5 million in 2007 from S\$31,000 in 2006 primarily as a result of interest on borrowings of RM44.9 million taken up in May 2007 to partly finance the Group's acquisition of a 12.5% strategic interest in AmFIRST REIT.

Dividends

The Directors are pleased to propose a final dividend of 3.8 cents per share for the financial year ended 31 December 2007. Inclusive of an interim dividend of S\$8.6 million paid out to shareholders of the Company prior to the Company's listing, the proposed final dividend brings the total dividend for the financial year to S\$30.7 million. This represents a 90% dividend payout ratio based on the

Group's 2007 net profit of S\$34.0 million. The proposed final dividend is tax-exempt and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled to be held on 29 April 2008.

Assets

The Group's total assets as at end 2007 rose to S\$141.5 million from S\$24.3 million as at end 2006. This was primarily due to proceeds raised from the initial public offering of the Company and retained earnings for 2007. Net of financial liabilities, the Group had a cash position of S\$54.8 million and financial assets totaling S\$41.1 million.

Borrowings

As a pure fund management company, the Group operates on an asset-light business model with revenues consisting of fee income from the various REITs and private funds we manage. As such, the recurrent operations of the Group do not require any significant debt or other capital requirements. The Group's non-current financial liabilities as at end 2007 amounted to S\$19.6 million, up from S\$150,000 at end 2006 while current financial liabilities were S\$72,000 as at end 2007, down from S\$90,000 at end 2006.

As at end 2007, the Group's sole long-term loan was a two year term loan of RM44.9 million taken up by a subsidiary of the Company and was secured by 53.7 million units of AmFIRST REIT. The loan bears interest at 4.2% and is



repayable in full upon maturity in May 2009.

As at end 2007, the gearing of the Group stood at 19.5%.

Shareholders' Equity

The issued and paid-up ordinary share capital of the Company as at end 2007 was S\$1.2 million comprising 582.1 million ordinary shares. The Company had no outstanding options or convertible securities as at end 2007.

The Group's total reserves increased to S\$99.9 million as at end 2007 from S\$15.6 million at end 2006, primarily due to proceeds raised from the initial public offering of the Company and retained earnings for 2007.

Total shareholders' equity rose to S\$101.0 million as at end 2007 from S\$15.5 million at end 2006. As at 31 December 2007, the Group's net tangible assets based on the 582.1 million ordinary shares in issue was 17.4 cents, up from 2.7 cents at end 2006.

Cash Flows & Liquidity

The Group's main sources of operating cashflows are portfolio management and performance fees from private funds which are received in cash and management and acquisition fees from REITs which are received in cash and/or REIT units. To ensure that the Group has sufficient

liquidity to support its operations, the Group maintains the following banking facilities for short-term working capital as required:

- an unutilized revolving credit facility of S\$1.2 million which bears interest at the prime lending rate; and
- an unutilized unsecured overdraft facility of HK\$3.0 million which bears interest at the prime lending rate.

During 2007, net cash generated from operating activities decreased to S\$9.9 million from S\$17.3 million in 2006. The decrease was largely attributable to a fall in proceeds from the sale of REIT units to S\$12.0 million in 2007 from S\$25.6 million in 2006 due to the Group's accumulation of a strategic stake in one of the REITs managed by the Group.

Net cash used in investing activities increased to S\$22.4 million in 2007 from S\$344,000 in 2006, primarily due to the Group's acquisition of its 12.5% strategic interest in AmFIRST REIT.

Cash flows from financing activities increased to S\$71.7 million in 2007 compared to an outflow of S\$6.5 million in 2006 due primarily to proceeds raised from the initial public offering of the Company and borrowings for the Group's acquisition of its stake in AmFIRST REIT offset by payment of dividends. The outflow in 2006 was primarily due to payment of dividends to shareholders.



BOARD OF DIRECTORS

Chiu Kwok Hung Justin **Chairman and Non-Executive Director**

Mr Chiu Kwok Hung Justin is the Chairman and a Non-Executive Director of the Company. He is also the chairman of the Fortune REIT Manager, the Suntec REIT Manager and the Prosperity REIT Manager.

Mr Chiu has more than 28 years of international experience in real estate and is one of the most respected professionals in the property business in Hong Kong. Mr Chiu is an executive director of Cheung Kong (Holdings) Limited ("Cheung Kong"). He joined Cheung Kong in 1997 and has been an executive director since 2000, heading the real estate sales, marketing and property management team. Prior to joining Cheung Kong, Mr Chiu was with Hang Lung Development Company Limited from 1979 to 1994 and Sino Land Company Limited from 1994 to 1997. Mr Chiu was responsible for retail and commercial leasing as well as property management operations in both companies.

Mr Chiu holds bachelor degrees in Sociology and Economics from Trent University in Ontario, Canada. He is a fellow of the Hong Kong Institute of Real Estate Administration. Mr Chiu is also a member of the Shanghai Committee of the Chinese People's Political Consultative Conference, the People's Republic of China.

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

Mr Lim Hwee Chiang John is the Group Chief Executive Officer and an Executive Director of the Company. He has been the Group Chief Executive Officer and a Director since the Company's establishment. He is also a director of the Fortune REIT Manager, the Suntec REIT Manager, the Prosperity REIT Manager and the AmFIRST REIT Manager. He is an independent director and member of the audit committees of Teckwah Industrial Corporation Limited and Inter-Roller Engineering Limited, both of which are public-listed



Chiu Kwok Hung Justin

Lim Hwee Chiang John

Ip Tak Chuen Edmond



companies in Singapore. He is also the vice president of the Hong Kong-Singapore Business Association. Further, he is a board member of the Asian Public Real Estate Association and the Valuation Review Board of the Ministry of Finance.

Mr Lim has more than 27 years of experience in real estate. Prior to the founding of the Company, from 1997 to 2002, he was an executive director of GRA (Singapore) Pte. Ltd. ("GRA"), which is a wholly-owned subsidiary of Prudential (US) Real Estate Investors.

From 1996 to 1997, prior to joining GRA, he was the founder and managing director of The Land Managers (S) Pte. Ltd., a Singapore-based property and consulting firm specializing in feasibility studies, marketing and leasing management in Singapore, Hong Kong and China. He was the general manager of the Singapore Labour Foundation Management Services Pte. Ltd. from 1991 to 1995, and worked for DBS Land Limited (now known as CapitaLand Limited after its merger with Pidemco Land Pte. Ltd. in

2000), a leading listed real estate development and investment company in Singapore, from 1981 to 1990.

Mr Lim obtained an Engineering degree (First Class Honours) in 1981, a Master of Science degree in 1985, as well as a Diploma in Business Administration in 1987, each from the National University of Singapore.

Ip Tak Chuen Edmond Non-Executive Director

Mr Ip Tak Chuen Edmond is a Non-Executive Director and member of the Remuneration Committee. He is also a director of the Fortune REIT Manager and the Suntec REIT Manager.

Mr Ip has been an executive director of Cheung Kong since 1993 and deputy managing director since 2005, responsible for overseeing all financial and treasury functions of Cheung Kong and its subsidiaries,



Lee Yock Suan

Lim How Teck

Cheng Mo Chi Moses

Colin Stevens Russel

BOARD OF DIRECTORS

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 May 1996 and deputy chairman since February 2003, and the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") since June 2002, overseeing the corporate finance, strategic acquisition and investment of both CK Infrastructure and CK Life Sciences. He is also a non-executive director of Tom Group Limited.

Prior to joining Cheung Kong, he held a number of senior financial positions in major financial institutions and acquired experiences 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 degree in Economics and a Master of Science degree in Business Administration.

Lee Yock Suan Independent Non-Executive Director

Mr Lee Yock Suan is an Independent Non-Executive Director and chairman of the Audit Committee. Mr Lee started his career in the Economics Development Board of Singapore and was the deputy managing director of the Petrochemical Corporation of Singapore Pte Ltd from 1980 to 1981. Mr Lee was elected as a Member of Parliament (Singapore) in 1980 and remained a Member of Parliament until his retirement from politics in 2006.

Mr Lee served as Singapore's Minister in the Prime Minister's Office and Second Minister for Foreign Affairs from 2002 to 2004 when he retired as a Minister, Minister for Information and the Arts and Minister for the Environment from 1999 to 2001, Minister for Trade and Industry from 1997 to 1999, Second Minister for Finance from 1997 to 1998, Minister for Education from 1991 to 1996, Minister for Labour from 1987 to 1991, Acting Minister for Labour from 1985 to 1987, Minister of State for Finance from 1984 to 1985 and Minister of State for National Development from 1981 to 1983. In addition, Mr Lee served as the deputy chairman of the People's Association from 1984 to 1991 and chairman of the Singapore Labour Foundation from 1997 to 2002.

Mr Lee was awarded the President's Scholarship in 1966 and obtained a Bachelor of Science (First Class Honours) degree in Chemical Engineering from the Imperial College, London University in 1969 and a Diploma in Business Administration from the University of Singapore in 1974.

Lim How Teck Independent Non-Executive Director

Mr Lim How Teck is an Independent Non-Executive Director and chairman of the Nominating Committee.

Mr Lim is the chairman of Tuas Power Ltd, Singapore Commodity Exchange and executive chairman of Redwood International Pte. Ltd., an investment and consultancy company. Mr Lim is also a director of





Jurong Port Pte. Ltd., CISCO Security Pte. Ltd., M&C REIT Management Limited (manager of CDL Hospitality REIT), M&C Business Management Limited (trustee-manager of CDL Hospitality Business Trust), IFS Capital Ltd, UMS Holdings Ltd, Rickmers Trust Management Pte. Ltd. (trustee-manager of Rickmers Maritime), Orangestar Investment Holdings Pte. Ltd., Lasseters International Holdings Ltd, PNG Sustainable Development Program Limited, Mermaid Maritime Public Company Limited, MacarthurCook Investment Managers (Asia) Limited (manager of MacarthurCook Industrial REIT) and the Sequoia Capital/ Master Fund.

Mr Lim is active in public service and sits on the panel of various public committees. Mr Lim joined Neptune Orient Lines Ltd ("NOL") in 1979 and held various positions such as 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. Mr Lim retired from NOL in 2005.

Mr Lim has extensive international qualifications and experience in business finance and accounting. Prior to joining NOL, he worked in Coopers & Lybrand, an international accounting firm and Plessey Singapore, a multinational trading and manufacturing company.

Mr Lim obtained a Bachelor of Accountancy degree from the University of Singapore in 1975. He is a fellow of the Chartered Institute of Management Accountants of the United Kingdom, a fellow of the Certified Public

Accountants of Australia, a fellow of the Institute of Certified Public Accountants of Singapore, a fellow of the Singapore Institute of Directors and an associate of the Institute of Business Administration of Australia.

Mr Lim also completed the Harvard Graduate School of Business Corporate Financial Management Course and Advanced Management Programme. Mr Lim was awarded the Public Service Medal (PSM) by the Singapore Government in 1999.

Cheng Mo Chi Moses Independent Non-Executive Director

Mr Cheng Mo Chi Moses is an Independent Non-Executive Director and chairman of the Remuneration Committee. He is also an independent non-executive director of the Fortune REIT Manager.

