



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENT ANNOUNCEMENT

FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2007

These figures have not been audited nor reviewed.

ARA Asset Management Limited (“ARA” 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 on 2 November 2007.

ARA’s business comprises four primary segments:

- REIT management;
- Private real estate fund management;
- Specialist equity fund management; and
- Corporate finance advisory services

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 REITs and listed infrastructure and utilities trusts in the Asia-Pacific region.

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

Credit Suisse (Singapore) Limited and DBS Bank Ltd. were the joint global coordinators, bookrunners and underwriters for the initial public offering (“IPO”) of ARA.

**Financial Statements Announcement
For the financial year ended 31 December 2007**
1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	1/10/07 to 31/12/07 S\$'000	1/10/06 to 31/12/06 S\$'000	Change %	1/1/07 to 31/12/07 S\$'000	1/1/06 to 31/12/06 S\$'000	Change %
Revenue	(a)	34,174	7,951	330%	60,336	29,517	104%
Other income	(b)	1,285	744	73%	1,741	1,794	(3%)
Total revenue		<u>35,459</u>	<u>8,695</u>	308%	<u>62,077</u>	<u>31,311</u>	98%
Administrative expenses	(c)	(4,919)	(3,196)	54%	(16,228)	(12,508)	30%
Operating lease expenses	(d)	(371)	(160)	132%	(857)	(570)	50%
Other expenses	(e)	<u>(4,432)</u>	<u>(809)</u>	448%	<u>(5,776)</u>	<u>(2,025)</u>	185%
Results from operating activities		25,737	4,530	468%	39,216	16,208	142%
Finance expenses	(f)	<u>(211)</u>	<u>(3)</u>	n.m.	<u>(498)</u>	<u>(31)</u>	n.m.
		25,526	4,527	464%	38,718	16,177	139%
Share of profits of associates (net of tax)	(g)	<u>34</u>	<u>4</u>	750%	<u>165</u>	<u>26</u>	535%
Profit before income tax	(h)	25,560	4,531	464%	38,883	16,203	140%
Income tax expense	(i)	<u>(2,669)</u>	<u>(693)</u>	285%	<u>(4,845)</u>	<u>(2,853)</u>	70%
Profit for the period / year		<u><u>22,891</u></u>	<u><u>3,838</u></u>	496%	<u><u>34,038</u></u>	<u><u>13,350</u></u>	155%
Attributable to:							
Equity holders of the Company		22,609	3,882	482%	34,012	13,463	153%
Minority interest		<u>282</u>	<u>(44)</u>	(741%)	<u>26</u>	<u>(113)</u>	(123%)
		<u><u>22,891</u></u>	<u><u>3,838</u></u>	496%	<u><u>34,038</u></u>	<u><u>13,350</u></u>	155%

Note:

The Group's combined financial information were prepared in a manner similar to the "pooling of interests" method as if the corporate reorganisation had been completed on the dates of incorporation of the subsidiaries under common control. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although certain of the legal parent-subsidiary relationships were not established until on and after 25 September 2007. These combined financial statements are the combination or aggregation of all the financial statements of the companies of our Group.

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For the financial year ended 31 December 2007**
1(a)(ii) Explanatory notes to the income statement – FY 2007 vs FY 2006
(a) Revenue

		FY 2007 S\$'000	FY 2006 S\$'000	Change %
Revenue		60,336	29,517	104%
REIT base and performance fees	(i)	33,555	28,069	20%
Acquisition fees	(ii)	10,222	-	n.m.
Portfolio management and service fees	(iii)	7,648	1,448	428%
Private fund performance fees	(iv)	8,911	-	n.m.

n.m. : not meaningful

- (i) The increase in REIT base and performance fees was primarily due to higher property values and net property income in the REITs managed by the Group.
- (ii) The increase in acquisition fees was primarily due to an acquisition fee of \$9.4 million received by the Group from the acquisition by Suntec REIT of its one-third interest in One Raffles Quay which was completed on 30 October 2007. The Group also recorded acquisition fees for the acquisition of certain units in Prosperity Center by Prosperity REIT in January 2007, acquisition of Kelana Brem Towers by AmFIRST REIT in June 2007, and the acquisition by Suntec REIT of State Land along Penang Road in July 2007.
- (iii) Portfolio management fees and service fees increased from S\$1.4 million in FY 2006 to S\$7.6 million in FY 2007 due to portfolio management fees from the ARA Asia Dragon Fund and the ARA Asian Asset Income Fund, as well as advisory fees for corporate advisory services rendered to Suntec REIT for its acquisition of its one-third interest in One Raffles Quay.
- (iv) The Group recognized performance fees of S\$8.9 million in 4Q 2007 from the divestment of the underlying assets in the Al Islami Far Eastern Real Estate Fund ("AIFEREF"), a Shariah-compliant private real estate fund established by us in August 2004, in October 2007.

