



ARA ASSET MANAGEMENT LIMITED

**RESULTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2007**

Agenda



1. Overview of ARA
2. Highlights
3. Financial Review
4. Analysis of Results
5. Business Strategy & Outlook

1. OVERVIEW OF ARA

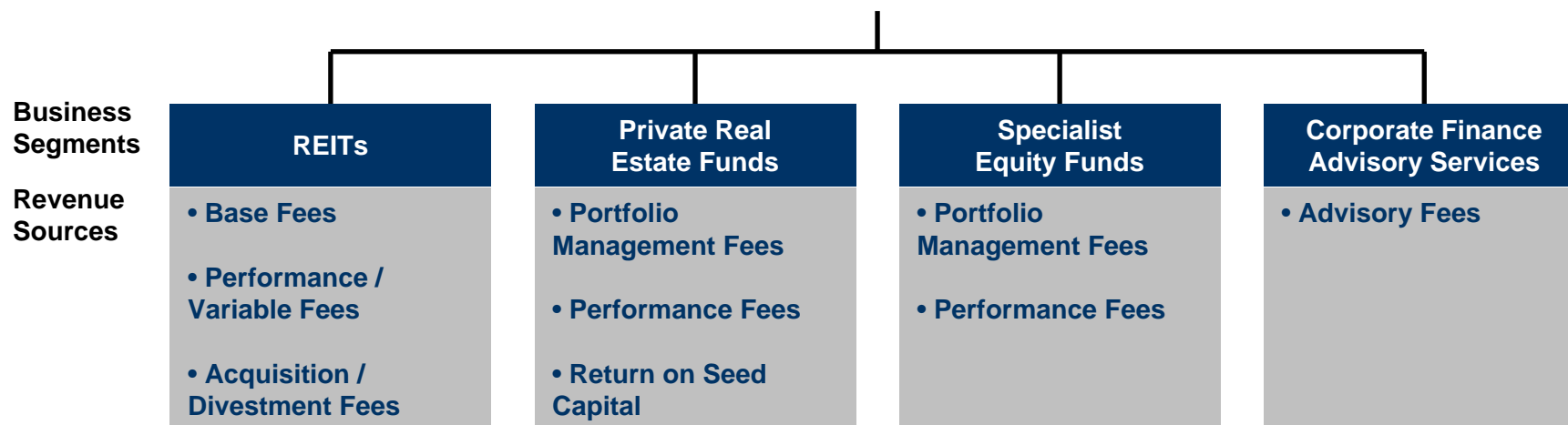


Business Segments

Leading Asian real estate fund manager



ARA Asset Management Limited



Notes:

For the REITs we manage, we earn:

- base fees based on the value of the properties of the REITs;
- performance / variable fees based on the net property income of the REITs; and
- acquisition / divestment fees based on the acquisition / divestment value of properties acquired / divested by the REITs.

For the private real estate funds we manage, we earn:

- portfolio management fees based on the committed / invested capital of the funds;
- a share of the returns of the funds at the end of the funds' lives for performance beyond certain hurdle rates as performance fees;
- we also invest a portion of our capital as seed capital for certain of our funds and are entitled to returns on such seed capital.

For the specialist equity funds we manage, we earn:

- portfolio management fees based on the NAV of the funds; and
- a share of the returns of the funds periodically for performance beyond certain hurdle rates as performance fees.





We earn advisory fees for corporate finance advisory services rendered.