Mr Cheng is the senior partner of Messrs. P.C. Woo & Co. a law firm in Hong Kong and also serves as an independent non-executive director of a number of public-listed companies including the Hong Kong Exchanges and Clearing Limited. Between 1991 and 1995, he served as a member of the Legislative Council of Hong Kong, and was appointed a Justice of the Peace by the Hong Kong Government in 1996. In recognition of his public services, he was awarded an OBE by Her Majesty the Queen of the United Kingdom in 1997. He was also awarded the Gold Bauhinia Star medal by the Hong Kong Special Administrative Region Government in 2003.



BOARD OF DIRECTORS



Mr Cheng has been actively participating in community services in Hong Kong. At the moment, he is the chairman of the Betting and Lotteries Commission and the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("ICAC"). He is also a member of the Advisory Committee on Corruption of the ICAC, the Financial Reporting Council, the Commission on Strategic Development and the Aviation Development Advisory Committee. He is the founder chairman of The Hong Kong Institute of Directors of which he is now the honorary president and chairman emeritus. In addition, he is an active Rotarian and served as district governor of Rotary International District 3450 from 1993 to 1994. Further, he is also an active member of the Anglican Church and is the chancellor of the Province of the Hong Kong Sheng Kung Hui.

Mr Cheng holds a Bachelor of Laws from the University of Hong Kong and a Post-Graduate Certificate in Laws from the University of Hong Kong.

Colin Stevens Russel Independent Non-Executive Director

Mr Colin Stevens Russel is an Independent Non-Executive Director and member of the Audit, Nominating and Remuneration Committees. He is the founder and managing director of Emerging Markets Advisory Services

Ltd., advising organizations on business strategy and planning, market development, competitive positioning and risk management. He is also an independent non-executive director of CK Infrastructure, CK Life Sciences and Husky Energy Inc.

Mr Russel was the Canadian ambassador to Venezuela from 2001 to 2002, consul general of Canada to Hong Kong from 1997 to 2001, director for China, Department of Foreign Affairs, Ottawa, Canada from 1994 to 1997, director, East Asia Trade, Ottawa, Canada from 1993 to 1994, senior trade commissioner for Canada in Hong Kong from 1990 to 1993, director, Japan Trade, Department of External Affairs, Ottawa, Canada from 1988 to 1990, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, the United Kingdom and India from 1972 to 1988. He was a project manager for RCA Limited in Canada, Liberia, Nigeria, Mexico and India from 1966 to 1971, engineer in Canada with RCA Limited from 1965 to 1966 and in the United Kingdom with Associated Electrical Industries Limited from 1962 to 1964.

Mr Russel is a professional engineer and qualified commercial mediator. He obtained from McGill University, Canada, a degree in electronics engineering in 1962 and a Master's degree in Business Administration in 1971.



MANAGEMENT STRUCTURE



KEY MANAGEMENT TEAM

Yeo See Kiat

*Chief Executive Office
Suntec REIT*

Mr Yeo See Kiat is the chief executive officer, and a director of the Suntec REIT Manager. Mr Yeo has more than 25 years of experience in the real estate industry.

Prior to joining the Group in 2005, he was the general manager of Riverwalk Promenade Pte. Ltd., overseeing the joint-venture project between Hwa Hong Corporation Ltd and CapitaLand Limited from 1999 to 2004.

From 1989 to 1999, Mr Yeo was the general manager of TradeMart Singapore Pte. Ltd. where his responsibilities included the marketing and day-to-day operations of the property. From 1980 to 1989, he was the controller of the Singapore Warehouse Pte. Ltd. and was responsible for the finance and administration of the business. He began his career in Turquand Young (now Ernst & Young) and was with the firm from 1976 to 1980.

Mr Yeo obtained a Bachelor of Accountancy degree from the University of Singapore in 1976 and a Graduate Diploma in Management Studies from the Singapore Institute of Management in 1984. He is a fellow of the Institute of Certified Public Accountants of Singapore.

Yip Kam Thai

*Acting Chief Executive Officer
Prosperity REIT*

Mr Yip Kam Thai is the acting chief executive officer and a director of the Prosperity REIT Manager. Mr Yip has more than 14 years of experience in the real estate industry in the areas of asset management, investment and marketing. Mr

Yip held the position of executive director of the Fortune REIT manager from 2006 to 2007 and was the executive director of the Suntec REIT Manager from 2004 to 2006. He was also actively involved in the establishment and listing of Suntec REIT.

Prior to joining the Group in 2004, Mr Yip established and managed his own boutique property consultancy firm between 1998 and 2004 offering corporate clients, international consultancies and local developers resource assistance in investment, asset management, leasing and project marketing work.

Mr Yip began his career in listed property group Tuan Sing Holdings Limited in 1993 where he was responsible for lease management, marketing and investment functions for the group's property portfolio in Singapore, Hong Kong and China.

Mr Yip obtained a Bachelor of Science (Honours) in Estate Management from the National University of Singapore in 1993. He is a licensed Responsible Officer and holds a Type 9 Regulated Activity License issued by the Hong Kong Securities and Futures Commission for asset management work in Hong Kong.

Chu Stephen Henry

*Chief Executive Officer
Fortune REIT*

Mr Chu Stephen Henry is the chief executive officer of the Fortune REIT Manager. Mr Chu has more than 18 years of international property experience in the fields of leasing, sales, facility and property management and marketing work covering the retail, residential, hotel, and commercial sectors of the real estate market.



Prior to joining the Group in 2007, Mr. Chu was with Harbour Plaza Hotels & Resorts from 1998 to 2007 where he held various positions including general manager, and deputy general manager – group leasing. Before that he held senior posts with various companies including Sino Land Company Limited, Primeland Realty Inc, and Century 21 Charter Realty Inc.

Mr Chu holds a Bachelor of Arts (Honours) degree and a Master of Business Administration degree.

Ooi Kwee Yang Anthony

*Acting Chief Executive Officer
AmFIRST REIT*

Mr Ooi Kwee Yang Anthony is the acting chief executive officer and chief investment officer for the AmFIRST REIT Manager. Prior to joining the Group in 2006, he was a consultant involved in advising, promoting, and investing in selected pre-IPO companies for listing on the SGX-ST and Bursa Malaysia between 1986 and 2006. From 1981 to 1986, he was the director and general manager of Great Pacific Finance Ltd, a deposit-taking company in Singapore.

From 1979 to 1981, he was based in London as the manager of the London branch of United Overseas Bank. Prior to that, he was the banking manager with the Arab Malaysia Development Bank in Malaysia. He also held the position of investment officer with the Private Investment Co for Asia, an equity investment company focused on investments in developing countries in Asia from 1971 to 1977 before moving on to the Asian Development Bank based in Manila, Philippines, as a control officer for two years.

Mr Ooi began his career in 1967 with Jardine Waugh Ltd, a British trading company under the Jardine Matheson Group.

Mr Ooi obtained a Bachelor of Economics degree from the University of Singapore in 1967.

Ang Meng Huat Anthony

*Fund Director
ARA Asia Dragon Fund*

Mr Ang Meng Huat Anthony is the fund director of the ARA Asia Dragon Fund and a Responsible Officer of the Prosperity REIT Manager. He is an independent director of Armstrong Industrial Corporation Limited and E3 Holdings Ltd (previously known as Ei-Nets Limited), both of which are public-listed companies in Singapore.

Prior to joining the Group in 2006, Mr Ang was the executive director of Majulah Connection Limited, a global business networking and consulting organization, from 2003 to 2005.

Mr Ang was the executive vice president of GIC Real Estate Pte. Ltd. ("GICRE") from 2001 to 2002, where he was responsible for administration and corporate affairs for GICRE's worldwide operations. He was a senior vice president of Vertex Management Pte. Ltd., a Singapore-based global venture capital company from 2000 to 2001.

From 1993 to 1999, Mr Ang was the executive director and group general manager of Armstrong Industrial Corporation Limited, a precision engineering group, and was instrumental in listing the company on the SGX-ST. Mr Ang began his career with the Singapore Economic Development Board in 1979 where he served for 14 years,

KEY MANAGEMENT TEAM

including 6 years in the USA as the regional director of their North American operations.

Mr Ang obtained a Bachelor of Science degree (Mechanical Engineering) with First Class Honours from the Imperial College, London in 1978, and 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) and the vice chairman of the Chartered Management Institute Singapore.

Stephen Ray Finch

Chief Executive Officer
ARA Strategic Capital

Mr Stephen Ray Finch is the chief executive officer of ARA Strategic Capital. Prior to joining the Group in 2006, Mr Finch was the managing director and head of debt capital markets at DBS Bank Ltd. from 2000 to 2006 where he evaluated, structured, priced and marketed primary and secondary offerings of REITs, local and international debt securities offerings, including convertible bonds, asset securitizations and business trusts.

From 1996 to 1999, he was the executive director of capital markets focused on emerging market debt in ANZ Investment Bank. From 1984 to 1996, he was with various divisions of Citibank.

Mr Finch obtained a Bachelor in Science from Texas A&M University in 1980, and a Master of Business Administration from the Harvard Business School in 1984.

Low Poh Choo

Director
ARA Financial

Ms Low Poh Choo holds the position of director, ARA Financial. Prior to joining the Group, Ms Low was vice

president of global financial markets (asset backed structured products) at DBS Bank from 2003 to 2006. She was with the REIT origination team, where she evaluated, advised, structured and marketed various primary and secondary REIT offerings. Prior to her work in investment banking she spent 17 years as an equity analyst, of which 11 years was as a specialist in the real estate sector.

Ms Low obtained a Bachelor of Arts degree from the University of California, Berkeley in 1986.

Seow Bee Lian Cheryl

Group Finance Director
ARA Asset Management

Ms Seow Bee Lian Cheryl holds the position of Group Finance director and oversees the Group's financial matters. Prior to joining the Group in 2003, Ms Seow was a consultant providing accounting and consultancy services to small and medium enterprises between 2002 and 2003. She was the deputy financial controller and company secretary of L.C. Development Ltd ("L.C. Development") from 1997 to 2002 overseeing the financial and corporate secretarial matters of L.C. Development and its subsidiaries.

Prior to joining L.C. Development, Ms Seow was the finance manager in the corporate finance department of Royal Sporting House from 1994 to 1997. Ms Seow also worked in Lum Chang Holdings Limited ("Lum Chang") from 1990 to 1993 where she handled the finance, internal audit as well as corporate secretarial matters of Lum Chang and its subsidiaries. Ms Seow began her career with Deloitte & Touche, Singapore in 1988.

Ms Seow obtained a Bachelor of Accountancy degree from the National University of Singapore in 1988, and is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore.



Lim Poh Kok Michael

*Director, Risk Management
ARA Asset Management*

Mr Lim Poh Kok Michael holds the position of director, Risk Management. Mr Lim is a director of ARA Strategic Capital, the AmFIRST REIT Manager (as alternate director to Lim Hwee Chiang John) and Jadeline Capital Sdn. Bhd. Prior to joining the Group, from 2000 to 2006, Mr Lim was a senior credit controller with the Oversea-Chinese Banking Corporation ("OCBC"), in the credit risk management department, group risk management division. As a senior credit controller, he was a risk-partner to the bank's real estate lending units. He also held the position of real estate specialist credit signer of OCBC with industry-specialist signing authority for the bank's real estate loans, both domestic and international credits. He was also the secretary of the inaugural real estate portfolio strategy committee which was formed to look at the strategic directions for the development and management of the bank's overall real estate credit portfolio. Prior to that, he worked with the Ministry of Education from 1998 to 2000 as their head of recruitment marketing and scholarship unit.