(b) Other income

Other income comprise primarily of distribution income, interest income and gain on fair valuation of held-for-trading securities. Distribution income increased from S\$0.4 million in FY 2006 to S\$1.2 million in FY 2007, primarily due to an increase in the number of REIT units received by the Group as part payment of the base and performance fees of those REITs. Interest income increased from S\$0.2 million in FY 2006 to S\$0.5 million in FY 2007 mainly from higher cash deposit placements following the initial public offering of the Group. The Group had recorded a gain on fair valuation of S\$1.2 million on REIT units received by the Group as part payment of the base and performance fees of those REITs in FY 2006.

(c) Administrative expenses

Administrative expenses comprise primarily of staff-related expenses, directors' fees and strategic advisory fees. The increase was largely attributed to the increase in headcount to meet the Group's growing business operations, and a one-off bonus of S\$0.9 million payable to certain employees in relation to the performance fees earned arising from the divestment of the underlying assets in AIFEREF under the Group's performance based bonus scheme.

(d) Operating lease expenses

The increase in operating lease expenses was due to an expansion of our office premises to accommodate the increase in headcount of our Group.

(e) Other expenses

Other expenses comprise primarily of other staff-related expenses such as travelling expenses, telecommunication expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, depreciation, listing and board meeting expenses and other miscellaneous expenses. Included in other expenses for FY 2007 was a loss on fair valuation of S\$1.5 million on REIT units received by the Group as part payment of the base and performance fees of those REITs. The Group also recorded net foreign exchange losses in FY 2007 of S\$1.3 million comprising

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For the financial year ended 31 December 2007**

primarily of (i) unrealised losses arising from the conversion of the Group's accounts from HKD to SGD, and (ii) a one-off realized loss arising from the payment of interim dividends prior to the IPO of our Company, as a result of the strengthening of the SGD against the HKD.

(f) Finance costs

The increase in finance costs was primarily due to interest on borrowings of RM44.5 million (equivalent to approximately S\$19.6 million) taken up to partly finance the acquisition of a 12.5% interest in AmFIRST REIT in May 2007.

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

Share of profits of associates (net of tax) was higher in FY 2007 primarily due to the recognition of our share of profits arising from the Group's 30% effective interest in Am ARA REIT Managers Sdn Bhd, the manager of AmFIRST REIT. AmFIRST REIT was listed on Bursa Malaysia on 21 December 2006.

(h) Profit before income tax

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

	1/10/07 to 31/12/07	1/10/06 to 31/12/06	Change	1/1/07 to 31/12/07	1/1/06 to 31/12/06	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Distribution income	1,016	72	n.m.	1,227	405	203%
Interest income	269	66	308%	514	228	125%
(Loss) / Gain on fair valuation of held-for-trading securities	(1,515)	588	n.m.	(1,533)	1,161	n.m.
Depreciation	(55)	(49)	12%	(216)	(198)	9%
Exchange loss (net)	(1,152)	(178)	547%	(1,331)	(433)	207%
Finance cost	(211)	(3)	n.m.	(498)	(31)	n.m.
Loss on disposal of plant and equipment	(78)	-	n.m.	(78)	(3)	n.m.

n.m. : not meaningful

(i) Income tax expense

The current tax expense is based on the statutory tax rates of the respective countries in which the subsidiaries and associates of the Group operate.

