



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

These figures have not been audited but reviewed by our auditors.

ARA Asset Management Limited (“ARA” or the “Group”) is a 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 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; a private real estate fund investing 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 at 30 September 2008, ARA’s total assets under management was S\$12.0 billion (approximately US\$8.4 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 third quarter ended 30 September 2008

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 | 1/7/08 to 30/9/08 S\$'000 | 1/7/07 to 30/9/07 S\$'000 | Change % | 1/1/08 to 30/9/08 S\$'000 | 1/1/07 to 30/9/07 S\$'000 | Change % |
|---|------|---------------------------------|---------------------------------|-------------|---------------------------------|---------------------------------|-------------|
| Revenue | (a) | 16,922 | 9,382 | 80% | 49,210 | 26,162 | 88% |
| Other income | (b) | 751 | 203 | 270% | 2,605 | 456 | 471% |
| Total revenue | | <u>17,673</u> | <u>9,585</u> | 84% | <u>51,815</u> | <u>26,618</u> | 95% |
| Administrative expenses | (c) | (5,302) | (4,212) | 26% | (15,349) | (11,309) | 36% |
| Operating lease expenses | (d) | (427) | (172) | 148% | (1,226) | (486) | 152% |
| Other expenses | (e) | (1,640) | (681) | 141% | (4,446) | (1,344) | 231% |
| Results from operating activities | | <u>10,304</u> | <u>4,520</u> | 128% | <u>30,794</u> | <u>13,479</u> | 128% |
| Finance expenses | (f) | (201) | (206) | (2%) | (604) | (287) | 110% |
| | | <u>10,103</u> | <u>4,314</u> | 134% | <u>30,190</u> | <u>13,192</u> | 129% |
| Share of profits of associates (net of ta | (g) | 35 | 75 | (53%) | 137 | 131 | 5% |
| Profit before income tax | (h) | 10,138 | 4,389 | 131% | 30,327 | 13,323 | 128% |
| Income tax expense | (i) | (1,049) | (787) | 33% | (3,319) | (2,176) | 53% |
| Profit for the period | | <u>9,089</u> | <u>3,602</u> | 152% | <u>27,008</u> | <u>11,147</u> | 142% |
| Attributable to: | | | | | | | |
| Equity holders of the Company | | 9,086 | 3,667 | 148% | 27,155 | 11,403 | 138% |
| Minority interest | | 3 | (65) | n.m. | (147) | (256) | (43%) |
| | | <u>9,089</u> | <u>3,602</u> | 152% | <u>27,008</u> | <u>11,147</u> | 142% |

**Financial Statements Announcement
For the third quarter ended 30 September 2008**
1(a)(ii) Explanatory notes to the income statement
(a) Revenue

| | | 1/7/08 to 30/9/08 ("3Q 2008") S\$'000 | 1/7/07 to 30/9/07 ("3Q 2007") S\$'000 | Change % | 1/1/08 to 30/9/08 ("YTD 3Q 2008") S\$'000 | 1/1/07 to 30/9/07 ("YTD 3Q 2007") S\$'000 | Change % |
|---------------------------------------|-------|--|--|-------------|--|--|-------------|
| Revenue | | 16,922 | 9,382 | 80% | 49,210 | 26,162 | 88% |
| REIT base and performance fees | (i) | 10,601 | 8,374 | 27% | 30,448 | 23,856 | 28% |
| Acquisition fees | (ii) | - | 256 | n.m. | 1,148 | 672 | 71% |
| Portfolio management and service fees | (iii) | 6,321 | 752 | 741% | 17,614 | 1,634 | 978% |

n.m. : not meaningful

- (i) The increase in REIT base and performance fees was primarily due to the Group's enlarged REIT portfolio and higher net property income in the REITs managed by the Group.
- (ii) The Group recorded acquisition fees of S\$1.1 million in YTD 3Q 2008 from the acquisition by AmFIRST REIT of an interest in The Summit Subang USJ, a mixed commercial development in Subang Jaya, Malaysia for RM260.0 million which was completed on 31 March 2008, and the acquisition by Suntec REIT of 1,105 square feet of state land along Penang Road for S\$1.2 million on 13 March 2008. Acquisition fees in YTD 3Q 2007 were primarily from the acquisition of Kelana Brem Towers by AmFIRST REIT for RM85.0 million and the acquisition of certain strata office units by Prosperity REIT.
- (iii) Portfolio management and service fees increased to S\$17.6 million in YTD 3Q 2008 from S\$1.6 million in YTD 3Q 2007 primarily due to portfolio management fees from the ARA Asia Dragon Fund ("ADF"), which completed its third and final closing on 19 June 2008. Portfolio management fees in YTD 3Q 2007 were mainly from the Al Islami Far Eastern Real Estate Fund ("AIFEREF"); the Group completed the divestment of the underlying assets of AIFEREF in October 2007.