FY07 Financial Results

Fund Products

Diversified and complementary fund strategies



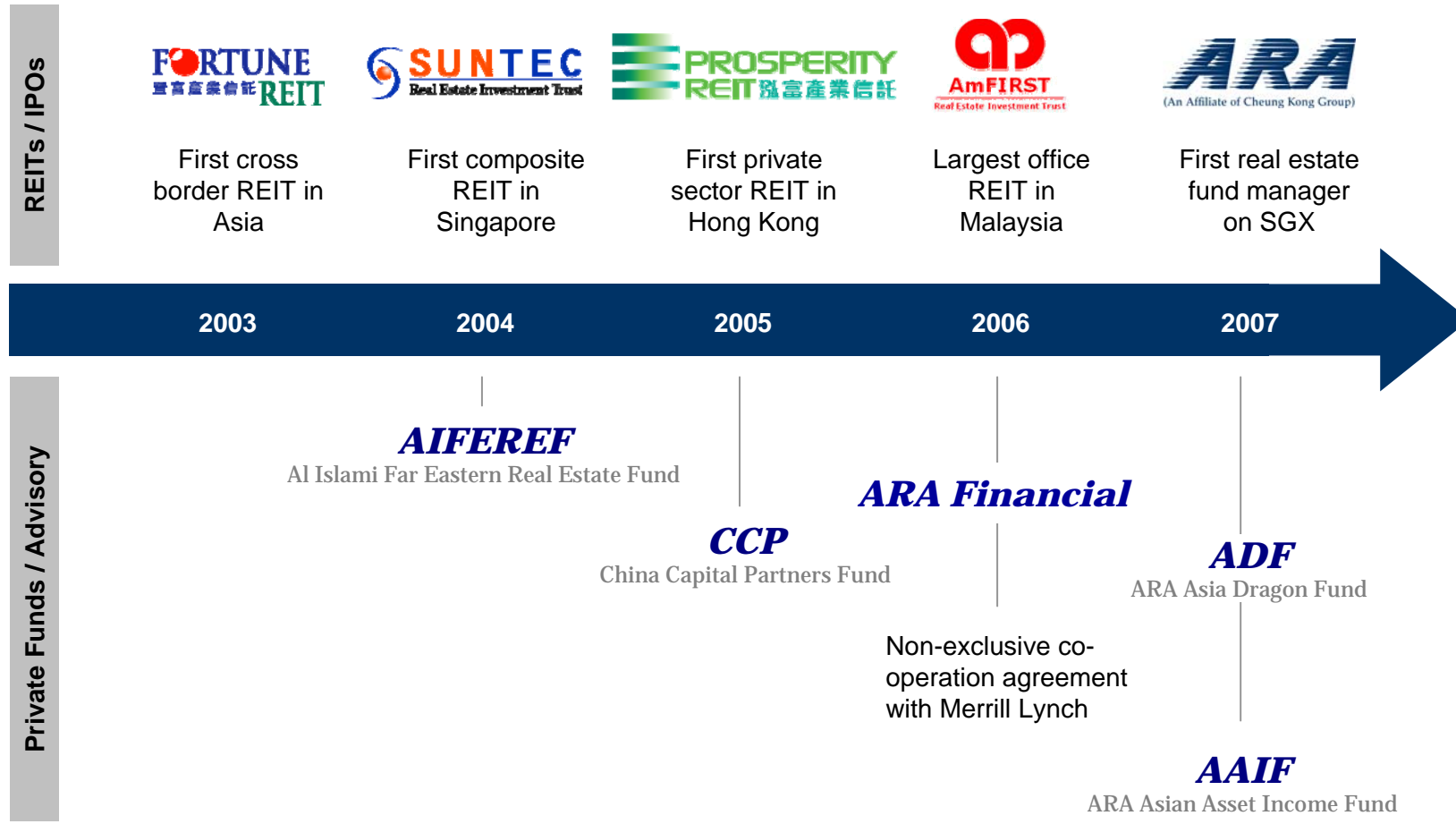
REITs				
Description	SGX-listed with Hong Kong retail assets	SGX-listed with Singapore retail and office assets	HKSE-listed with HK office and industrial assets	Bursa-listed with M'sian commercial assets
Property Value⁽¹⁾	HK\$9,714 mil	S\$5,689 mil	HK\$5,033 mil	RM572 mil
Rentable Area	1.7 mil sf	2.4 mil sf	1.2 mil sf	1.0 mil sf
Private Real Estate Funds	<i>ADF</i> ARA Asia Dragon Fund	<i>AIFEREF</i> Al Islami Far Eastern Real Estate Fund	<i>CCP</i> China Capital Partners Fund	
Description	Flagship strategic and opportunistic Asian private real estate fund	Shariah-compliant fund invested in Singapore	JV with DLJ RECP for strategic real estate investments in China	
Specialist Equity Funds	<i>AAIF</i> ARA Asian Asset Income Fund			
Description	Open-ended private fund investing in REITs, listed infrastructure and utilities trusts in the Asia-Pacific			