From 1997 to 1998, Mr Lim was the managing director and shareholder of a property agency and consultancy company. He began his career with the banking and finance sector in 1981.

Mr Lim obtained a Bachelor of Business Administration (Honours) degree from the National University of Singapore in 1981. He has also completed a real estate agency course conducted by The Singapore Institute of Surveyors & Valuers.

Shiow Sou Ching Lorraine

*Director, Corporate Business Development
ARA Asset Management*

Ms Shiow Sou Ching Lorraine holds the position of director, Corporate Business Development. Ms Shiow has more than 16 years of experience in the regional real estate industry. Prior to joining the Group in 2008, she spent more than 6 years with ING Real Estate (Asia) Pte Ltd ("ING Real Estate") where she was the managing director, responsible for business development and overseeing I.P. Real Estate Asset Management (IPREAM), a joint-venture fund management company between CapitaLand Limited and ING Real Estate. At ING Real Estate, Ms Shiow initiated the ING Asia Retail Fund and was also the fund manager for the I.P. Property Fund Asia where she was responsible for the portfolio strategy and performance of the fund. In addition, she was the account manager for a German separate account client.

Prior to joining ING Real Estate, Ms Shiow held various positions in the CapitaLand Group. Her last held position was as director, investment and asset management in IPREAM under the management of CapitaLand Financial Limited. From 1995 to 1999, Ms Shiow was an assistant business development manager with the Wing Tai Group, a listed real estate developer based in Singapore. From 1993 to 1995, she was a senior marketing officer with SLF Management Services Pte Ltd. Ms Shiow began her career in DBS Land Limited in 1991 as a property manager.

Ms Shiow obtained a Bachelor of Science (Honours) in Real Estate from the National University of Singapore in 1991.

INVESTOR RELATIONS



As the first real estate fund manager to be listed on the SGX-ST, ARA is keenly aware of the need to engage the investment community to raise investor interest and awareness in the Company.

ARA is committed to maintaining proactive and effective communications with all stakeholders – shareholders, investment professionals, analysts and the media. We keep shareholders informed and updated by making timely announcements on developments in the Company. In connection with the initial public offering of the Company, management went on an international roadshow covering Singapore, Hong Kong, the United States, the United Kingdom and the Middle East to meet with global institutional investors. Since then, we have continued to engage existing and new investors via face-to-face meetings, conference calls, non-deal roadshows, investor conferences as well as quarterly performance and strategic updates to investors.

ARA also adopts a proactive approach towards fostering research coverage on the Company. We have organized various analyst briefings and meetings to introduce ARA to the research community, discuss our growth strategy and provide updates on the performance of the Company. To date, two research houses have initiated coverage on ARA and management will continue to proactively engage more analysts to encourage more research coverage on the Company.

In addition, ARA maintains open and timely communications with the media through various channels such as press releases and interviews. As a result of management's proactive media approach, media coverage of ARA has increased since our listing.

The recently revamped ARA website provides a useful platform for shareholders to access information concerning ARA and the various REITs and private funds managed by the Group. Going forward, ARA will strive to uphold the highest standards of accountability and disclosure to shareholders.

**Board Of Directors**

Chiu Kwok Hung Justin
Chairman & Non-Executive Director

Lim Hwee Chiang John
Group Chief Executive Officer & 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

Audit Committee

Lee Yock Suan (*Chairman*)
Lim How Teck
Cheng Mo Chi Moses
Colin Stevens Russel

Remuneration Committee

Cheng Mo Chi Moses (*Chairman*)
Lim How Teck
Colin Stevens Russel
Ip Tak Chuen Edmond

Nominating Committee

Lim How Teck (*Chairman*)
Cheng Mo Chi Moses
Colin Stevens Russel

Company Secretary

Lim Ka Bee

Assistant Company Secretary

Ira Stuart Outerbridge III

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Tel: 1 441 295 1422
Fax: 1 441 292 4720

Principal Place of Business

6 Temasek Boulevard
#16-02 Suntec Tower Four
Singapore 038986
Tel: 65 6835 9232
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Singapore Share Transfer Agent

Boardroom Corporate & Advisory
Services Pte. Ltd.
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Auditors

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
(Partner-in-charge: Eng Chin Chin)
(Appointment since financial year ended 31 December 2007)

Principal Bankers

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

The Hongkong and Shanghai
Banking Corporation Limited
21 Collyer Quay
HSBC Building
Singapore 049320

The initial public offering of the shares of ARA Asset Management Limited was sponsored by Credit Suisse (Singapore) Limited and DBS Bank Ltd, who were the joint global coordinators, bookrunners and underwriters of the initial public offering.

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REPORT ON CORPORATE GOVERNANCE

ARA is committed to maintaining high standards of corporate governance in line with the Code of Corporate Governance 2005 ("the Code"). We believe that sound corporate governance policies and practices is the foundation for a trusted and respected business organization. As we work towards our long term strategic objectives, we seek to observe both the substance and spirit of the Code while bearing in mind the Group's specific business needs.

This report discusses the Group's application of the principles of the Code which is underpinned by sound structures and systems of internal controls and accountability to all stakeholders, which we believe will help to promote and drive long term sustainable growth and shareholder value.

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 success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

The Board is entrusted with the responsibility of overseeing the Group's overall management and guiding our strategic direction, including establishing a prudent and effective framework of controls for risk management, establishing goals for management and monitoring the achievement of these goals.

Each of our Directors is a respected individual in corporate and/or international circles and brings to the Board his experience, insight, judgement and strategic networking relationships, which serve to further the interests of the Group. Collectively and individually, the Directors are obliged to act in good faith in the course of deliberations and consider at all times the interests of the Group. Profiles of the Directors can be found in page 28 to 32 of this Report.

The Board has adopted a set of internal controls which sets out approval limits for various business operations such as the operation of bank accounts and cheque signatories.

Management closely monitors changes to regulations and accounting standards. Where regulatory changes impact the Company's or Directors' disclosure obligations, Directors are briefed on such changes during Board meetings or at specially-convened sessions conducted by professionals.

Directors are also briefed by Management on the business activities and strategic directions of the Group, and provided with relevant information on the Group's policies and procedures relating to corporate conduct and governance including but not limited to disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price sensitive information.

The Board conducts regular scheduled meetings at least four times a year. Ad-hoc meetings are convened as and when warranted by particular circumstances. 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 in the year under review is summarized in page 52 of this Report.

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The composition of the Board is determined in accordance with the following principles:

- the Chairman of the Board should be a non-executive director;
- the Board should comprise Directors with a broad range of commercial experience including experience in fund management, finance, law and real estate; and
- at least one-third of the Board should comprise independent directors.

Our Bye-Laws provide that the Board shall consist of no fewer than two Directors. Currently, the Board comprises one executive Director, two non-executive Directors and four independent non-executive Directors (within the meaning of the Code). The independent non-executive Directors are Mr Lee Yock Suan, Mr Lim How Teck, Mr Cheng Mo Chi Moses and Mr Colin Stevens Russel.

The current composition of the Board includes a diverse breath of expertise and experience. This enables Management to benefit from the external and expert perspectives of the Directors and together with the clear separation of the role of the Chairman and the Group CEO, allows for a robust exchange of views and ideas in shaping the strategy of the Group. The Board reviews its composition regularly to ensure that it has the appropriate mix of expertise and experience.

The Board is supported by various Board committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, membership of which is carefully considered to ensure the independence and objectivity of the committees. The experience and relevance of skills of each Director are also taken into consideration when determining their suitability for the committees.

Chairman And Group Chief Executive Officer

Principle 3 **There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents 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 independent decision-making.

Our non-executive Chairman, Mr Chiu Kwok Hung Justin, is responsible for the overall leadership of our Board to ensure its effectiveness on all aspects of its role, ensuring that the Directors receive accurate, timely and clear information, ensuring effective communication with shareholders, encouraging constructive relations between our Board members and Management, facilitating the effective contribution of non-executive Directors, and promoting high standards for corporate governance.

Our Group CEO, Mr Lim Hwee Chiang John, works with the Board to determine the strategy for the Group and is responsible for the day-to-day operations of the Group. Mr Lim works with the senior management of the Group to ensure that the Group is operated in accordance with our strategic and operational objectives.

Board Membership

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

Board renewal is a continual process, one which is essential to ensuring that the Board remains relevant to the changing business environment and for maintaining good corporate governance. The Board has established the Nominating Committee which comprises three independent non-executive Directors namely Mr Lim How Teck, Mr Cheng Mo Chi Moses and Mr Colin Stevens Russel. The chairman of the Nominating Committee is Mr Lim How Teck.

The Nominating Committee is guided by its terms of reference which sets out its responsibilities, which include establishing procedures for and making recommendations to the Board on all Board appointments and re-appointments; determining, on an annual basis, whether or not a Director is independent; where a Director has multiple board representations, to decide whether the Director is able to hold such multiple representations and has been adequately carrying out his duties as a Director; and deciding on how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval. The Nominating Committee is required to report to the Board and meets at least once a year.

Our Bye-Laws require that each Director shall retire at least once every three years and thereafter, be eligible for re-election. A summary of each Director's date of initial appointment and their directorships in listed companies is set out in page 53 of this Report. A newly appointed Director is also required to submit himself for retirement and re-election at the Annual General Meeting ("AGM") immediately following his appointment.

Board Performance

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

We believe that the performance of the Board is ultimately reflected in the long term performance of the Group. The Board is responsible for overseeing the Group's overall management and guiding our strategic direction, as well as ensuring our compliance with applicable laws. Collectively and individually, the Directors have a duty to act in good faith, with due diligence and care in the best interests of the Group and its shareholders. An effective Board is one that is able to provide support to Management at all times and steer the Group in the right direction.

REPORT ON CORPORATE GOVERNANCE

The financial indicators, as set out in the Code as a guide for the evaluation of the Board, are in our view more a measurement of Management's performance and therefore less applicable to Directors. In any case, such financial indicators can only provide a snapshot of the Group's performance and do not adequately capture the long term growth and performance of the Group.

It is, in our view, more important that the Board, through the Nominating Committee, has ensured from the onset that Directors appointed to the Board possess the requisite blend of background, experience, knowledge and skills critical to the Group's business. Equally important, each Director should also bring to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made. Accordingly, reviews of the Board's performance, as appropriate, are informal. Renewal or replacement of Directors are not necessarily a reflection of their contributions to date, but may be driven by the need to shape the Board in line with the needs of the Group.

Access To Information

Principle 6 **In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis.**

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

Board meetings for each year are scheduled in advance to facilitate Directors' individual administrative arrangements in respect of ongoing commitments. Board papers are generally circulated at least three days in advance of each meeting. The Board papers include background explanatory information from Management to enable the Directors to make an informed decision. Such explanatory information may also be in the form of briefings to the Directors or formal presentations by senior management staff in attendance at Board meetings, or by external professionals.