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

	Note	Group		Company	
		31/12/07	31/12/06	31/12/07	31/12/06
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Financial assets	(a)	30,093	-	-	-
Plant and equipment		599	594	-	-
Tenancy deposits		289	148	-	-
Subsidiaries		-	-	1,782	1,782
Associates		308	161	-	-
		<u>31,289</u>	<u>903</u>	<u>1,782</u>	<u>1,782</u>
Current assets					
Financial assets	(b)	10,978	3	-	-
Trade and other receivables	(c)	24,764	7,671	9,122	329
Amounts owing by related corporations	(d)	-	-	34,493	1,235
Cash and cash equivalents	(e)	74,494	15,737	67,146	471
		<u>110,236</u>	<u>23,411</u>	<u>110,761</u>	<u>2,035</u>
Total assets		<u>141,525</u>	<u>24,314</u>	<u>112,543</u>	<u>3,817</u>
Equity attributable to equity holders					
Share capital		1,164	20	1,164	20
Reserves		99,890	15,599	100,093	1,187
		<u>101,054</u>	<u>15,619</u>	<u>101,257</u>	<u>1,207</u>
Minority interest		(65)	(97)	-	-
Total equity		<u>100,989</u>	<u>15,522</u>	<u>101,257</u>	<u>1,207</u>
Non-current liabilities					
Financial liabilities	(f)	19,627	150	-	-
Deferred tax liabilities		38	18	-	-
		<u>19,665</u>	<u>168</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	(g)	16,161	5,675	10,362	1,086
Amounts owing to related corporations		-	-	924	1,524
Financial liabilities	(f)	72	90	-	-
Current tax payable		4,638	2,859	-	-
		<u>20,871</u>	<u>8,624</u>	<u>11,286</u>	<u>2,610</u>
Total liabilities		<u>40,536</u>	<u>8,792</u>	<u>11,286</u>	<u>2,610</u>
Total equity and liabilities		<u>141,525</u>	<u>24,314</u>	<u>112,543</u>	<u>3,817</u>

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Footnotes:

- (a) *Non-current financial assets as at 31 December 2007 comprise (i) Suntec REIT units received by the Group as payment of acquisition fees for the acquisition by Suntec REIT of its one-third interest in One Raffles Quay; (ii) a 12.5% interest in AmFIRST REIT which has been pledged as security to obtain credit facilities (see note (f) below); and (iii) seed capital for the ARA Asia Dragon Fund ("ADF") of \$0.2 million as at 31 December 2007 (31 December 2006: \$Nil).*
- (b) *Current financial assets as at 31 December 2007 comprise REIT units received by the Group as part payment of the base and performance fees of those REITs.*
- (c) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables. The increase in trade and other receivables is primarily due to (i) increase in accrued base and performance fees of REITs managed by the Group; (ii) accrued portfolio management fees from the ADF; and (iii) private fund performance fee receivable of S\$8.9 million arising from the divestment of the underlying assets of the Al Islami Far Eastern Real Estate Fund in October 2007.*
- (d) *Amounts owing by related corporations relate mainly to dividends declared by the subsidiaries as at 31 December 2007 (31 December 2006: \$Nil).*
- (e) *The increase in cash and cash equivalents arose mainly from IPO proceeds raised but not yet deployed.*
- (f) *Financial liabilities as at 31 December 2007 relate mainly to a secured revolving credit facility taken up to partly finance the acquisition of a 12.5% interest in AmFIRST REIT and finance lease liabilities.*
- (g) *The increase in trade and other payables is primarily due to bonus payable as at year end, and accrued expenses relating to listing expenses and strategic advisory fees.*

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	31/12/07		31/12/06	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	72	-	90	-
Amount repayable after one year	19,627	-	150	-
	<u>19,699</u>	<u>-</u>	<u>240</u>	<u>-</u>

Footnotes:

- (a) *Included in total borrowings is an amount of S\$0.2 million (31 December 2006: S\$0.2 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (b) *As of 31 December 2007, the Group has unutilised unsecured (i) committed overdraft facility of HK\$3.0 million (31 December 2006: HK\$3.0 million) and (ii) committed revolving credit facility of S\$1.2 million (31 December 2006: S\$1.5 million).*

Details of any collateral

As of 31 December 2007, the Group had bank borrowings of approximately RM44.9 million (equivalent to approximately S\$19.6 million) which relates to a secured revolving credit facility provided by AmInvestment Bank Berhad ("AIBB") to our wholly-owned subsidiary, Jadeline Capital Sdn Bhd ("Jadeline") to partly finance the acquisition of a 12.5% interest in, or 53.7 million units of AmFIRST REIT in May 2007.

This facility is available for 24 months from the date of first draw down on 28 May 2007 and bears interest at a floating rate of 0.25% above AIBB's cost of funds, and is secured by a pledge of the AmFIRST REIT units that the Group purchased. The facility will be repayable in full at maturity with prepayment option.