FY07 Financial Results

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

Our Milestones

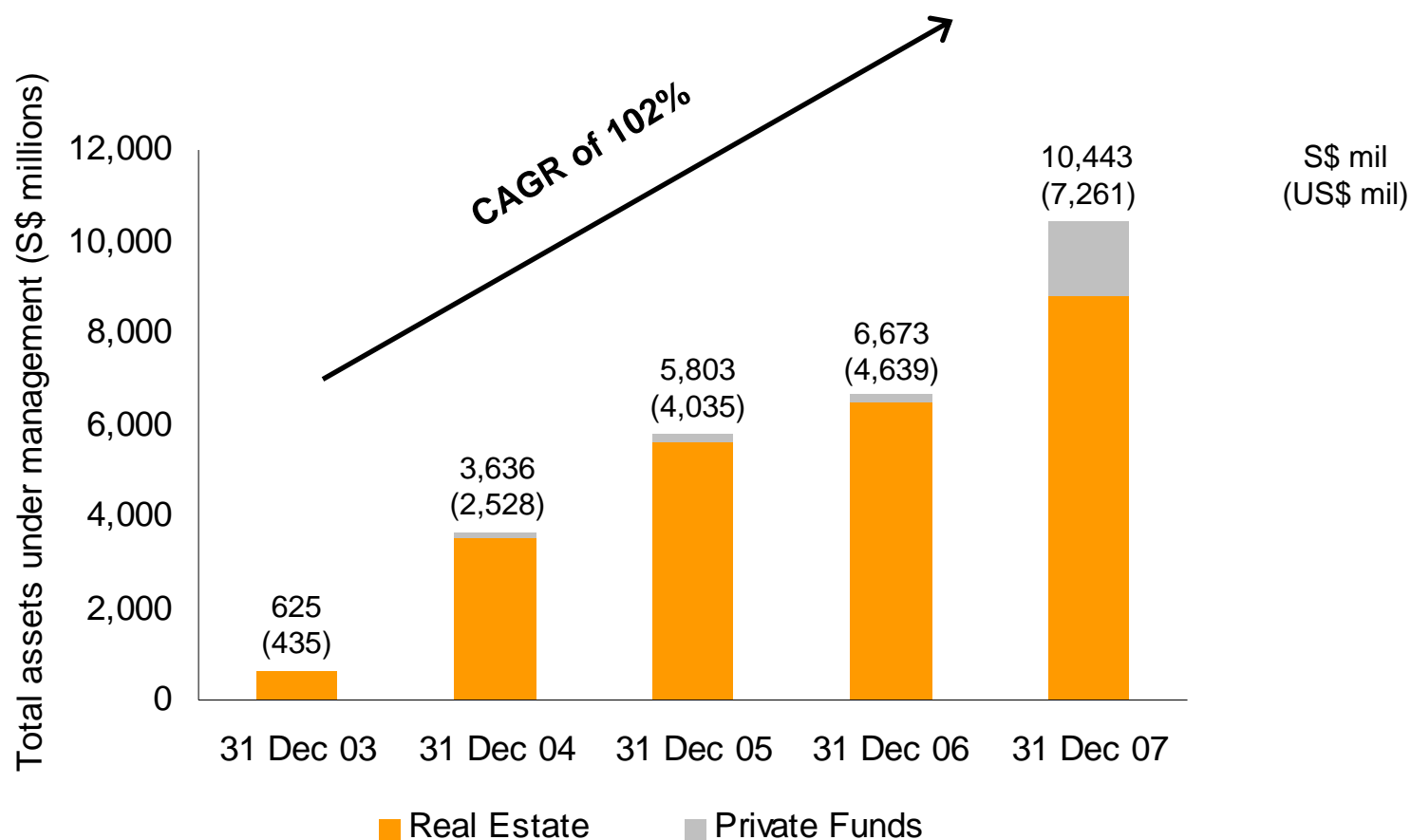
Track record of strong growth



FY07 Financial Results

Total Assets Under Management

S\$10.4 billion⁽¹⁾ (US\$7.3 billion) as at 31 Dec 07



FY07 Financial Results

Notes:

(1) Based on 31 Dec 07 exchange rate of US\$1 : S\$1.4383, US\$1 : HK\$7.7799, US\$1 : RM3.3065, Source: Bloomberg

2. Highlights



Highlights

Revenue up by 98%, net profit climbed 153%

Sterling Results

- FY07 net profit up by 153% to S\$34.0 mil from S\$13.5 mil in FY06
- Full year total revenue increased by 98% to S\$62.1 mil; FY07 net margin hit 55%
- Total AUM⁽²⁾ climbed 56% from S\$6,673 mil (US\$4,639 mil) as at 31 Dec 06 to S\$10,443 mil (US\$7,261 mil) as at 31 Dec 07
- Return on equity of 34%

Excellent Financial Strength

- Net cash position of S\$55 mil⁽³⁾
- Asset-light, high cashflow business model with no need for additional debt for current operations
- Stable recurrent income from REIT and private real estate fund management with no redemption risks

Positioned for Growth

- Experienced management team with a proven track record
- Higher total AUM to boost recurrent income in FY08 and beyond

FY07 Financial Results

Notes:

(1) Assets under management

(2) Cash and cash equivalents less financial liabilities

Rewarding Shareholders

*Proposed final dividend of S\$0.038 per share
for period from 2 Nov 07 to 31 Dec 07 (60 days)*