(b) Other income

Other income comprised primarily of distribution income and interest income. Other income increased to S\$2.6 million in YTD 3Q 2008 from S\$456,000 in YTD 3Q 2007, primarily from an increase in distribution income from the Group's financial assets.

(c) Administrative expenses

Administrative expenses comprised 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.

(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, telecommunications expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, depreciation, listing expenses, board meeting expenses and other miscellaneous expenses. Included in other expenses for YTD 3Q 2008 was a loss on fair valuation of S\$1.8 million on certain REIT units received by the Group as part payment of the base and performance fees of those REITs. The Group also recorded a net foreign exchange gain in 3Q 2008 of S\$391,000, primarily due to the strengthening of the USD relative to the SGD, which reduced the year-to-date net foreign exchange loss to S\$41,000. Travelling expenses increased by S\$412,000 to S\$670,000 in YTD 3Q 2008 from S\$258,000 in YTD 3Q 2007 primarily as a result of increased travel by the ADF team.

**Financial Statements Announcement
For the third quarter ended 30 September 2008**

(f) Finance expenses

The increase in finance costs was primarily due to interest on borrowings of RM44.9 million (equivalent to approximately S\$18.7 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 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.

(h) Profit before income tax

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

| | 1/7/08 to 30/9/08 S\$'000 | 1/7/07 to 30/9/07 S\$'000 | Change % | 1/1/08 to 30/9/08 S\$'000 | 1/1/07 to 30/9/07 S\$'000 | Change % |
|---|---------------------------------|---------------------------------|-------------|---------------------------------|---------------------------------|-------------|
| <u>Other income</u> | | | | | | |
| Distribution income | 700 | 114 | n.m. | 2,297 | 211 | n.m. |
| Interest income | 51 | 90 | (43%) | 308 | 245 | 26% |
| <u>Operating expenses</u> | | | | | | |
| Depreciation | 70 | 55 | 27% | 192 | 161 | 19% |
| Exchange (gain) / loss - net | (391) | 124 | n.m. | 41 | 179 | (77%) |
| Loss on fair valuation of held-for-trading securities | 796 | 220 | 262% | 1,824 | 18 | 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 of the Group operate.

**Financial Statements Announcement
For the third quarter ended 30 September 2008**
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 | |
|--|------|--------------------|---------------------|--------------------|---------------------|
| | | 30/9/08 S\$'000 | 31/12/07 S\$'000 | 30/9/08 S\$'000 | 31/12/07 S\$'000 |
| Non-current assets | | | | | |
| Plant and equipment | | 830 | 599 | - | - |
| Tenancy deposits | | 295 | 289 | - | - |
| Subsidiaries | (a) | - | - | 42,619 | 4,295 |
| Associates | | 451 | 308 | - | - |
| Financial assets | (b) | 55,292 | 30,093 | - | - |
| | | <u>56,868</u> | <u>31,289</u> | <u>42,619</u> | <u>4,295</u> |
| Current assets | | | | | |
| Financial assets | (c) | 2,518 | 10,978 | - | - |
| Trade and other receivables | (d) | 17,196 | 24,764 | 12 | 9,122 |
| Amounts owing by related corporations | (e) | - | - | 11,882 | 31,980 |
| Cash and short term bank deposits | | 45,912 | 74,494 | 32,090 | 67,146 |
| | | <u>65,626</u> | <u>110,236</u> | <u>43,984</u> | <u>108,248</u> |
| Total assets | | <u>122,494</u> | <u>141,525</u> | <u>86,603</u> | <u>112,543</u> |
| Equity attributable to equity holders | | | | | |
| Share capital | | 1,164 | 1,164 | 1,164 | 1,164 |
| Reserves | | 81,172 | 99,890 | 78,148 | 100,093 |
| | | <u>82,336</u> | <u>101,054</u> | <u>79,312</u> | <u>101,257</u> |
| Minority interest | | (218) | (65) | - | - |
| Total equity | | <u>82,118</u> | <u>100,989</u> | <u>79,312</u> | <u>101,257</u> |
| Non-current liabilities | | | | | |
| Financial liabilities | (f) | 18,954 | 19,627 | - | - |
| Deferred tax liabilities | | 38 | 38 | - | - |
| | | <u>18,992</u> | <u>19,665</u> | <u>-</u> | <u>-</u> |
| Current liabilities | | | | | |
| Trade and other payables | (g) | 17,369 | 16,161 | 7,224 | 10,362 |
| Amounts owing to related corporations | | - | - | 47 | 924 |
| Financial liabilities | (f) | 38 | 72 | - | - |
| Derivative liabilities | (h) | 224 | - | - | - |
| Current tax payable | | 3,753 | 4,638 | 20 | - |
| | | <u>21,384</u> | <u>20,871</u> | <u>7,291</u> | <u>11,286</u> |
| Total liabilities | | <u>40,376</u> | <u>40,536</u> | <u>7,291</u> | <u>11,286</u> |
| Total equity and liabilities | | <u>122,494</u> | <u>141,525</u> | <u>86,603</u> | <u>112,543</u> |