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	1/10/07 to 31/12/07 S\$'000	1/10/06 to 31/12/06 S\$'000	1/1/07 to 31/12/07 S\$'000	1/1/06 to 31/12/06 S\$'000
Operating activities				
Profit for the period / year	22,891	3,838	34,038	13,350
Adjustments for:				
Management fee received / receivable in units of REITs	(18,470)	(5,736)	(35,392)	(22,154)
Depreciation of plant and equipment	55	49	216	198
Share of profit of associates	(34)	(4)	(165)	(26)
Interest income	(269)	(66)	(514)	(228)
Loss on disposal of plant and equipment	78	-	78	3
Loss / (Gain) on fair valuation of held-for-trading securities	1,515	(588)	1,533	(1,161)
Distribution income	(1,016)	(72)	(1,227)	(405)
Finance expenses	211	3	498	31
Income tax expense	2,669	693	4,845	2,853
Operating profit/(loss) before working capital changes	<u>7,630</u>	<u>(1,883)</u>	<u>3,910</u>	<u>(7,539)</u>
Changes in working capital:				
Trade and other receivables	(11,010)	248	(14,214)	(126)
Trade and other payables	6,979	(3,012)	10,490	700
Proceeds from sale of units in REITs	1,247	6,200	10,988	25,570
Income tax paid	(582)	17	(3,046)	(1,946)
Distributions income received	1,016	72	1,227	405
Interest received	269	66	514	228
Cash flows from operating activities	<u>5,549</u>	<u>1,708</u>	<u>9,869</u>	<u>17,292</u>
Investing activities:				
Purchase of plant and equipment	(273)	(37)	(316)	(228)
Proceed from disposal of plant and equipment	2	-	4	6
Purchase of available-for-sale securities				
- quoted	-	-	(21,884)	-
- unquoted	(226)	-	(226)	-
Acquisition of associates	-	(126)	-	(135)
Contribution from a minority shareholder	-	-	-	13
Cash flows from investing activities	<u>(497)</u>	<u>(163)</u>	<u>(22,422)</u>	<u>(344)</u>
Financing activities:				
Net proceeds from initial public offer	75,559	-	75,559	-
Payment of finance lease liabilities (net)	(22)	(27)	(93)	(105)
Proceeds from borrowings	-	-	19,924	-
Fixed deposits pledged to a financial institution	-	-	-	12
Repayment of borrowings	-	(650)	-	(650)
Dividends paid	(20,232)	-	(23,241)	(5,722)
Interest paid	(211)	(3)	(498)	(31)
Cash flows from financing activities	<u>55,094</u>	<u>(680)</u>	<u>71,651</u>	<u>(6,496)</u>
Net increase in cash & cash equivalents	60,146	865	59,098	10,452
Cash and cash equivalents at beginning of period / year	14,527	14,868	15,737	5,372
Effect of exchange rate fluctuations on cash held	(179)	4	(341)	(87)
Cash and cash equivalents at end of period / year	<u>74,494</u>	<u>15,737</u>	<u>74,494</u>	<u>15,737</u>

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Footnotes:

(a) Cash and cash equivalents at the end of financial year comprise of:

	As at	
	31/12/07 S\$'000	31/12/06 S\$'000
Fixed deposits with banks	67,452	11,372
Cash and bank balances	7,042	4,365
	74,494	15,737

(b) Despite a higher operating profit generated for the financial period from 1 January 2007 to 31 December 2007, cash flows from operating activities decreased from S\$17.3 million in 2006 to S\$9.9 million in 2007. The decrease was primarily due to a decrease in the proceeds arising from the sale of units in REITs from S\$25.6 million in 2006 to S\$11.0 million in 2007.

(c) The net cash flows used in investing activities amounted to S\$22.4 million in 2007 (2006: S\$344,000). This was primarily due to (i) S\$21.9 million for the purchase of a 12.5 % interest or 53.7 million units of AmFIRST REIT in May 2007 at RM0.93 per unit; and (ii) S\$0.2 million for seed capital for the ARA Asia Dragon Fund.

(d) Cash flows from financing activities amounted to S\$71.7 million in 2007. This was primarily due to (i) the IPO proceeds of \$75.6 million (net of IPO expenses) received on 2 November 2007; and (ii) the proceeds from the full draw down of a secured revolving credit facility of RM44.9 million to partly finance our acquisition of 53.7 million units of AmFIRST REIT in May 2007. The above cash flows were partially offset by the payment of interim dividends of S\$23.2 million.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
The Company				
At 1 January 2006	20	-	744	764
Profit for the year	-	-	6,165	6,165
Interim dividend paid	-	-	(5,722)	(5,722)
Total recognised income and expense for the year	-	-	443	443
At 31 December 2006	20	-	1,187	1,207
At 1 January 2007	20	-	1,187	1,207
Translation differences relating to financial statements of the Company	(2)	-	-	(2)
Net gains recognised directly in equity	(2)	-	-	(2)
Profit for the year	-	-	47,734	47,734
Total recognised income and expense for the year	(2)	-	47,734	47,732
Issue of shares from capitalisation of accumulated profits	1,000	-	(1,000)	-
Issue of new shares	146	-	-	146
Share premium on issue of new shares	-	83,804	-	83,804
Cost on issue of new shares	-	(8,391)	-	(8,391)
Interim dividend paid	-	-	(23,241)	(23,241)
At 31 December 2007	1,164	75,413	24,680	101,257

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	Share capital S\$'000	Share premium S\$'000	Foreign currency translation reserve S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Attributable to equity holders of the Company S\$'000	Minority interest S\$'000	Total equity S\$'000
The Group								
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
Interim dividend paid	-	-	-	-	(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
Changes 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	-	-	-	-	146	-	146
Share premium on issue of new shares	-	83,804	-	-	-	83,804	-	83,804
Cost on issue of new shares	-	(8,391)	-	-	-	(8,391)	-	(8,391)
Interim dividend paid	-	-	-	-	(23,241)	(23,241)	-	(23,241)
At 31 December 2007	1,164	75,413	85	(1,022)	25,414	101,054	(65)	100,989

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

On 28 September 2007, pursuant to a shareholders' resolution, the currency denomination of the Company's authorised and issued share capital was re-denominated (at the rate of US\$1.00 to S\$1.51) from US\$12,000 to S\$18,120, such that the par value of each share was changed from US\$1.00 to S\$1.51.

The shares were then sub-divided, with every one ordinary share of S\$1.51 in the authorised and issued share capital of the Company sub-divided into 755 shares of S\$0.002 each. The Company also increased the authorised share capital from S\$18,120 divided into 9,060,000 ordinary shares of S\$0.002 each to S\$2,000,000 divided into 1,000,000,000 ordinary shares of S\$0.002. Thereafter, an aggregate of 500,000,000 fully paid ordinary shares of S\$0.002 each were issued as bonus shares to the Company's existing shareholders as at 28 September 2007 (namely JL Investment Group Limited, and Cheung Kong Investment Company Limited) in proportion to their existing holdings of shares, out of retained earnings of the Company as at 30 June 2007.

On 1 November 2007, 73 million new shares were issued pursuant to the initial public offering of the Company.

As at 31 December 2007, the total number of shares in issue of the Company was 582,060,000.

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

	FY 2007	FY 2006
Total number of issued shares	582,060,000	12,100 ^(a)

Notes:

(a) Includes 100 issued shares of ARA Asset Management (Holdings) Limited.

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

Not applicable.

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

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The same accounting policies and methods of computation were followed during the current financial year as compared to those reported in the audited combined financial statements for the year ended 31 December 2006 disclosed in our IPO prospectus dated 26 October 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(Singapore cents)	1/10/07 to 31/12/07	1/10/06 to 31/12/06	1/1/07 to 31/12/07	1/1/06 to 31/12/06
Earnings per ordinary share for the period based on net profit attributable to shareholders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	4.34	0.59	6.53	2.64
(ii) On a fully diluted basis	4.34	0.59	6.53	2.64

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The calculation of basic and diluted earnings per share for the relevant period and year is based on the profit for the period and year attributable to equity holders of the Company for the financial periods and years ended 31 December 2006 and 31 December 2007 and the weighted average number of 509,060,000 shares in issue as at 31 December 2006 and 521,060,000 shares in issue as at 31 December 2007.

The weighted average number of shares is computed based on:-

- (a) 509,060,000 shares in issue for the period from 1 January 2007 to 31 October 2007; and
- (b) 582,060,000 shares in issue for the period from 1 November 2007 to 31 December 2007.