The Board has separate and independent access to the Company Secretary and to senior management staff at all times. The Company Secretary attends all Board meetings and ensures that Board procedures are followed. Where the Directors require independent professional advice in the course of their duties, such advice would be provided at the Company's expense.

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 own remuneration.**

We believe that executive remuneration should be linked to the development of management depth to ensure continual talent development and management renewal to ensure the continued success of the Group. The Remuneration Committee of the Board consists of at least three Directors, all of whom are required to be non-executive Directors and a majority of whom, including the chairman, are required to be independent. The Remuneration Committee comprises Mr Cheng Mo Chi Moses, Mr Lim How Teck, Mr Colin Stevens Russel and Mr Ip Tak Chuen Edmond. The chairman of the Remuneration Committee is Mr Cheng Mo Chi Moses.

The Remuneration Committee is responsible for assisting the Board in overseeing executive staff compensation and development in the Group; determining and reviewing, from time to time, the remuneration policy of the Group; reviewing and setting the compensation policies and remuneration for executive Directors and senior executives; 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 we operate; and administering the Group's Performance Based Bonus Scheme. The Remuneration Committee is required to report to the Board and meets as necessary and upon the request of any one of its members.

Level And Mix Of Remuneration

Principle 8 **The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.**

In setting remuneration packages, the Group takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of each individual.

The independent non-executive Directors receive directors' fees commensurate with their appointment, taking into account factors such as the time spent and responsibilities of the directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

REPORT ON CORPORATE GOVERNANCE

The non-executive Directors (other than the independent Directors) do not receive directors' fees. Under the service agreement entered into with the Group CEO and executive Director, Mr Lim Hwee Chiang John on 2 October 2007, Mr Lim, a substantial shareholder of the Company, shall be paid a base salary monthly in arrears for the continuation of his employment under this agreement. Mr Lim's employment with the Company shall continue until 1 November 2009 unless terminated for cause or extended by agreement between the parties in accordance with the terms of the service agreement.

In addition to their base salary and a variable year-end bonus, designated executives of the Group are eligible to 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 pools 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 will be 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	Specialist Equity Funds	Corporate Finance Advisory Services
Pools of incentive payments for each business units ⁽¹⁾	10% of acquisition fees of each REIT manager paid on acquisition of assets from third party vendors ^{(2), (3)}	10% to 20% of performance fees for each fund ⁽³⁾	10% 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 realization of the performance fee for each fund	Half-yearly in respect of each open-ended fund and in respect of each closed-end fund, upon the realization of the performance fee for that fund	Annually

(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 the Cheung Kong 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 once every financial year.

Any such pool of incentive payments or any part thereof may be allocated to the Participants of the scheme who are engaged in the relevant business unit or corporate division at the absolute discretion of the Remuneration Committee. Such allocation shall take into account each Participant's seniority, length of service and his 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 is engaged in shall be subject to a maximum cap of his annual base salary (which shall exclude any annual wage supplement, bonus, award and other fringe benefit) for that financial year, save for entitlements under the private real estate fund management and, where applicable, the specialist equity fund management business units, which shall be 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 realization of such fund.

The scheme is targeted at key executives who are in the best position to drive the growth of our 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 optimize their performance, efficiency as well as maintain a high level of contribution to our Group, and more importantly, to retain key executives of our 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 our growth to further strengthen these individuals' commitment, support and loyalty to our long-term growth and profitability.

Disclosure On Remuneration

Principle 9 Each company should provide clear disclosure of its remuneration policy, 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 year ended 31 December 2007 in bands of S\$250,000 is provided below:

Remuneration Bands in FY2007 ⁽¹⁾	Number of Directors ⁽²⁾
S\$500,000 and above	1
S\$250,000 to below S\$500,000	0
Below S\$250,000	4
Total	5

(1) The Company was listed on 2 November 2007.

(2) Mr Chiu Kwok Hung Justin and Mr Ip Tak Chuen Edmond are nominees of Cheung Kong Investment Company Limited, a substantial shareholder of the Company, and did not receive any directors' fees in FY2007.

REPORT ON CORPORATE GOVERNANCE

A breakdown of the remuneration of the Directors for the year ended 31 December 2007 is set out below:

Remuneration Band/ Name of Director	Salary ⁽¹⁾ (%)	Bonus (%)	Directors' Fees (%)	Total (%)
(i) S\$500,000 and above				
Mr Lim Hwee Chiang John	41.4	-	58.6 ⁽²⁾	100
(ii) S\$250,000 to below S\$500,000				
-	-	-	-	-
(iii) Below S\$250,000				
Mr Lee Yock Suan	-	-	100	100
Mr Lim How Teck	-	-	100	100
Mr Cheng Mo Chi Moses	-	-	100	100
Mr Colin Stevens Russel	-	-	100	100

(1) Includes AWS and employer's CPF

(2) This was paid prior to the initial public offering of the Company.

We have also provided a 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. We believe that this disclosure, which provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters, is in the best interests of the Group given the competitive industry conditions.

Total Compensation Bands in FY2007 ⁽¹⁾	Number of Employees
S\$500,000 to below S\$750,000	1
S\$250,000 to below S\$500,000	7
Below S\$250,000	5
Total	13

(1) The Company was listed on 2 November 2007.

Save for Mr Lim Hwee Chiang John who is a substantial shareholder of the Company, none of our Directors or executives are related to one another or to any of our 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 with the Company that provide for benefits upon termination of appointment or employment. We have also not set aside nor accrued any amounts to provide for pension, retirement or similar benefits for the Directors and executives.

Accountability And Audit

Accountability

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

We seek 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, we aim to provide a balanced and understandable assessment of the Group's financial performance, position and prospects.

Management provides the Board with a continual flow of relevant information such as management accounts on the performance of the Group on a timely basis in order that it may effectively discharge its duties.

Audit Committee

Principle 11 **The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.**

The Audit Committee of the Board is required to consist of at least three Directors, all of whom are required to be non-executive Directors and a majority of whom is required to be independent. The Audit Committee comprises Mr Lee Yock Suan, Mr Cheng Mo Chi Moses, Mr Lim How Teck and Mr Colin Stevens Russel. The chairman of the Audit Committee is Mr Lee Yock Suan.

The members of the Audit Committee bring with them invaluable experiences and professional expertise in the financial and legal domains. The Audit Committee is guided by its terms of reference which includes review of the annual audit plan, the adequacy of the internal audit process, the results of audit findings and Management's response, the adequacy of the Group's accounting and other controls as well as interested person transactions. The Audit Committee also reviews the quarterly and annual financial statements and any formal announcements relating to our financial performance as well as the appointment/re-appointment of the external auditors and the audit fee before submission to the Board for approval. The Audit Committee also reviews arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of accounting and financial controls and reporting and pursuant to this, the Board has adopted a Whistle Blowing Policy where employees may raise improprieties directly to the Audit Committee.

The Audit Committee is required to meet at least four times a year and at least annually with the external auditors without the presence of Management. The external auditors may also request that the Audit Committee meet if they consider a meeting necessary.

The Audit Committee is required to pass resolutions only upon unanimous vote. Any conflicting views are required to be 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.

REPORT ON CORPORATE GOVERNANCE

Internal Controls

Principle 12 **The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.**

The Audit Committee reviews the adequacy of the internal controls including financial, operational and compliance controls, as well as risk management policies and systems established by Management, with the assistance of both the internal and external auditors. The internal auditors conduct reviews of the Group's internal control systems and will highlight any significant internal control weakness noted to the Audit Committee as well as monitor that necessary actions are taken by Management.

Risk assessment and evaluation is an integral part of the Group's ongoing operations. The Group has identified the key risks faced by the various business units and set out the appropriate mitigating actions as well as a monitoring mechanism to respond to changes within the Group and the external business environment. The Board notes that all internal control systems contain inherent limitations and thus can only provide reasonable, but not absolute assurance against material financial misstatement or loss. Based on the information furnished, the Board is satisfied with the adequacy of the internal controls currently maintained by Management.

Internal Audit

Principle 13 **The company should establish an internal audit function that is independent of the activities it audits.**

The Group has established an in-house committee to oversee the internal audit and risk management function within the Group. The committee, which is headed by a senior executive, is independent of the activities it audits. The committee reports primarily to the chairman of the Audit Committee on audit matters and to the Group CEO on administrative matters. The committee's activities are guided by the standards set by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit Committee meets with the committee four times a year and ensures that the committee has adequate resources and appropriate standing within the Group.

Communication With Shareholders

Principle 14 **Companies should engage in regular, effective and fair communication with shareholders.**

We strive for timeliness and consistency in our disclosures to stakeholders and it is the Group's policy to keep all stakeholders informed of material developments that would have an impact on the Group through announcements via SGXNET and on the Group's website. Such announcements are communicated 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.

Regular briefings are conducted for analysts and media, generally coinciding with the release of the Group's half year and full year financial results. The materials used in these briefings are also disseminated simultaneously via SGXNET in the interest of transparency and ensuring broad dissemination.

Management also actively engages institutional investors through face-to-face meetings, conference calls, non-deal roadshows and by participating in investor conferences. We also strive to keep retail investors updated on developments in the Group through timely announcements, our website and the media.

Principle 15 **Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

Shareholders are afforded the opportunity to raise relevant questions and to communicate their views at shareholders meetings. Voting in absentia such as by mail, email or fax are not made available at the moment due to concerns relating to issues of information control and security. All resolutions at the AGM are kept separate as far as practicable. The Chairpersons of the Audit, Nominating and Remuneration Committees are invited to attend the AGM of the Company to address any relevant queries relating to the work of the committees. The external auditors will also attend the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

We view the AGM as the principal forum for dialogue with shareholders, in particular retail shareholders. Detailed AGM minutes, including questions received and answered, will be prepared and made available to shareholders upon request. The Company has also designated contact persons who are available to address queries from stakeholders from time to time.

Dealings In Securities

The Group has adopted an internal code which prohibits Directors of the Company and executives of the Group from dealing in the Company's shares during the periods commencing one month prior to the announcement of the Group's quarterly, half year and full year results and ending on the date of the announcement of the results, or if they were in possession of non-public price-sensitive information concerning the Group. All employees are required to report all dealings in the Company's shares by themselves or their immediate family members (within the meaning of the Listing Manual of the SGX-ST). In addition, executives of the Group are prohibited from dealing in units of publicly-listed REITs managed by the Group during the corresponding black-out periods for the REITs. Directors of the Company and executives of the Group are also discouraged from dealing in the Company's shares on short-term considerations under the code.

REPORT ON CORPORATE GOVERNANCE

Interested Person Transactions

Disclosure of interested person transactions is set out in page 99 of this Report. As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual of the SGX-ST on interested person transactions. In addition to the requirements set out in the Listing Manual, the Board has also adopted a policy of requiring Directors to declare their conflicts of interest, if any and abstain from voting if they are so conflicted.