**Financial Statements Announcement
For the third quarter ended 30 September 2008**

Footnotes:

- (a) *Interests in subsidiaries comprise equity investment in the Company's subsidiaries and loans to subsidiaries where the settlement of the amount is neither planned nor likely to occur in the foreseeable future.*
- (b) *Non-current financial assets as at 30 September 2008 comprise (i) Suntec REIT units held by the Group as a strategic stake; (ii) a 12.5% interest in AmFIRST REIT which has been pledged as security for a credit facility (see note (f) below); (iii) seed capital for the ADF; and (iv) investment in the ARA Asian Asset Income Fund ("AAIF").*
- (c) *Current financial assets as at 30 September 2008 comprise REIT units received by the Group as part payment of the base and performance fees of those REITs (other than the Suntec REIT units held by the Group as a strategic stake).*
- (d) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables. The decrease in trade and other receivables is primarily due to receipt of performance fee receivable of S\$8.9 million arising from the divestment of the underlying assets of the AIFEREF, partially offset by (i) an increase in accrued base and performance fees of REITs managed by the Group; and (ii) accrued portfolio management fees from the ADF.*
- (e) *Amounts owing by related corporations relate mainly to advances to subsidiaries, including dividends payable by certain subsidiaries.*
- (f) *Financial liabilities as at 30 September 2008 relate 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 accrual of strategic advisory fees, other professional fees and listing expenses.*
- (h) *Derivative liabilities relate to the fair value of foreign currency forward contracts entered into by the Group to hedge the Group's foreign currency exposure.*
- (i) *Certain reclassifications have been made to the last year's financial statements to enhance comparison with this quarter's financial results.*

Financial Statements Announcement
For the third quarter ended 30 September 2008

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

| | 30/09/08 | | 31/12/07 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 38 | - | 72 | - |
| Amount repayable after one year | 18,954 | - | 19,627 | - |
| | <u>18,992</u> | <u>-</u> | <u>19,699</u> | <u>-</u> |

Footnotes:

- (a) *The decrease in total borrowings is primarily due to the strengthening of the SGD relative to the Malaysia Ringgit ("RM") for the RM loan taken up to partly finance the acquisition of a 12.5% interest in AmFIRST REIT (please refer to "Details of any collateral" below).*
- (b) *Included in total borrowings is an amount of S\$0.2 million (31 December 2007: S\$0.2 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 30 September 2008, the Group had unutilised unsecured (i) overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2007: HK\$3.0 million), and (ii) revolving credit facility of S\$1.2 million (31 December 2007: S\$1.2 million).*

Details of any collateral

As at 30 September 2008, the Group had bank borrowings of approximately RM44.9 million (equivalent to approximately S\$18.7 million (31 December 2007: 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 purchased by the Group. The Group is currently arranging re-financing of the facility with AIBB.