	<u>S\$ mil</u>	<u>Remarks</u>
Interim dividend (FY07)	8.6	Paid to shareholders of ARA prior to IPO
Proposed final dividend (FY07)	22.1	S\$0.038 per share ⁽¹⁾
Total dividends (FY07)	30.7	S\$0.053 per share ⁽²⁾
FY07 net profit	34.0	90% payout ratio ⁽³⁾

FY07 Financial Results

Notes:

- (1) Based on 582,060,000 shares in issue as at 31 Dec 07, annualized dividend yield of 20% based on IPO price of S\$1.15
- (2) Based on 582,060,000 shares in issue as at 31 Dec 07
- (3) Total dividends for FY07 divided by FY07 net profit

3. Financial Review



Financial Results

Sterling results



		FY07	FY06	Change
Total Revenue	(S\$'000)	62,077	31,311	↑ 98%
EBIT⁽¹⁾	(S\$'000)	39,216	16,208	↑ 142%
Net Profit	(S\$'000)	34,012	13,463	↑ 153%
Net Margin	(%)	55%	43%	+12%
EPS⁽²⁾	(S cents)	6.53	2.64	↑ 147%
ROE	(%)	34%	n.m.	n.m.

		31 Dec 07	31 Dec 06	Change
Real Estate⁽³⁾	(millions)	S\$8,797 (US\$6,116)	S\$6,465 (US\$4,495)	↑ 36%
Private Funds⁽⁴⁾	(millions)	S\$1,646 (US\$1,144)	S\$208 (US\$144)	↑ 693%
Total AUM	(millions)	S\$10,443 (US\$7,261)	S\$6,673 (US\$4,639)	↑ 56%

Notes:

- (1) Earnings before interest and tax
- (2) Based on weighted average number of shares of 521,060,000 shares in issue as at 31 Dec 07 and 509,060,000 shares in issue as at 31 Dec 06
- (3) Comprises property value of REITs and 3rd party real estate managed by ARA
- (4) Comprises committed capital of private real estate funds and NAV of specialist equity funds managed by ARA

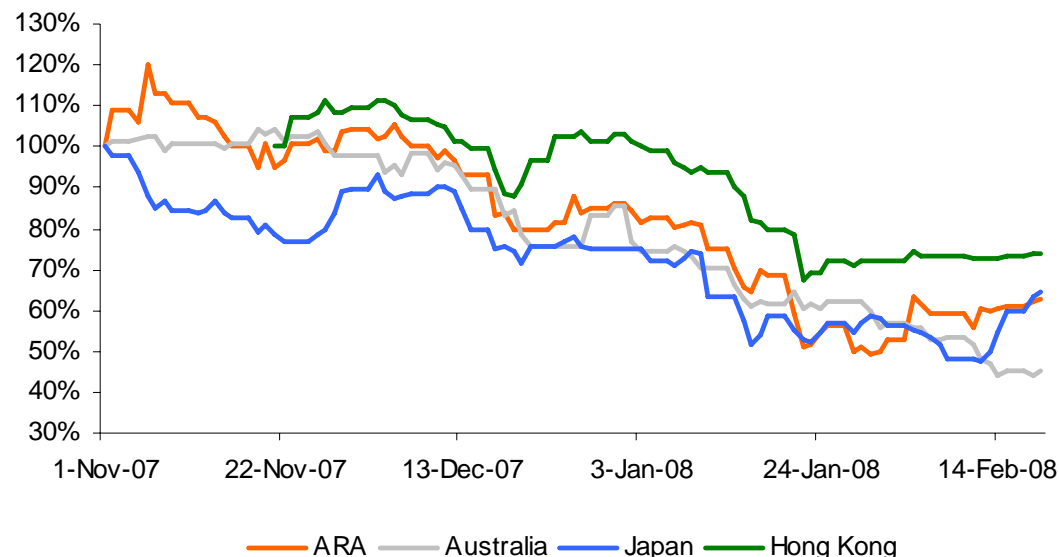
FY07 Financial Results

Equity Market Update



Asset managers in the Asia-Pacific have experienced sharp corrections

Relative share price performance of ARA & Asia-Pac asset managers⁽¹⁾



- Asset managers in the Asia-Pacific have been sold down amidst the current market volatility
- With ARA's strong financial position and secured recurrent income, we are well-positioned to weather the current market turbulence and seize opportunities that arise

Relative Valuation as at 19 Feb 08	ARA	Australia	Japan	Hong Kong
Market Cap (US\$ mil) ⁽²⁾	291	89	674	1,159
AUM (US\$ mil) ⁽³⁾	7,261	2,796	7,166	7,200
Market Cap/AUM	4.0%	3.2%	9.4%	16.1%