Participation of Directors in Board and Board Committee Meetings

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Appointment	Attendance / Number of meetings held	Appointment	Attendance / Number of meetings held	Appointment	Attendance / Number of meetings held ⁽¹⁾	Appointment	Attendance / Number of meetings held ⁽¹⁾
Mr Chiu Kwok Hung Justin	Chairman and Non-executive Director	1/1	-	N/A	-	N/A	-	N/A
Mr Lim Hwee Chiang John	Group CEO and executive Director	1/1	-	N/A	-	N/A	-	N/A
Mr Ip Tak Chuen Edmond	Non-executive Director	1/1	-	N/A	-	N/A	Member	0/0
Mr Lee Yock Suan	Independent non-executive Director	1/1	Chairman	1/1	-	N/A	-	N/A
Mr Lim How Teck	Independent non-executive Director	1/1	Member	1/1	Chairman	0/0	Member	0/0
Mr Cheng Mo Chi Moses	Independent non-executive Director	1/1	Member	1/1	Member	0/0	Chairman	0/0
Mr Colin Stevens Russel	Independent non-executive Director	1/1	Member	1/1	Member	0/0	Member	0/0

(1) As the Company was only listed on 2 November 2007, the Nominating Committee and Remuneration Committee have yet to convene their first meetings as at 31 December 2007.

Dates of Initial Appointment of Directors and Directorships in Listed Companies

Name of Director	Appointment	Date of Initial Appointment	Directorships in Listed Companies
Mr Chiu Kwok Hung Justin	Chairman and Non-executive Director	23 July 2002	ARA Asset Management Limited Cheung Kong (Holdings) Limited
Mr Lim Hwee Chiang John	Group CEO and executive Director	23 July 2002	ARA Asset Management Limited Inter-Roller Engineering Limited Teckwah Industrial Corporation Limited
Mr Ip Tak Chuen Edmond	Non-executive Director	17 September 2007	ARA Asset Management Limited CATIC International Holdings Limited Cheung Kong (Holdings) Limited Cheung Kong Infrastructure Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Excel Technology International Holdings Limited Shougang Concord International Enterprises Company Limited The Ming An (Holdings) Company Limited TOM Group Limited
Mr Lee Yock Suan	Independent non-executive Director	17 September 2007	ARA Asset Management Limited
Mr Lim How Teck	Independent non-executive Director	17 September 2007	ARA Asset Management Limited IFS Capital Limited Lasseters International Holdings Limited Mermaid Maritime Public Company Limited UMS Holdings Limited
Mr Cheng Mo Chi Moses	Independent non-executive Director	17 September 2007	ARA Asset Management Limited Beijing Capital International Airport Company Limited China COSCO Holdings Company Limited China Mobile Limited China Resources Enterprise, Limited City Telecom (HK) Limited Galaxy Entertainment Group Limited Guangdong Investment Limited Hong Kong Exchanges and Clearing Limited Kader Holdings Company Limited Liu Chong Hing Investment Limited Shui On Construction and Materials Limited Tian An China Investments Company Limited Towngas China Company Limited
Mr Colin Stevens Russel	Independent non-executive Director	17 September 2007	ARA Asset Management Limited Cheung Kong Infrastructure Holdings Limited CK Life Sciences Int'l., (Holdings) Inc. Husky Energy Inc.

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 2007.

Directors

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

Chiu Kwok Hung, Justin (Chairman)	
Lim Hwee Chiang John (Group CEO)	
Ip Tak Chuen Edmond	(Appointed on 17 September 2007)
Lee Yock Suan	(Appointed on 17 September 2007)
Lim How Teck	(Appointed on 17 September 2007)
Cheng Mo Chi Moses	(Appointed on 17 September 2007)
Colin Stevens Russel	(Appointed on 17 September 2007)

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 at beginning of the year/ date of appointment	Holdings at end of the year
ARA Asset Management Limited		
Lim Hwee Chiang John		
- ordinary shares (par value of US\$1.00 each)	8,400	-
- ordinary shares (par value of S\$0.002* each)	-	212,142,000
Lee Yock Suan		
- ordinary shares of \$0.002 each	-	50,000
Lim How Teck		
- ordinary shares of \$0.002 each	-	150,000
Colin Stevens Russel		
- ordinary shares of \$0.002 each	-	15,000

* On 28 September 2007, the currency denomination of ARA Asset Management Limited was changed from United States dollars to Singapore dollars at the rate of US\$1.00 to S\$1.51 and the par value of every one ordinary share of S\$1.51 in the authorised and issued share capital was sub-divided into 755 ordinary shares of S\$0.002 each.

Directors' interests (Cont'd)

Mr Lim Hwee Chiang John is deemed to have interests in the other subsidiaries of ARA Asset Management Limited, at the beginning and at the end of the financial year.

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 of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2008 except for Mr Lim How Teck, who increased his shareholdings from 150,000 shares at end of the year to 300,000 shares as of 21 January 2008.

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 notes 15 and 22 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, other than those which he may be entitled to as a customer or employee of the holding company.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) 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.

DIRECTORS' REPORT

Audit Committee

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

- Mr Lee Yock Suan (chairman), non-executive and independent director
- Mr Lim How Teck, non-executive and independent director
- Mr Cheng Mo Chi Moses, non-executive and independent director
- Mr Colin Stevens Russel, non-executive and independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee was established on 28 September 2007 and has held one meeting during the financial year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

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 SGX Listing Manual).

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, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

On behalf of the Board of Directors

Chiu Kwok Hung, Justin
Director

Lim Hwee Chiang John
Director

20 February 2008

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 61 to 98 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 2007 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

Chiu Kwok Hung, Justin
Director

Lim Hwee Chiang John
Director

20 February 2008

INDEPENDENT AUDITORS' REPORT

Members of the Company

ARA Asset Management Limited

We have audited the financial statements of ARA Asset Management Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 98.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 the directors, 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

Members of the Company

ARA Asset Management Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group for the year ended on that date.

KPMG

Certified Public Accountants

Singapore

20 February 2008

BALANCE SHEETS

As at 31 December 2007

	Note	Group		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Non-current assets					
Plant and equipment	3	599	594	-	-
Tenancy deposits		289	148	-	-
Subsidiaries	4	-	-	1,782	1,782
Associates	5	308	161	-	-
Financial assets	6	30,093	-	-	-
		31,289	903	1,782	1,782
Current assets					
Financial assets	6	10,978	3	-	-
Trade and other receivables	7	24,764	7,671	43,615	1,564
Cash and cash equivalents	8	74,494	15,737	67,146	471
		110,236	23,411	110,761	2,035
Total assets		141,525	24,314	112,543	3,817
Equity attributable to equity holders of the Company					
Share capital	9	1,164	20	1,164	20
Reserves	10	74,476	(44)	75,413	-
Accumulated profits		25,414	15,643	24,680	1,187
		101,054	15,619	101,257	1,207
Minority interest		(65)	(97)	-	-
Total equity		100,989	15,522	101,257	1,207
Non-current liabilities					
Financial liabilities	11	19,627	150	-	-
Deferred tax liabilities	12	38	18	-	-
		19,665	168	-	-
Current liabilities					
Trade and other payables	13	16,161	5,675	11,286	2,610
Financial liabilities	11	72	90	-	-
Current tax payable		4,638	2,859	-	-
		20,871	8,624	11,286	2,610
Total liabilities		40,536	8,792	11,286	2,610
Total equity and liabilities		141,525	24,314	112,543	3,817

The accompanying notes form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Note	Group	
		2007 \$'000	2006 \$'000
Revenue	14	60,336	29,517
Other income		1,741	1,794
		62,077	31,311
Administrative expenses		(16,228)	(12,508)
Operating lease expenses		(857)	(570)
Other expenses		(5,776)	(2,025)
Results from operating activities		39,216	16,208
Finance expenses	16	(498)	(31)
		38,718	16,177
Share of profit of associates, net of tax		165	26
Profit before income tax		38,883	16,203
Income tax expense	17	(4,845)	(2,853)
Profit for the year	15	34,038	13,350
Attributable to:			
Equity holders of the Company		34,012	13,463
Minority interest		26	(113)
Profit for the year		34,038	13,350
Earnings per share			
Basic earnings per share (cents)	18	6.53	2.64
Diluted earnings per share (cents)	18	6.53	2.64

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

Group	Share capital \$'000	Share premium \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated profits \$'000	Attributable to equity holders of the Company \$'000	Minority interest \$'000	Total equity \$'000
At 1 January 2006	20	-	67	-	7,902	7,989	-	7,989
Translation differences relating to financial statements of foreign subsidiaries	-	-	(111)	-	-	(111)	3	(108)
Net (losses)/gains recognised directly in equity	-	-	(111)	-	-	(111)	3	(108)
Profit for the year	-	-	-	-	13,463	13,463	(113)	13,350
Total recognised income and expense for the year	-	-	(111)	-	13,463	13,352	(110)	13,242
Tax-exempt interim dividend of S\$472.86 per share	-	-	-	-	(5,722)	(5,722)	-	(5,722)
Minority interest in a subsidiary incorporated during the year	-	-	-	-	-	-	13	13
At 31 December 2006	20	-	(44)	-	15,643	15,619	(97)	15,522
At 1 January 2007	20	-	(44)	-	15,643	15,619	(97)	15,522
Translation differences relating to financial statements of foreign subsidiaries	(2)	-	129	-	-	127	6	133
Change in fair value of available-for-sale financial assets	-	-	-	(1,022)	-	(1,022)	-	(1,022)
Net (losses)/gains recognised directly in equity	(2)	-	129	(1,022)	-	(895)	6	(889)
Profit for the year	-	-	-	-	34,012	34,012	26	34,038
Total recognised income and expense for the year	(2)	-	129	(1,022)	34,012	33,117	32	33,149
Issue of shares from capitalisation of accumulated profits	1,000	-	-	-	(1,000)	-	-	-
Issue of new shares	146	83,804	-	-	-	83,950	-	83,950
Cost on issue of new shares (Note 10)	-	(8,391)	-	-	-	(8,391)	-	(8,391)
First tax-exempt interim dividend of S\$248.66 per share	-	-	-	-	(3,009)	(3,009)	-	(3,009)
Second tax-exempt interim dividend of S\$1,593.55 per share	-	-	-	-	(19,282)	(19,282)	-	(19,282)
Third tax-exempt interim dividend of S\$78.51 per share	-	-	-	-	(950)	(950)	-	(950)
At 31 December 2007	1,164	75,413	85	(1,022)	25,414	101,054	(65)	100,989

The accompanying notes form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2007

	Note	2007 \$'000	2006 \$'000
Operating activities			
Profit for the year		34,038	13,350
Adjustments for:			
Depreciation		216	198
Share of profit of associates		(165)	(26)
Interest income		(514)	(228)
Finance expenses		498	31
Distribution income		(1,227)	(405)
Loss/(gain) on fair valuation of held-for-trading securities		1,533	(1,161)
Loss on disposal of plant and equipment		78	3
Management fees received/receivable in units of real estate investments trusts		(26,569)	(22,154)
Acquisition fee received/receivable in units in real estate investments trust		(9,414)	-
Income tax expense		4,845	2,853
		3,319	(7,539)
Changes in working capital:			
Trade and other receivables		(14,705)	(126)
Trade and other payables		10,490	700
Cash used in operations		(896)	(6,965)
Income tax paid		(3,046)	(1,946)
Interest received		514	228
Proceeds from sale of units in real estate investments trusts		12,070	25,570
Distribution income received		1,227	405
Cash flows from operating activities		9,869	17,292
Investing activities			
Purchase of plant and equipment		(316)	(228)
Proceeds from disposal of plant and equipment		4	6
Purchase of unquoted available-for-sale securities		(226)	-
Purchase of quoted available-for-sale securities		(21,884)	-
Acquisition of associates		-	(135)
Contribution from a minority shareholder		-	13
Cash flows from investing activities		(22,422)	(344)

	2007 \$'000	2006 \$'000
Financing activities		
Dividends paid	(23,241)	(5,722)
Interest paid	(498)	(31)
Net proceeds from initial public offering	75,559	-
Proceeds from borrowings	19,924	-
Payment of finance lease liabilities	(93)	(105)
Fixed deposits pledged to a financial institution	-	12
Repayment of borrowings	-	(650)
Cash flows from financing activities	71,651	(6,496)
Net increase in cash and cash equivalents	59,098	10,452
Cash and cash equivalents at beginning of year	15,737	5,372
Effect of exchange rate fluctuations on cash held	(341)	(87)
Cash and cash equivalents at end of year	74,494	15,737

Note

8

The accompanying notes form an integral part of these financial statements

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 20 February 2008.