Financial Statements Announcement
For the third quarter ended 30 September 2008

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

| | 1/7/08 to 30/9/08 S\$'000 | 1/7/07 to 30/9/07 S\$'000 | 1/1/08 to 30/9/08 S\$'000 | 1/1/07 to 30/9/07 S\$'000 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Operating activities | | | | |
| Profit for the period | 9,089 | 3,602 | 27,008 | 11,147 |
| Adjustments for: | | | | |
| Management fee received / receivable in units of REITs | (8,497) | (4,521) | (24,379) | (16,922) |
| Depreciation of plant and equipment | 70 | 55 | 192 | 161 |
| Share of profit of associates | (35) | (75) | (137) | (131) |
| Interest income | (51) | (90) | (308) | (245) |
| Gain on disposal of plant and equipment | - | - | (32) | - |
| Loss on fair valuation of held-for-trading securities | 796 | 220 | 1,824 | 18 |
| Distribution income | (700) | (114) | (2,297) | (211) |
| Finance expenses | 201 | 206 | 604 | 287 |
| Income tax expense | 1,049 | 787 | 3,319 | 2,176 |
| Operating profit/(loss) before working capital changes | 1,922 | 70 | 5,794 | (3,720) |
| Changes in working capital: | | | | |
| Trade and other receivables | 30 | (2,760) | 8,137 | (3,202) |
| Trade and other payables | 3,013 | 2,635 | 1,111 | 3,511 |
| Proceeds from sale of units in REITs | 7,371 | 1,152 | 31,418 | 9,741 |
| Income tax paid | (1,950) | (1,258) | (4,204) | (2,464) |
| Distribution income received | 700 | 114 | 2,297 | 211 |
| Interest received | 51 | 90 | 308 | 245 |
| Cash flows from operating activities | 11,137 | 43 | 44,861 | 4,322 |
| Investing activities: | | | | |
| Purchase of plant and equipment | (134) | (17) | (255) | (43) |
| Proceed from disposal of plant and equipment | - | - | 126 | 2 |
| Purchase of available-for-sale securities | | | | |
| - quoted | (5,763) | - | (26,163) | (21,884) |
| - unquoted | (891) | - | (11,723) | - |
| Cash flows from investing activities | (6,788) | (17) | (38,015) | (21,925) |
| Financing activities: | | | | |
| Payment of finance lease liabilities (net) | (26) | (24) | (72) | (71) |
| Interest paid | (201) | (206) | (604) | (287) |
| Dividend paid | (12,629) | - | (34,747) | (3,009) |
| Proceeds from borrowings | - | - | - | 19,924 |
| Cash flows from financing activities | (12,856) | (230) | (35,423) | 16,557 |
| Net (decrease)/increase in cash & short term bank deposits | (8,507) | (204) | (28,577) | (1,046) |
| Cash and short term bank deposits at beginning of period | 54,289 | 14,877 | 74,494 | 15,737 |
| Effect of exchange rate fluctuations on cash held | 130 | (146) | (5) | (164) |
| Cash and short term bank deposits at end of period | 45,912 | 14,527 | 45,912 | 14,527 |

**Financial Statements Announcement
For the third quarter ended 30 September 2008**

Footnotes:

- (a) As at 30 September 2008, the Group had utilised S\$31.2 million of the net IPO proceeds raised of S\$75.5 million as follows:-

| | As at | |
|---------------------------------------|---------------------|---------------------|
| | 30/09/08 S\$'000 | 30/09/07 S\$'000 |
| Seed capital for ARA Asia Dragon Fund | 5,051 | - |
| Strategic stake in REIT | 26,163 | - |
| | 31,214 | - |

As at 31 December 2007, the Group had utilised S\$226,000 of the net IPO proceeds as seed capital investment in ADF.

- (b) Cash flows from operating activities increased to S\$44.9 million in YTD 3Q 2008 from S\$4.3 million in YTD 3Q 2007, primarily due to an increase in the proceeds arising from the sale of units in REITs and movement in working capital.
- (c) Net cash outflow for investing activities amounted to S\$38.0 million in YTD 3Q 2008 (YTD 3Q 2007: S\$21.9 million). This was primarily due to (i) S\$26.2 million used towards the acquisition of Suntec REIT units which are held as a strategic stake; (ii) additional seed capital investment of S\$4.9 million in the ADF pursuant to capital calls from the fund; and (iii) investment of S\$6.8 million (equivalent to US\$5.0 million) in AAIF.
- (d) Net cash outflow for financing activities amounted to S\$35.4 million in YTD 3Q 2008 compared with a net cash inflow of S\$16.6 million in YTD 3Q 2007, which included S\$34.7 million of dividends paid in May 2008 and September 2008.