FY07 Financial Results

Notes:

- (1) Based on a basket of asset managers. Source: ARA, Bloomberg
- (2) Based on 31 Dec 07 exchange rates, average market cap used for Australian, Japan and Hong Kong asset managers. Source: Bloomberg
- (3) Average AUM used for Australia, Japan asset managers. Source: Company web sites

4. Analysis of Results

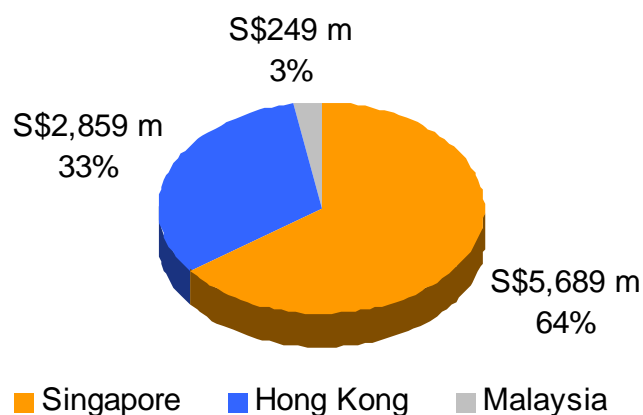


Real Estate Assets Managed

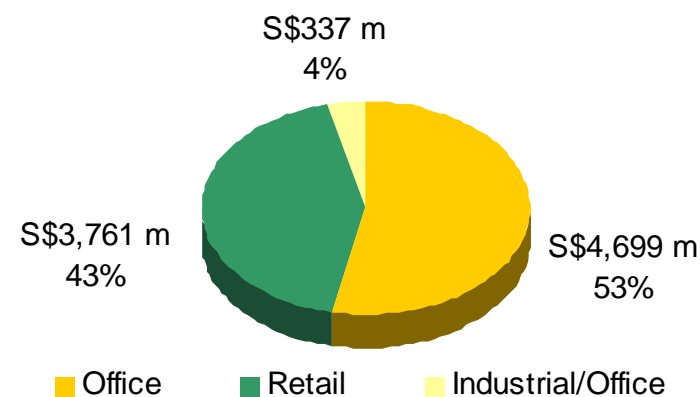
Diversified across geographies and asset sectors



By geography (S\$ mil)



By asset sector (S\$ mil)



Total real estate assets managed: S\$8,797 mil (US\$6,116 mil)

- Currently focused on office and retail⁽¹⁾ properties in Singapore and Hong Kong
- Seeking to expand to new geographies and asset sectors

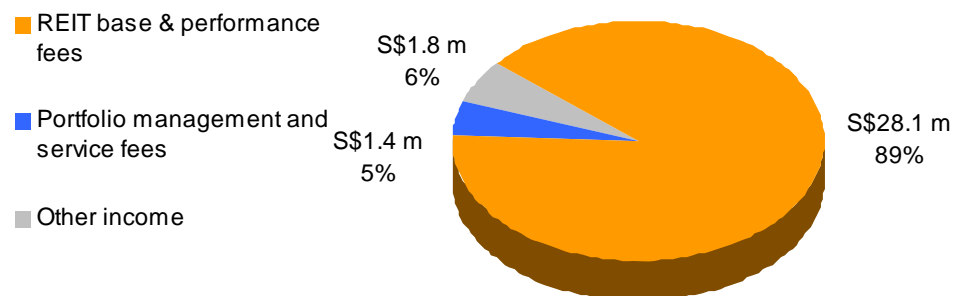
Notes:

(1) Retail assets include S\$32.6 mil for 13,572 sf of land along Penang Road earmarked for asset enhancement for Park Mall

Revenue by Segments

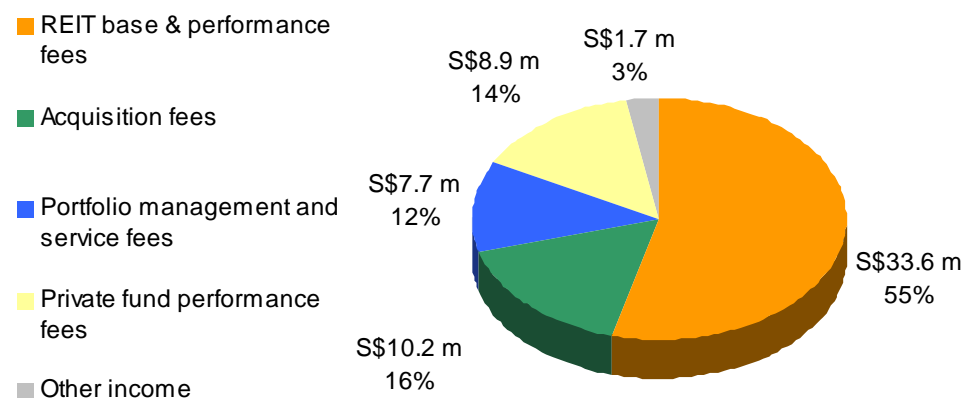
Growth across all business lines

FY06 total revenue: S\$31.3 mil ⁽¹⁾



- 67% of FY07 total revenue were recurrent revenues in the form of REIT and private fund management fees
- Increase in REIT property value in FY07 and continuing rental reversions expected to boost REIT management fee income in FY08

FY07 total revenue: S\$62.1 mil (+98%)



- Full year contribution of ARA Asia Dragon Fund portfolio management fee income expected to provide significant boost to revenues in FY08

FY07 Financial Results

Notes:

- (1) We waived acquisition fees for Fortune and Suntec REITs for acquisitions completed between 3 Aug 05 and 16 Feb 07

REIT Management

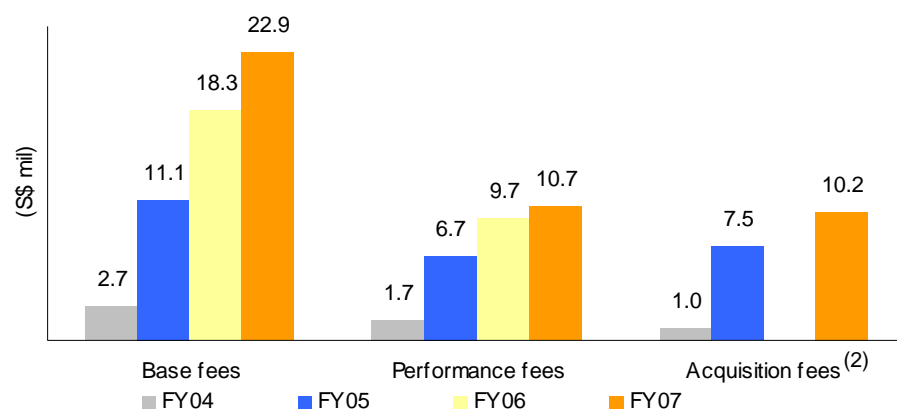
Stable and growing income



Recurrent fees

Fee Structure	Base Fee (% of property value)	Performance Fees (% of net property income)	Acquisition Fees (% of acquisition price)	Divestment Fees (% of divestment price)
Suntec REIT	0.3%	4.5%	1.0%	0.5%
Fortune REIT	0.3%	3.0%	1.0%	0.5%
Prosperity REIT	0.4%	3.0%	1.0%	0.5%
AmFIRST REIT ⁽¹⁾	0.3%	3.0%	1.0%	0.5%

REIT management revenue - breakdown



- REIT base and performance fees are pegged to the property value and net property income of the REITs we manage, which are largely unaffected by the current financial market volatility
- Increased property value of REIT portfolio (31 Dec 06: S\$6.0 bn (US\$4.2 bn); 31 Dec 07: S\$8.7 bn (US\$6.0 bn); +44%) to provide significant lift to base fees in FY08
- Continuing rental reversions from lease renewals to boost net property income of REITs and provide further upside to FY08 income via increased performance / variable fees

FY07 Financial Results

Notes:

- We are entitled to 30% of the management fees and 100% of the acquisition/divestment fees for AmFIRST REIT
- We waived acquisition fees for Fortune and Suntec REITs for acquisitions completed between 3 Aug 05 and 16 Feb 07

REIT Management

Acquisitions and growth



Date	Description	Value (local currency)	Value (US\$) ⁽¹⁾
Jan 07	Acquisition of entire 10 th floor and units on the 26 th floor of Prosperity Center (Prosperity REIT)	HK\$43.4 mil	US\$5.6 mil
	Completion of acquisition of 14,381 sf of office strata space in Suntec Tower Two (Suntec REIT)	S\$19.3 mil	US\$13.4 mil
Feb 07	Completion of acquisition of 3,746 sf of office strata space in Suntec Tower Two (Suntec REIT)	S\$5.3 mil	US\$3.7 mil
Mar 07	Revaluation gain (Suntec REIT)	S\$613.6 mil	US\$426.6 mil
Jun 07	Completion of acquisition of Kelana Brem Towers (AmFIRST REIT)	RM85.0 mil	US\$25.7 mil
	Revaluation gain (Prosperity REIT)	HK\$124.1 mil	US\$15.9 mil
Jul 07	Completion of acquisition of 13,572 sf of State Land along Penang Road (Suntec REIT)	S\$15.9 mil	US\$11.1 mil
Aug 07	Entry into conditional sale and purchase agreement to acquire an interest in The Summit Subang USJ (AmFIRST REIT)	RM260.0 mil	US\$78.6 mil
Sep 07	Revaluation gain (Suntec REIT)	S\$677.5 mil	US\$471.0 mil
Oct 07	Completion of acquisition of one-third interest in One Raffles Quay (Suntec REIT)	S\$941.5 mil	US\$654.6 mil
Dec 07	Completion of acquisition of 11,786 sf of office strata space in Suntec Tower Two (Suntec REIT)	S\$24.9 mil	US\$17.3 mil
	Execution of options to acquire 16,082 sf of office strata space in Suntec Tower One (Suntec REIT)	S\$36.6 mil	US\$25.4 mil
	Revaluation gains (REITs)	-	US\$179.3 mil
	Total		US\$1,928.3 mil

FY07 Financial Results

Notes:

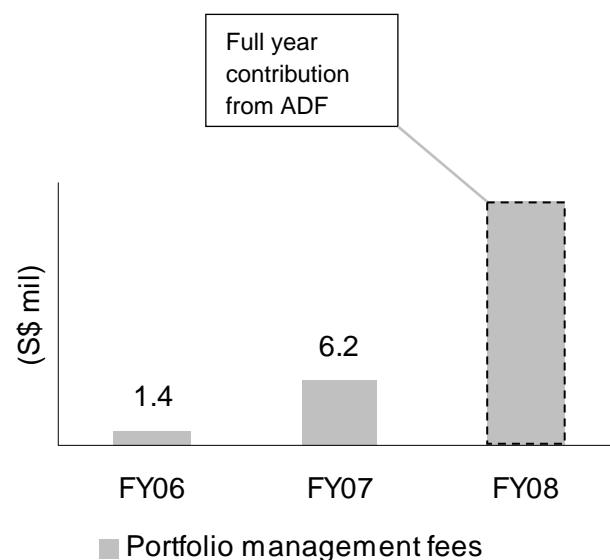
(1) Based on 31 Dec 07 exchange rates, Source: Bloomberg

Private Real Estate Fund Management

Secured growth



Private fund portfolio management fees



- ARA Asia Dragon Fund (“ADF”) capital commitments
 - First closing : US\$716.0 mil on 20 Sep 07
 - Second closing : US\$295.8 mil on 30 Dec 07
- Additional US\$500 mil allocated by a major investor for co-investments with the ADF
- Secure recurrent income – portfolio management fees are based on committed capital
- Full year contribution of ADF portfolio management fee income expected to provide significant boost to revenues in FY08

FY07 Financial Results

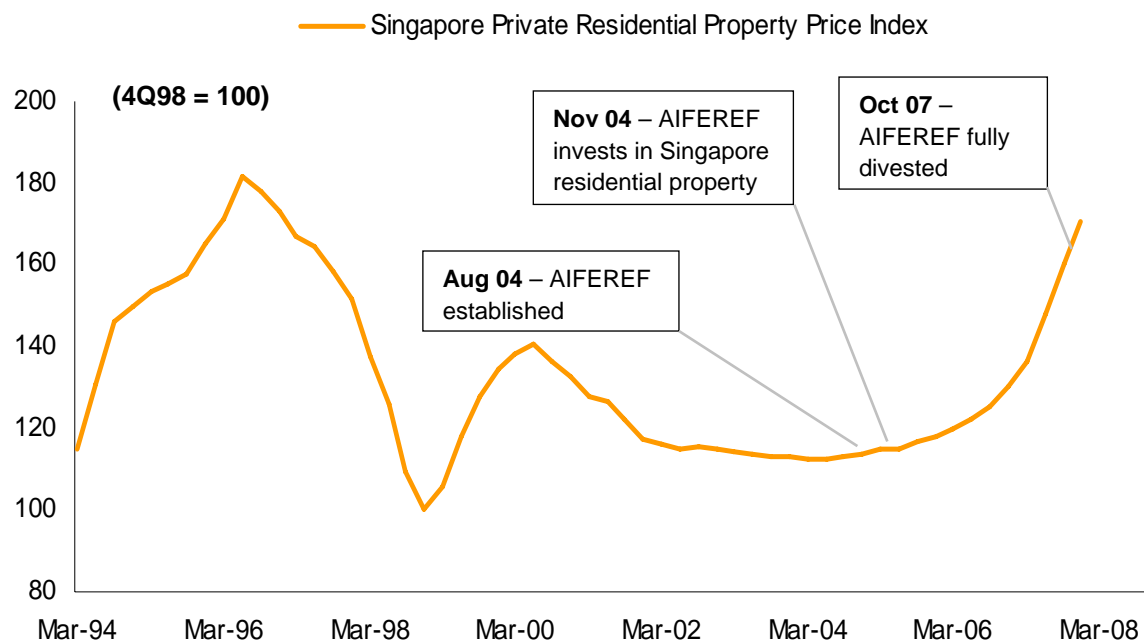
Private Real Estate Fund Management

AIFEREF achieves IRR of 23.7%⁽¹⁾



AIFEREF

Al Islami Far Eastern Real Estate Fund



Source: Urban Redevelopment Authority, Singapore

Currently looking to set up another Shariah-compliant fund targeted at investors from the Middle East

FY07 Financial Results

- Established in Aug 04 with S\$100 mil in committed capital :

 - (i) First Shariah-compliant private real estate fund in Asia
 - (ii) Investors : Dubai Islamic Bank & Cheung Kong (Holdings) Limited
 - (iii) Shariah-compliant funding structure with over S\$500 mil of property assets in portfolio

- Singapore residential property showing signs of recovery in 2H04

→ Adopted strategy of riding on improving market sentiment by leasing out and selling residential properties in Singapore

- Fully divested in Oct 07 with an IRR of **23.7%⁽¹⁾**

Notes:

(1) Before performance fees

5. BUSINESS STRATEGY & OUTLOOK



Business Strategy

Continuing our growth



Continue to seek to generate attractive returns for investors in the REITs and private funds we manage

AIFEREF achieved a sterling performance with an IRR of 23.7%

Grow REIT real estate assets under management

Exploring establishing REITs in new asset sectors

Grow our private funds business

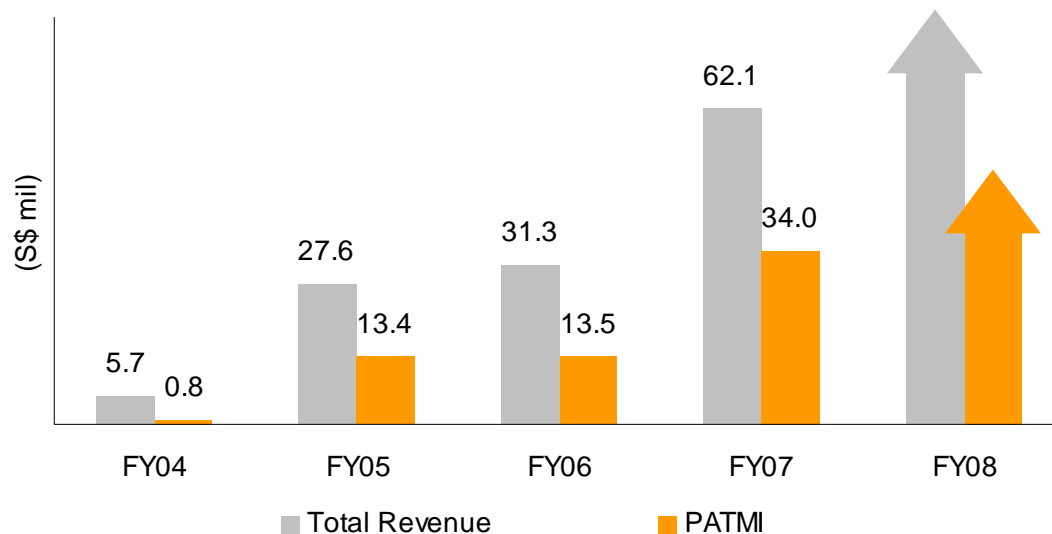
Currently looking to set up another Shariah-compliant fund targeted at investors from the Middle East

Expand our geographical reach across Asia

Seeking to expand our footprint to other parts of Asia

Outlook

A sterling FY07, a better FY08



Positioned for growth

FY07 Financial Results

Sterling FY07 Results

- Net profit : S\$34.0 mil (+ 153%)
- Proposed final dividend of S\$0.038 / share
Total dividends of S\$30.7 mil for FY07

A Better FY08 Expected

- Full year contribution from ADF
- Increased REIT management fees from increased REIT property values and income

Excellent Financial Strength

- Net cash position, high cash generation
- No additional debt requirements for current operations

Strong Team

- Experienced management
- Proven track record

Disclaimer



These slides 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 these slides, which are based on the current view of management on future events. Information from external sources in these slides have not been independently verified by us. The external sources quoted in these slides have not consented to the inclusion of the information in these slides.

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