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 Four, Singapore 038986. It was officially listed on the main board of the Singapore Exchange Securities Trading Limited 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 asset and property fund management services, including acting as the asset manager for public-listed trusts and the provision of real estate fund management services.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated. The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are stated at fair value.

The preparation of financial statements in conformity with FRS 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.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2 Summary of significant accounting policies (Cont'd)

2.2 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. 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.

For acquisition of subsidiaries under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the pooling-of-interests method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognised directly in equity.

For acquisition of subsidiaries accounted under the purchase method, the cost of acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Any excess or deficiency of the purchase consideration over the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted as goodwill or negative goodwill. Goodwill is stated at cost less impairment losses and is tested annually for impairment. Negative goodwill is recognised in the income statement in the period of acquisition.

Associates

Associates are companies in which the Group has significant influence, but not control, over their financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Cont'd)

2.2 Consolidation (Cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees 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.

Accounting for subsidiaries and associates by the Company

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at cost in foreign currencies are translated using exchange rates at the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value in foreign currencies are retranslated to the functional currency at the exchange rates at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation, available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation.

Foreign operations

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

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

2 Summary of significant accounting policies (Cont'd)

2.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and 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.

Depreciation on plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.5 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in securities, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables. Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Cont'd)

2.5 Financial instruments (Cont'd)

Held-for-trading financial assets

Financial instruments are designated as held-for-trading if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments designated as held-for-trading are measured at fair value, and changes therein are recognised in the income statement.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities intended to be held on a continuing basis are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency 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.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the income statement unless the derivatives are designated as cash flow hedges.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

2 Summary of significant accounting policies (Cont'd)

2.5 Financial instruments (Cont'd)

Cash flow hedges (Cont'd)

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

2.6 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Cont'd)

2.6 Impairment (Cont'd)

Impairment of financial assets (Cont'd)

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

Impairment of 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, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications 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, if no impairment loss had been recognised.

2.7 Share capital

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

2 Summary of significant accounting policies (Cont'd)

2.8 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, plant and equipment acquired through finance leases are capitalised at 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense 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.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.9 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus where 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

2 Summary of significant accounting policies (Cont'd)

2.10 Revenue recognition

Real estate investment trust ("REIT") base and performance fees

REIT 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 REITs managed, respectively. These fees are recognised on an accrual basis.

Acquisition fees

Acquisition fees relate to fees earned in relation to the acquisition of properties by REITs and private real estate funds managed. These fees are determined based on the value of the properties acquired and are recognised when the services have been rendered.

Portfolio management and service fees

This comprised of portfolio management fees as well as performance fees derived from the private real estate funds and corporate finance advisory services.

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

Service fees comprise mainly of corporate finance and advisory fees from corporate finance advisory services and are determined based on contracted terms. These fees are recognised when the services have been rendered.

Private fund performance fees

Performance fees from private real estate funds are recognised only on termination of the fund or other stated event depending on the fund.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Distribution income

Distribution income is recognised in the income statement when the unitholder's right to receive payment is established.

2 Summary of significant accounting policies (Cont'd)

2.11 Finance expenses

Finance expenses comprise interest expense on financial liabilities. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.12 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences 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.

2.13 Key management personnel

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Plant and equipment

Group	Fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost			
At 1 January 2006	332	483	815
Additions	228	-	228
Disposals	(13)	-	(13)
Translation differences on consolidation	(7)	(14)	(21)
At 31 December 2006	540	469	1,009
Additions	316	-	316
Disposals	(140)	-	(140)
Translation differences on consolidation	(9)	(14)	(23)
At 31 December 2007	707	455	1,162
Accumulated depreciation			
At 1 January 2006	136	89	225
Depreciation charge for the year	103	95	198
Disposals	(4)	-	(4)
Translation differences on consolidation	(4)	-	(4)
At 31 December 2006	231	184	415
Depreciation charge for the year	125	91	216
Disposals	(58)	-	(58)
Translation differences on consolidation	(4)	(6)	(10)
At 31 December 2007	294	269	563
Carrying amount			
At 1 January 2006	196	394	590
At 31 December 2006	309	285	594
At 31 December 2007	413	186	599

4 Subsidiaries

	Company	
	2007 \$'000	2006 \$'000
Equity investments at cost	1,782	1,782

Details of significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2007 %	2006 %
@ ARA Asset Management (Singapore) Limited	Republic of Singapore	100	100
@ ARA Trust Management (Suntec) Limited	Republic of Singapore	100	100
@ ARA Strategic Capital (Holdings) Pte Ltd	Republic of Singapore	75	75
^ ARA Asset Management (Prosperity) Limited	Hong Kong	100	100
^ ARA Asset Management (HK) Limited	Hong Kong	100	100
@ ARA Management Pte Ltd	Republic of Singapore	100	100
# ARA Asset Management (Malaysia) Limited	Bermuda	100	100
@ ARA Fund Management (Asia Dragon) Limited	Bermuda	100	100
@ ARA Managers (Asia Dragon) Pte Ltd	Republic of Singapore	100	100
^ Jadeline Capital Sdn Bhd	Malaysia	100	-
@	<i>Audited by KPMG Singapore.</i>		
^	<i>Audited by other member firms of KPMG International.</i>		
#	<i>Not required to be audited by law of country of incorporation.</i>		

NOTES TO THE FINANCIAL STATEMENTS

5 Associates

	Group	
	2007 \$'000	2006 \$'000
Investment in associates	308	161

Details of significant associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective equity held by the Group	
			2007 %	2006 %
^ ARA Boustead Limited	Bermuda	Investment holding	50	50
# Am ARA REIT Holdings Sdn. Bhd.	Malaysia	Investment holding	30	30
# Am ARA REIT Managers Sdn. Bhd.	Malaysia	Property fund management services	30	30
^ ARA RECP Fund Management Limited	Bermuda	Portfolio management	25	25
@ ARA RECP Managers Pte Ltd	Republic of Singapore	Asset management	25	25

@ Audited by KPMG Singapore.

Audited by Ernst & Young, Malaysia.

^ Not required to be audited by law of country of incorporation.

5 Associates (Cont'd)

The summarised financial information relating to associates which is not adjusted for the percentage of ownership held by the Group are as follows:

	2007 \$'000	2006 \$'000
Assets and liabilities		
Total assets	1,290	719
Total liabilities	366	113
Results		
Revenue	1,154	347
Expenses	(616)	(226)
Profit after taxation	538	121

6 Financial assets

	Group	
	2007 \$'000	2006 \$'000
Non-current		
Unquoted available-for-sale securities	226	-
Quoted available-for-sale securities	29,867	-
	30,093	-
Current		
Quoted held-for-trading securities	10,978	3

Quoted securities relate to units held in listed REITs.

Certain quoted available-for-sale securities with an aggregate amount of \$21,023,000 relate to units held in a listed REIT which are pledged as security to obtain credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

7 Trade and other receivables

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables	10,527	2,122	9,049	248
Accrued revenue	12,426	5,116	-	-
Prepayments	1,383	118	8	9
Deposits	164	36	-	-
Other receivables	144	196	65	72
Non-trade amounts due from:				
- subsidiaries	-	-	34,493	1,235
- associates	120	80	-	-
- a director of the Company	-	3	-	-
	24,764	7,671	43,615	1,564

The non-trade amounts due from subsidiaries and associates are unsecured, interest-free and repayable on demand. Trade receivables for the Group include amount due from a fund of \$9,049,000 (2006: \$248,000) and amount due from a trustee of \$1,395,000 (2006: \$1,668,000).

There is no impairment allowance arising from the outstanding balances, none of which are past due.

8 Cash and cash equivalents

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash at bank and in hand	7,042	4,365	1,146	471
Fixed deposits with banks	67,452	11,372	66,000	-
Cash and cash equivalents in the cash flow statement	74,494	15,737	67,146	471

The weighted average effective interest rates per annum relating to cash and cash equivalents, as at 31 December 2007 for the Group and the Company are 1.45% (2006: 3.24%) and 1.41% (2006: Nil) respectively. Interest rates reprice on a weekly basis.

9 Share capital

Issued and fully paid:

At 1 January, par value of US\$1.00 each

Share split

At 28 September, par value of \$0.002 each

Issue of bonus shares, par value of \$0.002 each

Issue of new shares, par value of \$0.002 each

At 31 December, par value of \$0.002 each

2007 Number of shares	2006 Number of shares
12,000	12,000
9,048,000	-
9,060,000	12,000
500,000,000	-
73,000,000	-
582,060,000	12,000

Pursuant to written resolutions passed by the shareholders on 28 September 2007:

- (i) the currency denomination of the Company's authorised and issued share capital was changed from United States dollars to Singapore dollars at the rate of US\$1.00 to \$1.51 such that the authorised and issued share capital shall be \$18,120, divided into 12,000 ordinary shares of \$1.51 par value each;
- (ii) the par value of every one (1) ordinary share of \$1.51 in the authorised and issued share capital of the Company was sub-divided into 755 ordinary shares of \$0.002 each;
- (iii) the authorised share capital of the Company of \$18,120, comprising 9,060,000 shares of \$0.002 each was increased to \$2,000,000 comprising 1,000,000,000 shares of \$0.002 each; and
- (iv) the Company issued an aggregate of 500,000,000 shares, comprising 350,000,000 and 150,000,000 shares of \$0.002 each, as bonus shares to JL Investment Group Limited and Cheung Kong Investment Company Limited, respectively.

On 1 November 2007, 73 million new shares at the price of \$1.15 per share were issued pursuant to the initial public offering of the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS

9 Share capital (Cont'd)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital base to support its business and maximise shareholders value. The Group has determined that it is in a sound capital position given its capital and resources available. The Board monitors the capital requirements to ensure that the Group is able to support its existing business as well as new investment opportunities that may arise.

The Group returns capital to its shareholders when divestments increase the level of cash resources available to the Group for distribution. There are no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

10 Reserves

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Foreign currency translation reserve	85	(44)	-	-
Share premium*	75,413	-	75,413	-
Fair value reserve	(1,022)	-	-	-
	74,476	(44)	75,413	-

* Share premium is net of cost of issue of new shares, which include non-audit fees paid to the auditors of the Company of \$900,000 as reporting accountants and tax advisor for the initial public offering of the Company's shares in 2007.