Financial Statements Announcement
For the third quarter ended 30 September 2008

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 2007 | 20 | - | 1,187 | 1,207 |
| Total recognised income and expense for the period | | | | |
| - Profit for the period | - | - | 84 | 84 |
| At 31 March 2007 | 20 | - | 1,271 | 1,291 |
| Total recognised income and expense for the period | | | | |
| - Profit for the period | - | - | 23,292 | 23,292 |
| First tax-exempt interim dividend paid of S\$248.66 per share | - | - | (3,009) | (3,009) |
| Second tax-exempt interim dividend payable of S\$1,593.55 per share | - | - | (19,282) | (19,282) |
| At 30 June 2007 | 20 | - | 2,272 | 2,292 |
| Total recognised income and expense for the period | | | | |
| - Profit for the period | - | - | 135 | 135 |
| Issue of shares from capitalisation of accumulated profits | 1,000 | - | (1,000) | - |
| Third tax-exempt interim dividend payable of S\$78.51 per share | - | - | (950) | (950) |
| At 30 September 2007 | 1,020 | - | 457 | 1,477 |
| At 1 January 2008 | 1,164 | 75,413 | 24,680 | 101,257 |
| Total recognised income and expense for the period | | | | |
| - Loss for the period | - | - | (395) | (395) |
| At 31 March 2008 | 1,164 | 75,413 | 24,285 | 100,862 |
| Total recognised income and expense for the period | | | | |
| - Profit for the period | - | - | 12,476 | 12,476 |
| Final tax-exempt dividend paid of S\$0.038 per share | - | - | (22,118) | (22,118) |
| At 30 June 2008 | 1,164 | 75,413 | 14,643 | 91,220 |
| Total recognised income and expense for the period | | | | |
| - Profit for the period | - | - | 721 | 721 |
| Tax-exempt interim dividend paid of S\$0.0217 per share | - | - | (12,629) | (12,629) |
| At 30 September 2008 | 1,164 | 75,413 | 2,735 | 79,312 |

**Financial Statements Announcement
For the third quarter ended 30 September 2008**
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 (Cont'd)