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

(Singapore cents)	Group		Company	
	31/12/07	31/12/06	31/12/07	31/12/06
Net asset value per ordinary share	17.36	3.07	17.40	0.24
Net tangible assets backing per ordinary share	17.36	3.07	17.40	0.24

Net asset value as of 31 December 2006 and 2007 is calculated based on the net assets of the Group (excluding minority interest), based on the issued share capital of 509,060,000 shares (the number of ordinary shares is adjusted for the proportionate change in the number of a share split and bonus shares issued) as at 31 December 2006 and 582,060,000 shares as at 31 December 2007 respectively.

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

	4Q 2007 S\$'000	4Q 2006 S\$'000	Change %	FY 2007 S\$'000	FY 2006 S\$'000	Change %
Total Revenue	35,459	8,695	308%	62,077	31,311	98%
EBIT	25,737	4,530	468%	39,216	16,208	142%
Net Profit⁽¹⁾	22,609	3,882	482%	34,012	13,463	153%
Net Margin	65%	44%	+21%	55%	43%	+12%
ROE	n.m.	n.m.	n.m.	34%	n.m.	n.m.

n.m. : not meaningful

(1) *Net Profit refers to "Profit for the year attributable to equity holders of the Company"*

4Q 2007 vs 4Q 2006

The Group has achieved a record set of results for this quarter.

Revenue was boosted by acquisition fees from Suntec REIT's acquisition of its one-third interest in One Raffles Quay which was completed on 30 October 2007, portfolio management fees from the first closing of the ARA Asia Dragon Fund ("ADF") on 20 September 2007, and performance fees from the divestment of the underlying assets in the Al Islami Far Eastern Real Estate Fund ("AIFEREF") in October 2007. AIFEREF turned in an excellent performance with an internal rate of return of 23.7%.

The Group's REIT base and performance fee income was also lifted by higher property values and net property income in the REITs managed by the Group. While this was partially offset by higher staff and other costs resulting from the increase in headcount of the Group, on the whole, the Group achieved significantly higher net profit and net margin for 4Q 2007 compared to 4Q 2006.

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For the quarter, total assets under management increased by 18% from S\$8,872 million (US\$6,169 million) as at 30 September 2007 to S\$10,443 million (US\$7,261 million) as at 31 December 2007.

FY 2007 vs FY 2006

Total revenue increased by 98% from S\$31.3 million to S\$62.1 million. This increase was primarily due to acquisition fees from Suntec REIT's acquisition, portfolio management fees from the first closing of the ADF, performance fees from the divestment of the underlying assets in AIFEREF, as well as higher base and performance fees as a result of significant increases in the property values and net property income in the REITs managed by the Group.

For the full year, the Group achieved a record net profit of S\$34.0 million, a 153% increase from FY 2006. The record profit was driven by the strong increase in revenue, as well as an improvement in net margins from 43% in FY 2006 to 55% in FY 2007. Return on equity for the listed Group stood at a commendable 34%.

During the year, the Group has successfully completed two closings of the ADF, bringing the aggregate committed capital for the fund to over US\$1 billion, and an additional US\$500 million allocated by a major investor for co-investments with the fund. The Group's REIT portfolio has also grown significantly in FY 2007, notably with the acquisition of a one-third interest in One Raffles Quay by Suntec REIT and revaluations for the properties in the various REITs managed by the Group.

Total assets under management of the Group rose by 56% during the financial year from S\$6,673 million (US\$4,639 million) as at 31 December 2006 to S\$10,443 million (US\$7,261 million) as at 31 December 2007.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

FY 2007 was a record year for ARA and the Group remains optimistic of its prospects for FY 2008.

The subprime mortgage crisis in the US and the resulting fallout has brought about increased risk aversion in global credit markets. While the ensuing credit squeeze and fears of a possible recession in the US impacting the global economy has led to increased volatility in financial markets, the Group is well-positioned to weather the current turbulence:

- The Group has an experienced management team in place with a proven track record of performance and growth;
- The Group is in an excellent financial position with a net cash position of S\$55 million as at 31 December 2007, and no need for additional debt for its current operations; and
- The bulk of the Group's income is secured in the form of management fees from the management of REITs and private real estate funds. The strong increase in total assets under management achieved in FY 2007 will provide a significant boost to the Group's recurrent income for FY 2008 and beyond, in particular, full year contribution of portfolio management fees from the ARA Asia Dragon Fund ("ADF").

As such, the Group remains confident of continuing our growth and strengthening our position as a leading real estate fund manager in Asia.

On the acquisition front, the acquisition by AmFIRST REIT of strata units in The Summit Subang USJ, a mixed commercial development in Kuala Lumpur, Malaysia for RM260.0 million is expected to be completed in 2008. The Group is also reviewing various acquisition opportunities for the other REITs

**Financial Statements Announcement
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under our management, and is actively exploring increasing our REITs under management by setting up new REITs.

For our private funds, the Group has successfully completed the second closing of the ADF on 30 December 2007 to bring the fund's aggregate committed capital to above US\$1 billion, and an additional US\$500 million allocated by a major investor for co-investments with the fund. The ADF is currently seeking opportunities to place out the capital into real estate in Asia. Following the successful divestment of AIFEREF, the Group is looking to build on our track record to set up another Shariah-compliant fund targeted at investors from the Middle East.

Outlook for the financial year ending 31 December 2008

Barring unforeseen circumstances, the Board of Directors expects a better performance for ARA in FY 2008.

11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount	:	S\$0.038 per share
Dividend Rate	:	Not applicable
Par value of shares	:	S\$0.002 per share
Tax Rate	:	Tax Exempt

(b) Corresponding period of the immediately preceding financial year

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

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

(c) Date payable

16 May 2008

(d) Books closure date

8 May 2008

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

A final dividend of S\$0.038 per share has been recommended for the financial year ended 31 December 2007.

**Financial Statements Announcement
For the financial year ended 31 December 2007**
PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Revenue		Profit before finance expenses, share of profits of associates, income tax and minority interest	
	1/1/07 to 31/12/07	1/1/06 to 31/12/06	1/1/07 to 31/12/07	1/1/06 to 31/12/06
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Business Segments</u>				
REITs	43,524	28,069	28,280	16,333
Private real estate funds	14,979	1,148	11,488	322
Others ^(a)	1,833	300	1,192	(447)
	60,336	29,517	40,960	16,208
Unallocated expenses	-	-	(1,744)	-
	60,336	29,517	39,216	16,208

Notes:

- (a) Comprise primarily of specialist equity fund management, corporate finance advisory services and investment holdings. The loss in FY 2006 arose mainly from startup costs for the establishment of our specialist equity fund management business unit.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to preceding Paragraph 8.

- 15. A breakdown of sales.**

	FY 2007 S\$'000	FY 2006 S\$'000	Change %
Revenue reported for first half year	16,780	14,158	19%
Operating profit after tax before deducting minority interests reported for first half year	7,737	6,571	18%
Revenue reported for second half year	43,556	15,359	184%
Operating profit after tax before deducting minority interests reported for second half year	26,301	6,779	288%

**Financial Statements Announcement
For the financial year ended 31 December 2007**
16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY 2007 S\$'000	FY 2006 S\$'000
Ordinary	45,359 ^(a)	5,722
Preference	-	-
Total:	45,359	5,722

Notes:

(a) This includes the proposed final dividend of \$0.038 per share which amounts to S\$22.2 million. Of the total dividends declared in FY07, S\$14.6 million was from previous years' retained earnings.

17. Interested Person Transactions

<u>Name of interested person</u>	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	1/10/07 to 31/12/07 S\$'000	1/1/07 to 31/12/07 S\$'000	1/10/07 to 31/12/07 S\$'000	1/1/07 to 31/12/07 S\$'000
Fortune REIT	-	-	2,007	8,044
AIFEREF	-	-	9,083	9,784
The Center (55) Limited	-	-	84	307
Action Advantage Limited	46	449	-	-
	46	449	11,174	18,135

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

Lim Hwee Chiang
Director
20 February 2008

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of uncertainties, risks and assumptions. Representative examples of these factors include but are not limited to general market and economic conditions, interest rate trends, competition from other real estate investors, changes in operating expenses including employee wages and benefits, changes in government policies, and the continued availability of financing in the amounts and terms necessary to support future business. You are cautioned not to place undue reliance on the forward-looking statements in this announcement, which are based on the current view of management on future events. Information from external sources in this announcement has not been independently verified by us. The external sources quoted in this announcement have not consented to the inclusion of the information in this announcement.