The foreign currency translation reserve comprises 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.

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised.

11 Financial liabilities

	Group	
	2007 \$'000	2006 \$'000
Non-current liabilities		
Secured bank loan	19,552	-
Finance lease liabilities	75	150
	19,627	150
Current liabilities		
Finance lease liabilities	72	90
Total financial liabilities	19,699	240

The secured bank loan relates to a RM44.9 million secured revolving credit facility with a floating interest rate of 0.25% above the bank's cost of funds provided to a subsidiary, Jadeline Capital Sdn. Bhd. ("Jadeline") to partly finance its acquisition of the units in AmFIRST REIT. The facility is secured by the units held in AmFIRST REIT (the "Pledged Units") and is repayable in full at maturity on 27 May 2009, although Jadeline has the option to make prepayments. In the event that the Pledged Units are sold during the period of the facility, Jadeline is required to share with, and pay to the bank 50% of any gains over the purchase price (net of any transaction costs and capital gains tax). In the event that the Pledge Units remain unsold upon the expiry of the facility, Jadeline is required to pay to the bank 50% of any gains over the purchase price based on the volume weighted average price of the AmFIRST REIT units over the three days leading to the maturity of the facility.

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

Group	2007			2006		
	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000
Repayable within 1 year	72	8	80	90	9	99
Repayable after 1 year but within 5 years	75	12	87	150	20	170
	147	20	167	240	29	269

NOTES TO THE FINANCIAL STATEMENTS

11 Financial liabilities (Cont'd)

Terms and debt repayment schedule

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

Group	Nominal interest rate	Year of maturity	2007		2006	
			Face value	Carrying amount	Face value	Carrying amount
			\$'000	\$'000	\$'000	\$'000
RM floating rate loan	0.25% above the bank's cost of funds	2009	19,552	19,552	-	-
Finance lease liabilities	2.3% - 2.5%	2008 – 2011	147	147	240	240
			19,699	19,699	240	240

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
2007					
Non-derivative financial liabilities					
Fixed interest rate loans	19,552	20,712	823	19,889	-
Finance lease liabilities	147	167	80	87	-
Trade and other payables	16,161	16,161	16,161	-	-
	35,860	37,040	17,064	19,976	-
Derivative financial liabilities					
Forward exchange contacts used for hedging - outflow	36	156	156	-	-
2006					
Non-derivative financial liabilities					
Finance lease liabilities	240	269	99	170	-
Trade and other payables	5,675	5,675	5,675	-	-
	5,915	5,944	5,774	170	-
Company					
2007					
Trade and other payables	11,286	11,286	11,286	-	-
2006					
Trade and other payables	2,610	2,610	2,610	-	-

11 Financial liabilities (Cont'd)

The following table indicates the periods in which the cash flow associated with derivatives that are cash flow hedges are expected to impact the income statement:

Group	Carrying amount	Cash flows			
	\$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
2007					
Forward exchange contracts - liabilities	36	156	156	-	-

12 Deferred tax

Deferred tax assets and liabilities of the Group and the Company are attributable to the following:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deferred tax liabilities				
Plant and equipment	38	18	-	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deductible temporary differences	19	111	-	-
Tax losses	1,145	804	-	-
	1,164	915	-	-

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can recognise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

13 Trade and other payables

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables	1,033	104	-	-
Accrued expenses	9,956	4,161	5,440	1,086
Other payables	4,922	173	4,922	-
Non-trade amounts due to:				
- related corporations:				
- interest-bearing	-	-	-	151
- interest-free	-	987	-	-
- subsidiaries (interest-free)	-	-	924	1,373
- a minority shareholder (interest-free)	250	250	-	-
	16,161	5,675	11,286	2,610

The non-trade amounts due to related corporations, subsidiaries and a minority shareholder were unsecured and repayable on demand.

14 Revenue

	Group	
	2007 \$'000	2006 \$'000
REIT base and performance fees	33,555	28,069
Acquisition fees	10,222	-
Portfolio management and service fees	7,648	1,448
Private fund performance fees	8,911	-
	60,336	29,517

15 Profit for the year

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

	Group	
	2007 \$'000	2006 \$'000
Other income		
Interest income on bank deposits	514	228
Distribution income	1,227	405
Gain on fair valuation of held-for-trading securities	-	1,161
Operating expenses		
Non-audit fee paid to:		
- auditors of the Company	296	32
Loss on fair valuation of held-for-trading securities	1,533	-
Depreciation of plant and equipment	216	198
Loss on disposal of plant and equipment	78	3
Exchange loss (net)	1,331	433
Staff costs	11,591	8,141
Contribution to defined contribution plans, included in staff costs	419	326

16 Finance expenses

	Group	
	2007 \$'000	2006 \$'000
Interest expense:		
- bank loans	489	22
- finance lease liabilities	9	9
	498	31

NOTES TO THE FINANCIAL STATEMENTS

17 Income tax expense

	Group	
	2007 \$'000	2006 \$'000
Current tax expense		
Current year	4,825	2,823
Deferred tax expense		
Origination and reversal of temporary differences	20	30
	4,845	2,853
Reconciliation of effective tax rate		
Profit excluding income tax	38,883	16,203
Income tax using Singapore tax rate at 18% (2006: 20%)	6,999	3,241
Effects of concessionary tax rate*	(361)	(361)
Effects of different tax rates in other countries	(1,762)	(125)
Expenses not deductible for tax purposes	125	70
Income not subject to tax	(194)	(53)
Utilisation of previously unrecognised tax losses and wear and tear allowances	61	(7)
Benefit of temporary differences not recognised	(17)	90
Others	(6)	(2)
	4,845	2,853

* The profits of ARA Asset Management (Singapore) Limited and ARA Strategic Capital I Pte Ltd derived from certain Financial Sector Incentive activities were subject to income tax at a concessionary tax rate of 10% for a 5-year period under Section 43Q of the Income Tax Act with effect from 1 July 2004 and 17 November 2006, respectively.

18 Earnings per share

Basis and diluted earnings per share is based on:

	Group	
	2007 \$'000	2006 \$'000
Net profit attributable to ordinary shareholders	34,012	13,463

	2007 Number of shares '000	2006 Number of shares '000	2006 As previously reported Number of shares '000
Issued ordinary shares at beginning of the year	12	12	12
Effect of share split	9,048	9,048	-
Effect of bonus shares issued	500,000	500,000	-
Effect of new shares issued	12,200	-	-
Weighted average number of ordinary shares at the end of the year	521,260	509,060	12

19 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format – business segments is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments in associates and related revenue, interest-bearing borrowings and expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

REIT: Provision of asset and property fund management and acquisition services and to act as the asset manager for public-listed real estate investment trusts

Private real estate fund : Provision of real estate fund management services

NOTES TO THE FINANCIAL STATEMENTS

19 Segment reporting (Cont'd)

Business Segments (Cont'd)

Others: Specialist equity funds management and corporate finance advisory services and investment holding

Geographical Segments

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

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

(a) Business Segments

	REIT \$'000	Private real estate funds \$'000	Others \$'000	Total \$'000
2007				
Revenue	43,525	14,978	1,833	60,336
Segment results/results from operating activities	28,280	11,488	1,192	40,960
Unallocated expenses				(1,744)
				39,216
Finance costs				(498)
Share of profit of associates, net of tax				165
Profit before taxation				38,883
Income tax expense				(4,845)
Profit for the year				34,038
<i>Assets and liabilities</i>				
Segment assets	34,881	15,184	91,152	141,217
Investment in associates	261	47	-	308
Total assets	35,142	15,231	91,152	141,525
Segment liabilities	3,715	1,812	10,634	16,161
Unallocated liabilities				24,375
Total liabilities				40,536
<i>Other segment information</i>				
Capital expenditure	298	-	18	316
Depreciation	206	3	7	216

19 Segment reporting (Cont'd)

	REIT \$'000	Private real estate funds \$'000	Others \$'000	Total \$'000
2006				
Revenue	28,069	1,148	300	29,517
Segment results/results from operating activities	16,333	322	(447)	16,208
Finance costs				(31)
Share of profit of associates, net of tax				26
Profit before taxation				16,203
Income tax expense				(2,853)
Profit for the year				13,350
<i>Assets and liabilities</i>				
Segment assets	22,086	197	1,870	24,153
Investment in associates	127	34	-	161
Total assets	22,213	231	1,870	24,314
Segment liabilities	3,647	266	1,762	5,675
Unallocated liabilities				3,117
Total liabilities				8,792
<i>Other segment information</i>				
Capital expenditure	217	-	11	228
Depreciation	191	5	2	198

(b) Geographical Segments

	Singapore \$'000	Hong Kong \$'000	Malaysia \$'000	Others \$'000	Total \$'000
2007					
Revenue from external parties	49,731	5,647	-	4,958	60,336
Segment assets	117,204	2,718	21,069	226	141,217
Capital expenditure	304	12	-	-	316

NOTES TO THE FINANCIAL STATEMENTS

19 Segment reporting (Cont'd)

(b) Geographical Segments (Cont'd)

	Singapore \$'000	Hong Kong \$'000	Malaysia \$'000	Others \$'000	Total \$'000
2006					
Revenue from external parties	24,435	4,905	-	177	29,517
Segment assets	17,555	6,429	-	169	24,153
Capital expenditure	155	73	-	-	228

20 Financial risk management

Overview

Risk management is integral to the whole business of the Group. 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 Group's Group Risk and Internal Audit division. The Group Risk and Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group's exposure to credit risk arises mainly through its trade and accrued fees receivables from REITs and private real estate funds and cash and cash equivalents which are placed with regulated financial institutions. Exposure to credit risk is monitored on an ongoing basis.

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

20 Financial risk management (Cont'd)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. 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.

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

- HK\$3.0 million overdraft facility that is unsecured. Interest would be payable at the rate of Hong Kong prime lending rate.
- S\$1.2 million revolver credit facility that can be drawn down to meet short-term financing needs. The facility has a 30-day maturity that renews automatically at the option of the Group. Interest would be payable at Singapore prime lending rate.