| | Share capital S\$'000 | Share premium S\$'000 | Foreign currency translation reserve S\$'000 | Hedging reserve S\$'000 | Fair value reserve S\$'000 | Accumulated profits S\$'000 | Attributable to equity holders of Company S\$'000 | Minority interest S\$'000 | Total equity S\$'000 |
|--|--------------------------|--------------------------|---|----------------------------|-------------------------------|--------------------------------|--|------------------------------|-------------------------|
| The Group | | | | | | | | | |
| At 1 January 2007 | 20 | - | (44) | - | - | 15,643 | 15,619 | (97) | 15,522 |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | (31) | - | - | - | (31) | - | (31) |
| Net losses recognised directly in equity | - | - | (31) | - | - | - | (31) | - | (31) |
| Profit for the period | - | - | - | - | - | 3,874 | 3,874 | (101) | 3,773 |
| Total recognised income and expense for the period | - | - | (31) | - | - | 3,874 | 3,843 | (101) | 3,742 |
| Tax-exempt interim dividend S\$248.66 per share | - | - | - | - | - | (3,009) | (3,009) | - | (3,009) |
| At 31 March 2007 | 20 | - | (75) | - | - | 16,508 | 16,453 | (198) | 16,255 |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | 78 | - | - | - | 78 | - | 78 |
| Changes in fair value of available-for-sale financial assets | - | - | - | - | 901 | - | 901 | - | 901 |
| Net gains / (losses) recognised directly in equity | - | - | 78 | - | 901 | - | 979 | - | 979 |
| Profit for the period | - | - | - | - | - | 3,862 | 3,862 | (90) | 3,772 |
| Total recognised income and expense for the period | - | - | 78 | - | 901 | 3,862 | 4,841 | (90) | 4,751 |
| Second tax-exempt interim dividend payable of S\$1,593.55 per share | - | - | - | - | - | (19,282) | (19,282) | - | (19,282) |
| At 30 June 2007 | 20 | - | 3 | - | 901 | 1,088 | 2,012 | (288) | 1,724 |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | 337 | - | - | - | 337 | 3 | 340 |
| Changes in fair value of available-for-sale financial assets | - | - | - | - | (600) | - | (600) | - | (600) |
| Net gains / (losses) recognised directly in equity | - | - | 337 | - | (600) | - | (263) | 3 | (260) |
| Profit for the period | - | - | - | - | - | 3,667 | 3,667 | (65) | 3,602 |
| Total recognised income and expense for the period | - | - | 337 | - | (600) | 3,667 | 3,404 | (62) | 3,342 |
| Issue of shares from capitalisation of accumulated profits | 1,000 | - | - | - | - | (1,000) | - | - | - |
| Third tax-exempt interim dividend payable of S\$78.51 per share | - | - | - | - | - | (950) | (950) | - | (950) |
| At 30 September 2007 | 1,020 | - | 340 | - | 301 | 2,805 | 4,466 | (350) | 4,116 |
| At 1 January 2008 | 1,164 | 75,413 | 85 | - | (1,022) | 25,414 | 101,054 | (65) | 100,989 |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | (602) | - | - | - | (602) | 1 | (601) |
| Effective portion of changes in fair value of cash flow hedge, net of tax | - | - | - | 289 | - | - | 289 | - | 289 |
| Changes in fair value of available-for-sale financial assets | - | - | - | - | (3,368) | - | (3,368) | - | (3,368) |
| Net (losses) / gains recognised directly in equity | - | - | (602) | 289 | (3,368) | - | (3,681) | 1 | (3,680) |
| Profit for the period | - | - | - | - | - | 9,194 | 9,194 | (67) | 9,127 |
| Total recognised income and expense for the period | - | - | (602) | 289 | (3,368) | 9,194 | 5,513 | (66) | 5,447 |
| At 31 March 2008 | 1,164 | 75,413 | (517) | 289 | (4,390) | 34,608 | 106,567 | (131) | 106,436 |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | 165 | - | - | - | 165 | (7) | 158 |
| Effective portion of changes in fair value of cash flow hedge, net of tax | - | - | - | (49) | - | - | (49) | - | (49) |
| Changes in fair value of available-for-sale financial assets | - | - | - | - | (1,247) | - | (1,247) | - | (1,247) |
| Net gains / (losses) recognised directly in equity | - | - | 165 | (49) | (1,247) | - | (1,131) | (7) | (1,138) |
| Profit for the period | - | - | - | - | - | 8,875 | 8,875 | (83) | 8,792 |
| Total recognised income and expense for the period | - | - | 165 | (49) | (1,247) | 8,875 | 7,744 | (90) | 7,654 |
| Final tax-exempt dividend paid of S\$0.038 per share | - | - | - | - | - | (22,118) | (22,118) | - | (22,118) |
| At 30 June 2008 | 1,164 | 75,413 | (352) | 240 | (5,637) | 21,365 | 92,193 | (221) | 91,972 |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | 294 | - | - | - | 294 | - | 294 |
| Effective portion of changes in fair value of cash flow hedge, net of tax | - | - | - | (464) | - | - | (464) | - | (464) |
| Changes in fair value of available-for-sale financial assets | - | - | - | - | (6,144) | - | (6,144) | - | (6,144) |
| Net gains / (losses) recognised directly in equity | - | - | 294 | (464) | (6,144) | - | (6,314) | - | (6,314) |
| Profit for the period | - | - | - | - | - | 9,086 | 9,086 | 3 | 9,089 |
| Total recognised income and expense for the period | - | - | 294 | (464) | (6,144) | 9,086 | 2,772 | 3 | 2,775 |
| Tax-exempt interim dividend paid of S\$0.0217 per share | - | - | - | - | - | (12,629) | (12,629) | - | (12,629) |
| At 30 September 2008 | 1,164 | 75,413 | (58) | (224) | (11,781) | 17,822 | 82,336 | (218) | 82,118 |

**Financial Statements Announcement
For the third quarter ended 30 September 2008**

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 treasure shares, if any, against the total number of issued shares excluding treasure 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

Not applicable.

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

| | 30/09/08 | As at 31/12/07 |
|-------------------------------|-----------------|---------------------------|
| Total number of issued shares | 582,060,000 | 582,060,000 |

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 been reviewed by the auditors in accordance with SSRE 2410: Review of Interim Financial Information Performed by the Independent Auditor.

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

Please refer to attached review report.

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 period as compared to those reported in the audited consolidated financial statements for the financial year ended 31 December 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.

**Financial Statements Announcement
For the third quarter ended 30 September 2008**
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) | 1/01/08 to 30/09/08 | 1/01/07 to 30/09/07 |
|---|------------------------|------------------------|
| 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 | 4.67 | 2.24 |
| (ii) On a fully diluted basis | 4.67 | 2.24 |

The calculation of basic and diluted earnings per share for the relevant period is based on the profit for the period attributable to equity holders of the Company for the financial periods ended 30 September 2007 and 30 September 2008 and the weighted average number of 509,060,000 and 582,060,000 shares in issue as at 30 September 2007 and 30 September 2008 respectively.

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 | |
|--|----------|----------|----------|----------|
| | 30/09/08 | 31/12/07 | 30/09/08 | 31/12/07 |
| Net asset value per ordinary share | 14.15 | 17.36 | 13.63 | 17.40 |
| Net tangible assets backing per ordinary share | 14.15 | 17.36 | 13.63 | 17.40 |

Net asset value is calculated based on the net assets of the Group (excluding minority interest), based on the issued share capital of 582,060,000 shares.

The decrease in NTA is primarily due to the payment of final dividends for the financial year ended 31 December 2007. These dividends were paid on 16 May 2008.

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
Review of performance

| | 3Q 2008 S\$'000 | 3Q 2007 S\$'000 | Change % | YTD 3Q 2008 S\$'000 | YTD 3Q 2007 S\$'000 | Change % |
|---------------------------------|--------------------|--------------------|-------------|------------------------|------------------------|-------------|
| Total Revenue | 17,673 | 9,585 | 84% | 51,815 | 26,618 | 95% |
| EBIT | 10,304 | 4,520 | 128% | 30,794 | 13,479 | 128% |
| Net Profit⁽¹⁾ | 9,086 | 3,667 | 148% | 27,155 | 11,403 | 138% |
| Net Margin | 51% | 38% | +13% | 52% | 43% | +9% |
| ROE⁽²⁾ | 44% | n.m. | n.m. | 44% | n.m. | n.m. |

n.m. : not meaningful

(1) Net profit refers to "Profit for the period attributable to equity holders of the Company"

(2) Annualised figure

**Financial Statements Announcement
For the third quarter ended 30 September 2008**

3Q 2008 vs 3Q 2007

Total revenue increased by 84% to S\$17.7 million in 3Q 2008 from S\$9.6 million in 3Q 2007, primarily due to higher REIT base and performance fees as a result of an increase in the property values and net property income of the REITs managed by the Group, and the full quarter contribution of portfolio management fees from the ARA Asia Dragon Fund which completed its third and final closing in June 2008. Other income increased by 270% to S\$751,000 in 3Q 2008 from S\$203,000 in 3Q 2007, primarily from an increase in distribution income from the Group's financial assets.

The Group's operating expenses mainly relate to staff costs, operating lease and other expenses. During the quarter, the Group recorded operating expenses of S\$7.4 million compared to S\$5.1 million in 3Q 2007, primarily as a result of the continued business expansion of the Group.

Net profit for 3Q 2008 rose to S\$9.1 million, a 148% increase from S\$3.7 million in 3Q 2007 while the Group's net margin rose by 13 percentage points to 51% in 3Q 2008 from 38% in 3Q 2007.

YTD 3Q 2008 vs YTD 3Q 2007

Total revenue increased by 95% to S\$51.8 million in YTD 3Q 2008 from S\$26.6 million in YTD 3Q 2007, primarily due to higher REIT base and performance fees as a result of an increase in the property values and net property income of the REITs managed by the Group, and portfolio management fees from the ARA Asia Dragon Fund. During the period, the Group also recognised acquisition fees of S\$1.1 million, mainly from AmFIRST REIT's acquisition of an interest in The Summit Subang USJ, a mixed commercial development in Subang Jaya, Malaysia for RM260.0 million which was completed on 31 March 2008. The Group received acquisition fees in YTD 3Q 2007 of S\$0.7 million, primarily from the acquisition of Kelana Brem Towers by AmFIRST REIT and the acquisition of certain strata office units by Prosperity REIT. Other income increased to S\$2.6 million in YTD 3Q 2008 from S\$456,000 in YTD 3Q 2007, primarily from an increase in distribution income from the Group's financial assets.