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 on risk.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Sensitivity Analysis

For the variable rate secured bank loan, an increase of 100 bps in interest rate at the reporting date would decrease profit by \$196,000 (2006: \$Nil). A decrease in 100 bps in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

Exposure to foreign currency risk is insignificant as the Group's fee income and related expenses, assets and liabilities are substantially denominated in the respective functional currencies of the Group entities, which are either the Singapore dollars, Hong Kong dollars or Ringgit Malaysia. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial risk management (Cont'd)

The Group's and Company's exposures to foreign currency are as follows:

	US dollar \$'000	Hong Kong dollar \$'000	Ringgit Malaysia \$'000	Euro \$'000
Group				
31 December 2007				
Trade and other receivables	9,224	1,892	-	-
Cash and cash equivalents	1,800	459	-	-
Financial assets	226	1,100	-	-
Financial liabilities	-	-	-	-
Trade and other payables	(17)	(10,451)	-	-
	<u>11,233</u>	<u>(7,000)</u>	-	-
31 December 2006				
Trade and other receivables	123	121	-	-
Cash and cash equivalents	504	2,246	-	13
Financial assets	-	1	-	-
Financial liabilities	-	-	-	-
Trade and other payables	(151)	(1,269)	-	-
	<u>476</u>	<u>1,099</u>	-	<u>13</u>
Company				
31 December 2007				
Trade and other receivables	9,057	-	-	-
Cash and cash equivalents	155	-	-	-
Trade and other payables	(1,107)	(1,459)	-	-
	<u>8,105</u>	<u>(1,459)</u>	-	-
31 December 2006				
Trade and other receivables	12	569	9	-
Cash and cash equivalents	458	-	-	13
Trade and other payables	(151)	(1,701)	-	-
	<u>319</u>	<u>(1,132)</u>	<u>9</u>	<u>13</u>

20 Financial risk management (Cont'd)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
31 December 2007				
US dollar	(23)	(1,101)	-	(811)
Hong Kong dollar	-	700	-	146
	(23)	(401)	-	(665)
31 December 2006				
US dollar	-	(48)	-	(32)
Hong Kong dollar	-	(110)	-	113
Ringgit Malaysia	-	-	-	(1)
Euro	-	(1)	-	(1)
	-	(159)	-	79

A 10% weakening of Singapore dollar against the above currencies 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.

Forecast transactions

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The net negative fair value of forward exchange contracts used as hedges of forecast transactions at 31 December 2007 is \$36,000 (2006: Nil), comprising liabilities of \$36,000 (2006: Nil) recognised as fair value derivatives in other payables.

Sensitivity analysis-equity price risk

A 10% increase (decrease) in the underlying equity prices of the Group's equity instruments at the reporting date would increase (decrease) equity and profit or loss by the following amount:

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Equity	2,016	-	-	-
Profit or loss	1,098	-	-	-
	3,114	-	-	-

This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial risk management (Cont'd)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Investments in equity securities

The fair value is determined by reference to their quoted bid prices at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value 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.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Fair Value

The carrying values of financial assets and liabilities closely approximate their fair values at the balance sheet date.

21 Commitments

During the year ended 31 December 2007, the Group entered into a contract to invest an amount of up to 2.0% of ARA Asia Dragon Fund's aggregate committed capital as seed capital in the fund. Following the first and second closures of ARA Asia Dragon Fund on 20 September 2007 and 30 December 2007, the aggregate committed capital of the fund amounted to US\$1,011.8 million, inclusive of the Company's commitment of US\$19.8 million (equivalent to \$28.5 million).

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. Lease payments are usually increased annually to reflect market rentals.

21 Commitments (Cont'd)

At 31 December, the Group and the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2007 \$'000	2006 \$'000
Within 1 year	1,451	635
After 1 year but within 5 years	2,111	339
	<u>3,562</u>	<u>974</u>

22 Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

	Group	
	2007 \$'000	2006 \$'000
Entities subject to common significant influence:		
Base and performance fees received/receivable	8,044	8,186
Portfolio management and service fees received/receivable	9,784	971
Distribution received	76	114
Operating lease expenses paid/payable	307	326
Remuneration paid/payable to key management personnel included in staff costs	<u>5,137</u>	<u>3,646</u>

23 Subsequent event

Subsequent to the year-end, the directors declared a final tax exempt dividend of \$22,118,000. The dividends have not been accounted for.

NOTES TO THE FINANCIAL STATEMENTS

24 New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 23 *Borrowing Costs*
- FRS 108 *Operating Segments*
- INT FRS 111 *FRS 102 Group and Treasury Share Transactions*
- INT FRS 112 *Service Concession Arrangements*

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group is currently assessing the impact arising from the implementation of FRS 108.

Other than FRS 108, the initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

SUPPLEMENTARY INFORMATION

(SGX Listing Manual disclosure requirements)

1 Directors' remuneration

Company's directors receiving remuneration from the Group:

Remuneration of:

\$500,000 and above
\$250,000 to below \$500,000
Below \$250,000

	2007	2006
	1	1
	-	-
	4	-
	5	1

2 Interested person transactions

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

Name of Interested person	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	Aggregate value of all other transactions
	\$'000	\$'000
Fortune REIT		
- Manager's fees	-	8,044
Al Islami Far Eastern Real Estate Fund Limited ("AIFEREF")		
- Manager's fees	-	9,784
The Centre (55) Limited		
- Provision of office space	-	307
Action Advantage Limited		
- Provision of corporate and advisory services	449	-

SUBSTANTIAL SHAREHOLDERS

As at 19 March 2008

Substantial Shareholders

As at 19 March 2008

		No of Shares Direct Interest	No of Shares Deemed Interest
1	JL Investment Group Limited ⁽¹⁾	212,142,000	-
2.	Lim Hwee Chiang John	-	212,142,000
3	Cheung Kong Investment Company Limited	90,918,000	-
4	Cheung Kong (Holdings) Limited ⁽²⁾	-	90,918,000
5	Prudential Asset Management (Singapore) Ltd	-	58,591,000

Notes:

⁽¹⁾ Mr. John Lim has an indirect interest in the shares of the Company held by JL Investment Group Limited, which is wholly owned by him.

⁽²⁾ 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

Free Float

Based on the information made available as at 19 March 2008, approximately 37.8% of the shares in ARA Asset Management Limited is held in public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2008

Distribution of Shareholdings

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 - 999	2	0.04	20	0.00
1,000 - 10,000	3,724	82.39	15,381,480	2.64
10,001 - 1,000,000	781	17.28	44,396,000	7.63
1,000,001 and above	13	0.29	522,282,500	89.73
Total	4,520	100.00	582,060,000	100.00

Twenty Largest Shareholders

Name	No. Of Shares	%
1. JL Investment Group Limited	212,142,000	36.45
2. Cheung Kong Investment Company Limited	90,918,000	15.62
3. DBS Nominees Pte Ltd	74,941,532	12.88
4. Citibank Nominees Singapore Pte Ltd	54,376,438	9.34
5. Raffles Nominees Pte Ltd	21,584,527	3.71
6. Morgan Stanley Asia (Singapore) Securities Pte Ltd	21,532,984	3.70
7. HSBC (Singapore) Nominees Pte Ltd	19,995,000	3.44
8. DBS Vickers Securities (S) Pte Ltd	17,705,000	3.04
9. DBSN Services Pte Ltd	3,590,000	0.62
10. Merrill Lynch (Singapore) Pte Ltd	2,111,000	0.36
11. DB Nominees (S) Pte Ltd	1,268,019	0.22
12. Choy Sai Chak	1,100,000	0.19
13. Oversea-Chinese Bank Nominees Pte Ltd	1,018,000	0.17
14. Goh Ah Hoe	1,000,000	0.17
15. OCBC Securities Private Ltd	818,000	0.14
16. Lin Chiu-Nan	700,000	0.12
17. United Overseas Bank Nominees Pte Ltd	656,000	0.11
18. Lim Thiam Yew	650,000	0.11
19. Lam Yew Chong	647,000	0.11
20. Hong Leong Finance Nominees Pte Ltd	629,000	0.11
Total	527,382,500	90.61

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 Meeting Room 306, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 29 April 2008 at 2:30 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2007 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final tax exempt dividend of S\$0.038 per share for the year ended 31 December 2007. **(Resolution 2)**
3. To re-elect Mr Chiu Kwok Hung Justin, a Director of the Company retiring pursuant to Bye-law 86(1) of the Bye-laws of the Company and who has offered himself for re-election. **(Resolution 3)**
4. To re-elect Mr Ip Tak Chuen Edmond, a Director of the Company retiring pursuant to Bye-law 85(6) of the Bye-laws of the Company and who has offered himself for re-election. **(Resolution 4)**
5. To re-elect Mr Lee Yock Suan, a Director of the Company retiring pursuant to Bye-law 85(6) of the Bye-laws of the Company and who has offered himself for re-election.
[See Explanatory Note (i)] **(Resolution 5)**
6. To re-elect Mr Lim How Teck, a Director of the Company retiring pursuant to Bye-law 85(6) of the Bye-laws of the Company and who has offered himself for re-election.
[See Explanatory Note (ii)] **(Resolution 6)**
7. To re-elect Mr Cheng Mo Chi Moses, a Director of the Company retiring pursuant to Bye-law 85(6) of the Bye-laws of the Company and who has offered himself for re-election.
[See Explanatory Note (iii)] **(Resolution 7)**
8. To re-elect Mr Colin Stevens Russel, a Director of the Company retiring pursuant to Bye-law 85(6) of the Bye-laws of the Company and who has offered himself for re-election.
[See Explanatory Note (iv)] **(Resolution 8)**
9. To approve the payment of Directors' fees of S\$69,700 for the year ended 31 December 2007. **(Resolution 9)**
10. To re-appoint KPMG as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 10)**
11. 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 as Ordinary Resolutions, with or without any modifications:

12. Authority to issue shares up to 50 per centum (50%) of the issued share capital of the Company

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("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 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 centum (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 centum (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:
- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 (v)] **(Resolution 11)**

13. Renewal 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 renewal 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 the Appendix to the Company's Letter to Shareholders and Depositors dated 11 April 2008 (the "Letter"), with any party who is of the class of Mandated Interested Persons described in the Appendix 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 the Appendix 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) such approval 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 (vi)] **(Resolution 12)**

By Order of the Board

Lim Ka Bee
Company Secretary
Singapore, 11 April 2008

Explanatory Notes:

- (i) Mr Lee Yock Suan will, upon re-election as a Director of the Company, remain as chairman of the Audit Committee and will be considered independent.
- (ii) Mr Lim How Teck will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent.
- (iii) Mr Cheng Mo Chi Moses will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent.
- (iv) Mr Colin Stevens Russel will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent.
- (v) Ordinary Resolution 11 in item 12 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.
- (vi) Ordinary Resolution 12 proposed in item 13 above, if passed, will renew 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 the Appendix to the Letter to Shareholders and Depositors dated 11 April 2008 (the "Letter") with any party who is of the class of Mandated Interested Persons described in the Appendix 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.

Notes:

1. A Member (other than a Member which is The Central Depository (Pte) Limited (the "Depository")) entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Depositor who is a natural person need not submit the Depositor Proxy Form if he is attending the Meeting in person.
3. Where a Depositor(s) is a corporation and wishes to be represented at the Meeting, it must nominate an Appointee/Appointees to attend and vote as a proxy of the Depository at the Meeting in respect of the number of the Depositor(s) Shares.
4. A Depositor(s) may nominate not more than two Appointees, who shall be natural persons, to attend and vote in his/her/its place as proxy of the Depository in respect of the number of the Depositor(s) Shares by completing the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street #08-01, Samsung Hub, Singapore 049483, at least forty-eight (48) hours before the time of the Meeting.

Notice Of Books Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2008 for the purpose of determining shareholders' entitlement to the final dividend to be approved by shareholders at the Annual General Meeting to be held on 29 April 2008.

Duly completed registrable transfers received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 7 May 2008 will be registered to determine shareholders' entitlements to the said dividend. Persons whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 May 2008 will receive the proposed dividend through the Depository.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 29 April 2008 will be made on 16 May 2008.



(An Affiliate of Cheung Kong Group)

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