The Group recorded higher operating expenses of S\$21.0 million compared to S\$13.1 million in YTD 3Q 2007, primarily as a result of the continued business expansion of the Group.

Net profit for YTD 3Q 2008 rose to S\$27.2 million, a 138% increase from S\$11.4 million in YTD 3Q 2007 while the Group's net margin rose by 9 percentage points to 52% in YTD 3Q 2008 from 43% in YTD 3Q 2007.

As at 30 September 2008, total assets under management of the Group stood at S\$12.0 billion (approximately US\$8.4 billion).

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

In view of the global credit crunch and increasing prospects of a global economic slowdown, the Group has adopted a prudent strategy of positioning itself defensively and sustaining profitability while remaining on the lookout for opportunities arising from the financial crisis.

All of the REITs of which ARA are Managers have no significant refinancing of external borrowings till end 2009 and are intensifying their focus on asset management activities and cost control to optimise net property income.

The ARA Asia Dragon Fund completed its third and final closing on 19 June 2008. The fund's investors remain fully committed to this fund. With aggregate capital commitments in excess of US\$1 billion, the fund is relatively well-placed to take advantage of investment opportunities arising from the current capital-constrained environment.

**Financial Statements Announcement
For the third quarter ended 30 September 2008**

Overall, the Group's financial position remains strong with low gearing and a healthy cash position. With an experienced management team, proven track record and stable management fee income from REITs and private real estate funds, the Group remains confident that it will be able to weather the current market turbulence and take advantage of opportunities to expand its fund management platform in Asia.

Outlook for the financial year ending 31 December 2008

Barring unforeseen circumstances, the Group expects net profit in FY 2008 to be comparable to that achieved in FY 2007.

11. Dividend

(a) Current Financial Period Reported On

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

(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

Not applicable.

(d) Book Closure date

Not applicable.

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

No dividend has been declared or recommended for the financial period under review.

**Financial Statements Announcement
For the third quarter ended 30 September 2008**
13. Interested Person Transactions

| Name of interested person | 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) | |
|--|--|------------------------------|---|------------------------------|
| | 1/7/08 to 30/9/08 S\$'000 | 1/1/08 to 30/9/08 S\$'000 | 1/7/08 to 30/9/08 S\$'000 | 1/1/08 to 30/9/08 S\$'000 |
| Fortune REIT ⁽¹⁾ | - | - | 1,986 | 5,781 |
| AIFEREF ⁽²⁾ | - | - | - | 11 |
| The Center (55) Limited ⁽³⁾ | - | - | - | 2,756 |
| | - | - | 1,986 | 8,548 |

The interested person transactions have been entered into based on terms stipulated in the following:

- (1) the trust deed constituting Fortune REIT whereby the Group receives base and performance fees for its role as the manager of Fortune REIT;
- (2) the private placement memorandum of the AIFEREF whereby the Group receives portfolio management fees for its role as the portfolio manager of the fund; and
- (3) an operating lease agreement with The Center (55) Limited.

14. Confirmation pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of ARA Asset Management Limited which may render the unaudited interim financial information (comprising the balance sheets, consolidated income statement, statements of changes in equity and cash flow statement, together with their accompanying notes) as at 30 September 2008 and for the 9 months ended on that date to be false or misleading in any material aspect.

On behalf of the Board,

Chiu Kwok Hung, Justin
Director

Lim Hwee Chiang
Director

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

Lim Hwee Chiang
Director
3 November 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 release, which are based on the current view of management on future events. Information from external sources in this release has not been independently verified by us.



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The Board of Directors
ARA Asset Management Limited
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

3 November 2008

Dear Sirs

Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed financial information of ARA Asset Management Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the Company as at 30 September 2008, the related statements of income, changes in equity and cash flows of the Group for the nine-month period ended 30 September 2008 and certain explanatory notes (the Interim Financial Information). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard ("FRS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*.

Restriction on use

Our report is provided on the basis that it is solely for the private information of the directors and should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors, the Company or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully

KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore