



## **ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT**

### **FINANCIAL RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 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 Securities Trading Limited 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/office sectors; a private real estate fund investing in Singapore, Hong Kong, China, Malaysia and other emerging economies in Asia; and a specialist equity fund investing in REITs and listed infrastructure and utilities trusts in the Asia-Pacific region.

As at 31 December 2008, ARA’s total assets under management was S\$12.2 billion (approximately US\$8.5 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 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	1/10/08 to 31/12/08 S\$'000	1/10/07 to 31/12/07 S\$'000	Change %	1/1/08 to 31/12/08 S\$'000	1/1/07 to 31/12/07 S\$'000	Change %
Management fees	(a)	16,422	15,713	5%	64,484	41,203	57%
Acquisition and performance fees	(a)	-	18,461	(100%)	1,148	19,133	(94%)
Other income	(b)	1,802	1,285	40%	4,407	1,741	153%
<b>Total revenue</b>		<b>18,224</b>	<b>35,459</b>	<b>(49%)</b>	<b>70,039</b>	<b>62,077</b>	<b>13%</b>
Administrative expenses	(c)	(3,845)	(4,919)	(22%)	(19,194)	(16,228)	18%
Operating lease expenses	(d)	(538)	(371)	45%	(1,764)	(857)	106%
Other expenses	(e)	(4,309)	(4,432)	(3%)	(8,755)	(5,776)	52%
<b>Results from operating activities</b>		<b>9,532</b>	<b>25,737</b>	<b>(63%)</b>	<b>40,326</b>	<b>39,216</b>	<b>3%</b>
Finance expenses	(f)	(209)	(211)	(1%)	(813)	(498)	63%
		9,323	25,526	(63%)	39,513	38,718	2%
Share of profits of associates (net of tax)	(g)	18	34	(47%)	155	165	(6%)
<b>Profit before income tax</b>	(h)	<b>9,341</b>	<b>25,560</b>	<b>(63%)</b>	<b>39,668</b>	<b>38,883</b>	<b>2%</b>
Income tax expense	(i)	223	(2,669)	(108%)	(3,096)	(4,845)	(36%)
<b>Profit for the period</b>		<b>9,564</b>	<b>22,891</b>	<b>(58%)</b>	<b>36,572</b>	<b>34,038</b>	<b>7%</b>
Attributable to:							
Equity holders of the Company		9,574	22,609	(58%)	36,729	34,012	8%
Minority interest		(10)	282	n.m.	(157)	26	n.m.
		<b>9,564</b>	<b>22,891</b>	<b>(58%)</b>	<b>36,572</b>	<b>34,038</b>	<b>7%</b>

**Financial Statements Announcement**  
**For the financial year ended 31 December 2008**
**1(a)(ii) Explanatory notes to the income statement**
**(a) Revenue**

		1/10/08 to 31/12/08 ("4Q2008") S\$'000	1/10/07 to 31/12/07 ("4Q2007") S\$'000	Change %	1/1/08 to 31/12/08 ("FY2008") S\$'000	1/1/07 to 31/12/07 ("FY2007") S\$'000	Change %
<b>Management fees</b>		<b>16,422</b>	<b>15,713</b>	<b>5%</b>	<b>64,484</b>	<b>41,203</b>	<b>57%</b>
REIT base and performance fees	(i)	10,056	9,699	4%	40,512	33,555	21%
Portfolio management and service fees	(ii)	6,366	6,014	6%	23,972	7,648	213%
<b>Acquisition and performance fees</b>		-	<b>18,461</b>	<b>(100%)</b>	<b>1,148</b>	<b>19,133</b>	<b>(94%)</b>
REIT acquisition fees	(iii)	-	9,550	(100%)	1,148	10,222	(89%)
Private fund performance fees	(iv)	-	8,911	(100%)	-	8,911	(100%)

- (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) Portfolio management and service fees increased to S\$24.0 million in FY2008 from S\$7.6 million in FY2007 primarily due to the full year recognition of portfolio management fees from the ARA Asia Dragon Fund ("ADF"). Portfolio management and service fees in FY2007 were primarily from the ADF, which completed its first closing on 20 September 2007, and the Al Islami Far Eastern Real Estate Fund ("AIFEREF"), a Shariah-compliant private real estate fund established by us in August 2004. The Group completed the divestment of the underlying assets of the AIFEREF in October 2007.
- (iii) The Group received acquisition fees of S\$1.1 million in FY2008 from the acquisition by AmFIRST REIT of an interest in The Summit Subang USJ, a mixed commercial development in Subang Jaya, Malaysia which was completed on 31 March 2008, and the acquisition by Suntec REIT of 1,105 square feet of State Land along Penang Road, which was completed on 13 March 2008. Acquisition fees of S\$10.2 million in FY2007 were from the acquisition of a one-third interest in One Raffles Quay and 13,572 square feet of State Land along Penang Road by Suntec REIT, the acquisition of Kelana Brem Towers by AmFIRST REIT, and the acquisition of certain strata office units by Prosperity REIT.
- (iv) The Group recognised private fund performance fees of S\$8.9 million in FY2007 from the divestment of the underlying assets of the AIFEREF in October 2007. No private fund performance fees were received by the Group in FY2008.

**(b) Other income**

Other income comprised primarily of distribution income and interest income. Other income increased to S\$4.4 million in FY2008 from S\$1.7 million in FY2007, 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. In line with the Group's business expansion, full year administrative expenses increased to S\$19.2 million in FY2008 from S\$16.2 million in FY2007, primarily due to the increase in headcount, related expenses and strategic advisory fees.

**(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 the Group.

**Financial Statements Announcement  
For the financial year ended 31 December 2008**

**(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. Other expenses increased to S\$8.8 million in FY2008 from S\$5.8 million in FY2007, primarily due to a higher loss on fair valuation on certain REIT units received by the Group and professional fees.

**(f) Finance expenses**

The increase in finance costs was primarily due to interest on borrowings of RM44.9 million (equivalent to approximately S\$18.6 million) taken up to part 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:*

	<b>1/10/08 to 31/12/08</b>	<b>1/10/07 to 31/12/07</b>	<b>Change</b>	<b>1/1/08 to 31/12/08</b>	<b>1/1/07 to 31/12/07</b>	<b>Change</b>
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>						
Distribution income	1,765	1,016	74%	4,062	1,227	231%
Interest income	37	269	(86%)	345	514	(33%)
<u>Other expenses</u>						
Depreciation	78	55	42%	270	216	25%
Exchange loss - net	23	1,152	(98%)	64	1,331	(95%)
Loss on fair valuation of held-for-trading securities	1,231	1,515	(19%)	3,055	1,533	99%

**(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 financial year ended 31 December 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	
		31/12/08 S\$'000	31/12/07 S\$'000	31/12/08 S\$'000	31/12/07 S\$'000
<b>Non-current assets</b>					
Plant and equipment		849	599	-	-
Tenancy deposits		296	289	-	-
Subsidiaries	(a)	-	-	49,480	4,295
Associates		468	308	-	-
Financial assets	(b)	48,870	30,093	-	-
		<u>50,483</u>	<u>31,289</u>	<u>49,480</u>	<u>4,295</u>
<b>Current assets</b>					
Financial assets	(c)	-	10,978	-	-
Trade and other receivables	(d)	16,069	24,764	24	9,122
Amounts owing by related corporations	(e)	-	-	8,870	31,980
Cash and short term bank deposits		41,879	74,494	35,948	67,146
		<u>57,948</u>	<u>110,236</u>	<u>44,842</u>	<u>108,248</u>
<b>Total assets</b>		<u>108,431</u>	<u>141,525</u>	<u>94,322</u>	<u>112,543</u>
<b>Equity attributable to equity holders</b>					
Share capital		1,164	1,164	1,164	1,164
Reserves	(f)	74,689	99,890	89,257	100,093
		<u>75,853</u>	<u>101,054</u>	<u>90,421</u>	<u>101,257</u>
<b>Minority interest</b>		(227)	(65)	-	-
<b>Total equity</b>		<u>75,626</u>	<u>100,989</u>	<u>90,421</u>	<u>101,257</u>
<b>Non-current liabilities</b>					
Financial liabilities	(g)	18,832	19,627	-	-
Deferred tax liabilities		54	38	-	-
		<u>18,886</u>	<u>19,665</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	(h)	11,058	16,125	3,186	10,362
Amounts owing to related corporations		-	-	686	924
Financial liabilities	(g)	38	72	-	-
Derivative liabilities	(i)	386	36	-	-
Current tax payable		2,437	4,638	29	-
		<u>13,919</u>	<u>20,871</u>	<u>3,901</u>	<u>11,286</u>
<b>Total liabilities</b>		<u>32,805</u>	<u>40,536</u>	<u>3,901</u>	<u>11,286</u>
<b>Total equity and liabilities</b>		<u>108,431</u>	<u>141,525</u>	<u>94,322</u>	<u>112,543</u>

**Financial Statements Announcement  
For the financial year ended 31 December 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 31 December 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 investment in the ADF; and (iv) investment in the ARA Asian Asset Income Fund ("AAIF").*

*Of the available-for-sale financial assets, an amount of S\$8.7 million of unquoted equity investments relating to seed capital investment in the ADF are stated at cost since there was no market comparables or reliable estimates available to project future cash flows to arrive at its fair values.*

- (c) *Current financial assets as at 31 December comprise REIT units received by the Group as part payment of the base and performance fees from 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 the 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 from the 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) *This includes a negative fair value reserve change of S\$26.8 million (2007: S\$1.0 million) for the financial year ended 31 December 2008.*
- (g) *Financial liabilities as at 31 December 2008 relate to a secured revolving credit facility taken up to part finance the acquisition of a 12.5% interest in AmFIRST REIT and finance lease liabilities.*
- (h) *The decrease in trade and other payables is primarily due to payment of strategic advisory fees, other professional fees and listing expenses.*
- (i) *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.*
- (j) *Certain reclassifications have been made to the last year's financial statements to enhance comparison with this year's financial results.*

**Financial Statements Announcement  
For the financial year ended 31 December 2008**

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

	31/12/08		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	18,832	-	19,627	-
	<u>18,870</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 Malaysian Ringgit ("RM") for the RM loan taken up to part 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\$0.3 million (31 December 2007: S\$0.2 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 31 December 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 31 December 2008, the Group had bank borrowings of approximately RM44.9 million (equivalent to approximately S\$18.6 million (31 December 2007: S\$19.6 million)) which relates to a secured revolving credit facility provided by AmlInvestment Bank Berhad ("AIBB") to our wholly-owned subsidiary, Jadeline Capital Sdn Bhd ("Jadeline") to part finance the acquisition of a 12.5% interest in, or 53.7 million units of AmFIRST REIT in May 2007.

This facility was extended for a period of 24 months from 28 May 2009 and bears interest at a floating rate of 1.0% p.a. above AIBB's cost of funds from the date of extension. The facility is secured by a pledge of the AmFIRST REIT units purchased by the Group.

**Financial Statements Announcement**  
**For the financial year ended 31 December 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**

	1/10/08 to 31/12/08 S\$'000	1/10/07 to 31/12/07 S\$'000	1/1/08 to 31/12/08 S\$'000	1/1/07 to 31/12/07 S\$'000
<b>Operating activities</b>				
Profit for the period	9,564	22,891	36,572	34,038
Adjustments for:				
Management fee received / receivable in units of REITs	(7,949)	(18,470)	(32,328)	(35,983)
Depreciation of plant and equipment	78	55	270	216
Share of profit of associates	(18)	(34)	(155)	(165)
Interest income	(37)	(269)	(345)	(514)
(Gain)/Loss on disposal of plant and equipment	(14)	78	(46)	78
Loss on fair valuation of held-for-trading securities	1,231	1,515	3,055	1,533
Distribution income	(1,765)	(1,016)	(4,062)	(1,227)
Finance expenses	209	211	813	498
Income tax expense	(223)	2,669	3,096	4,845
Operating profit before working capital changes	<u>1,076</u>	<u>7,630</u>	<u>6,870</u>	<u>3,319</u>
Changes in working capital:				
Trade and other receivables	2,851	(11,010)	10,988	(14,705)
Trade and other payables	(6,239)	6,979	(5,128)	10,490
Proceeds from sale of units in REITs	8,982	1,247	40,400	12,070
Income tax paid	(1,077)	(582)	(5,281)	(3,046)
Distribution income received	1,765	1,016	4,062	1,227
Interest received	37	269	345	514
<b>Cash flows from operating activities</b>	<u>7,395</u>	<u>5,549</u>	<u>52,256</u>	<u>9,869</u>
<b>Investing activities:</b>				
Purchase of plant and equipment	(225)	(273)	(480)	(316)
Proceeds from disposal of plant and equipment	52	2	178	4
Purchase of available-for-sale securities				
- quoted	(7,101)	-	(33,264)	(21,884)
- unquoted	(3,896)	(226)	(15,619)	(226)
<b>Cash flows from investing activities</b>	<u>(11,170)</u>	<u>(497)</u>	<u>(49,185)</u>	<u>(22,422)</u>
<b>Financing activities:</b>				
Net proceeds from initial public offer	-	75,559	-	75,559
Payment of finance lease liabilities (net)	(51)	(22)	(123)	(93)
Interest paid	(209)	(211)	(813)	(498)
Dividend paid	-	(20,232)	(34,747)	(23,241)
Proceeds from borrowings	-	-	-	19,924
<b>Cash flows from financing activities</b>	<u>(260)</u>	<u>55,094</u>	<u>(35,683)</u>	<u>71,651</u>
<b>Net (decrease)/increase in cash &amp; short term bank deposits</b>	<u>(4,035)</u>	<u>60,146</u>	<u>(32,612)</u>	<u>59,098</u>
Cash and short term bank deposits at beginning of period	45,912	14,527	74,494	15,737
Effect of exchange rate fluctuations on cash held	2	(179)	(3)	(341)
<b>Cash and short term bank deposits at end of period</b>	<u>41,879</u>	<u>74,494</u>	<u>41,879</u>	<u>74,494</u>



**Financial Statements Announcement**  
**For the financial year ended 31 December 2008**

**Footnotes:**

- (a) As at 31 December 2008, the Group had utilised S\$35.9 million of the net IPO proceeds raised of S\$75.5 million as follows:-

	As at	
	31/12/08 S\$'000	31/12/07 S\$'000
Seed capital investment in the ADF	8,664	226
Strategic stake in REIT	27,200	-
	35,864	226

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

- (b) Cash flows from operating activities increased to S\$52.3 million in FY2008 from S\$9.9 million in FY2007, 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\$49.2 million in FY2008 (FY2007: S\$22.4 million). This was primarily due to (i) S\$33.3 million used towards the acquisition of Suntec REIT units which are held as a strategic stake; (ii) additional seed capital investment of S\$8.4 million in the ADF pursuant to capital calls from the fund; and (iii) investment of S\$7.2 million in the AAIF.
- (d) Net cash outflow for financing activities amounted to S\$35.7 million in FY2008 compared with a net cash inflow of S\$71.7 million in FY2007. Cash inflow from financing activities in FY2007 were primarily proceeds from the Company's IPO on 2 November 2007. Cash outflow for financing activities in FY2008 included S\$34.7 million of dividends paid in May 2008 and September 2008.

**Financial Statements Announcement  
For the financial year ended 31 December 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
<b>The Company</b>				
<b>At 1 January 2007</b>	20	-	1,187	1,207
Total recognised income and expense for the period				
- Profit for the period	-	-	84	84
<b>At 31 March 2007</b>	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)
<b>At 30 June 2007</b>	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)
<b>At 30 September 2007</b>	1,020	-	457	1,477
Translation differences relating to financial statements of the Company	(2)	-	-	(2)
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)
Total recognised income and expense for the period				
- Profit for the period	-	-	24,223	24,223
<b>At 31 December 2007</b>	<b>1,164</b>	<b>75,413</b>	<b>24,680</b>	<b>101,257</b>
<b>At 1 January 2008</b>	1,164	75,413	24,680	101,257
Total recognised income and expense for the period				
- Loss for the period	-	-	(395)	(395)
<b>At 31 March 2008</b>	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)
<b>At 30 June 2008</b>	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)
<b>At 30 September 2008</b>	1,164	75,413	2,735	79,312
Total recognised income and expense for the period				
- Profit for the period	-	-	11,109	11,109
<b>At 31 December 2008</b>	<b>1,164</b>	<b>75,413</b>	<b>13,844</b>	<b>90,421</b>

**Financial Statements Announcement  
For the financial year ended 31 December 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 the Company S\$'000	Minority interest S\$'000	Total equity S\$'000
<b>The Group</b>									
<b>At 1 January 2007</b>	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)
<b>At 31 March 2007</b>	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 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)
<b>At 30 June 2007</b>	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)
<b>At 30 September 2007</b>	1,020	-	340	-	301	2,805	4,466	(350)	4,116
Translation differences relating to financial statements of foreign subsidiaries	(2)	-	(255)	-	-	-	(257)	3	(254)
Changes in fair value of available-for-sale financial assets	-	-	-	-	(1,323)	-	(1,323)	-	(1,323)
Net (losses)/gains recognised directly in equity	(2)	-	(255)	-	(1,323)	-	(1,580)	3	(1,577)
Profit for the period	-	-	-	-	-	22,609	22,609	282	22,891
Total recognised income and expense for the period	(2)	-	(255)	-	(1,323)	22,609	21,029	285	21,314
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)
<b>At 31 December 2007</b>	<b>1,164</b>	<b>75,413</b>	<b>85</b>	<b>-</b>	<b>(1,022)</b>	<b>25,414</b>	<b>101,054</b>	<b>(65)</b>	<b>100,989</b>
<b>At 1 January 2008</b>	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
<b>At 31 March 2008</b>	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)
<b>At 30 June 2008</b>	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)
<b>At 30 September 2008</b>	1,164	75,413	(58)	(224)	(11,781)	17,822	82,336	(218)	82,118
Translation differences relating to financial statements of foreign subsidiaries	-	-	160	-	-	-	160	1	161
Effective portion of changes in fair value of cash flow hedge, net of tax	-	-	-	(162)	-	-	(162)	-	(162)
Changes in fair value of available-for-sale financial assets	-	-	-	-	(16,055)	-	(16,055)	-	(16,055)
Net (losses)/gains recognised directly in equity	-	-	160	(162)	(16,055)	-	(16,057)	1	(16,056)
Profit for the period	-	-	-	-	-	9,574	9,574	(10)	9,564
Total recognised income and expense for the period	-	-	160	(162)	(16,055)	9,574	(6,483)	(9)	(6,492)
<b>At 31 December 2008</b>	<b>1,164</b>	<b>75,413</b>	<b>102</b>	<b>(386)</b>	<b>(27,836)</b>	<b>27,396</b>	<b>75,853</b>	<b>(227)</b>	<b>75,626</b>

**Financial Statements Announcement  
For the financial year ended 31 December 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 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**

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**

	As at	
	31/12/08	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 not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2400.

**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 financial year ended 31 December 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)	1/10/08 to 31/12/08	1/10/07 to 31/12/07	FY2008	FY2007
Earnings per ordinary share for the period based on profit for the period attributable to equity holders of the Company:				
(i) Based on the number of ordinary shares in issue as at the end of the financial period	1.64	3.88	6.31	5.84
(ii) Based on the weighted average number of ordinary shares in issue	1.64	4.34	6.31	6.52
(iii) On a fully diluted basis	1.64	4.34	6.31	6.52

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 31 December 2007 and 31 December 2008 and the weighted average number of 521,260,000 and 582,060,000 shares in issue as at 31 December 2007 and 31 December 2008 respectively.

The weighted average number of shares for 31 December 2007 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 the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

(Singapore cents)	Group		Company	
	31/12/08	31/12/07	31/12/08	31/12/07
Net asset value per ordinary share	13.00	17.35	15.53	17.40
Net tangible assets backing per ordinary share	13.00	17.35	15.53	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.

**Financial Statements Announcement  
For the financial year ended 31 December 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**

	4Q2008 S\$'000	4Q2007 S\$'000	Change %	FY2008 S\$'000	FY2007 S\$'000	Change %
<b>Total Revenue</b>						
Management fees	16,422	15,713	5%	64,484	41,203	57%
Acquisition and performance fees	-	18,461	(100%)	1,148	19,133	(94%)
Other income	1,802	1,285	40%	4,407	1,741	153%
<b>EBIT</b>	9,532	25,737	(63%)	40,326	39,216	3%
<b>Net profit<sup>(1)</sup></b>	9,574	22,609	(58%)	36,729	34,012	8%
<b>Net margin</b>	53%	64%	-11%	52%	55%	-3%
<b>ROE<sup>(2)</sup></b>	50%	n.m. <sup>(3)</sup>	n.m.	49%	34%	+15%

*n.m.* : not meaningful

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

(2) Annualised figure

(3) The Company was listed on 2 November 2007. The net proceeds raised from the IPO resulted in a significant increase in the equity base of the Company, hence it is not meaningful to compare the ROE in 4Q2007 with the ROE in 4Q2008.

**4Q2008 vs 4Q2007**

Recurrent management fee income increased by 5% to S\$16.4 million in 4Q2008 from S\$15.7 million in 4Q2007, primarily due to the Group's enlarged REIT portfolio, higher net property income in the REITs managed by the Group and increased portfolio management fee income from the ADF which completed its third and final closing in June 2008. During 4Q2007, the Group recognised one-time REIT acquisition fees and private fund performance fees of \$9.6 million and \$8.9 million respectively. No such fees were recognised in 4Q2008. Other income increased by 40% to S\$1.8 million in 4Q2008 from S\$1.3 million in 4Q2007, primarily from increased 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\$8.7 million compared to S\$9.7 million in 4Q2007. Included in operating expenses for 4Q2008 was a loss on fair valuation of held-for-trading securities of S\$1.2 million on certain REIT units received by the Group as part payment of the base and performance fees from those REITs, compared with \$1.5 million in 4Q2007.

For 4Q2008, the Group recorded a net profit of S\$9.6 million and a net margin of 53%.

**FY2008 vs FY2007**

Recurrent management fee income increased by 57% to S\$64.5 million in FY2008 from S\$41.2 million in FY2007, primarily due to the full-year contribution of portfolio management fee income from the ADF and higher management fees from the REITs managed by the Group. During FY2008, the Group received acquisition fees of S\$1.1 million from the acquisition by AmFIRST REIT of an interest in The Summit Subang USJ, a mixed commercial development in Subang Jaya, Malaysia which was completed on 31 March 2008, and the acquisition by Suntec REIT of 1,105 square feet of State Land along Penang Road, which was completed on 13 March 2008. The Group recognised one-time REIT acquisition fees and private fund performance fees of S\$10.2 million and S\$8.9 million respectively in FY2007. The REIT acquisition fees were from the acquisition of a one-third interest in One Raffles Quay and 13,572 square feet of State Land along Penang Road by Suntec REIT, the acquisition of Kelana Brem Towers by AmFIRST REIT, and the acquisition of certain strata office units by Prosperity REIT while the private fund performance fees were from the divestment of the underlying assets of the AIFEREF in October 2007.

**Financial Statements Announcement  
For the financial year ended 31 December 2008**

The Group recorded higher operating expenses of S\$29.7 million compared to S\$22.9 million in FY2007, primarily as a result of the continued business expansion of the Group and loss on fair valuation of held-for-trading securities on certain REIT units received by the Group as part payment of the base and performance fees from those REITs.

As a result of the above, net profit for FY2008 rose to S\$36.7 million, a 8% increase from S\$34.0 million in FY2007. The Group's net margin in FY2008 was 52%.

As at 31 December 2008, total assets under management of the Group stood at S\$12.2 billion (approximately US\$8.5 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**

The Group has been prudent in managing its capital amidst the current credit crunch and deteriorating economic outlook. With ample cash reserves, low gearing and stable management fee income from REITs and private real estate funds, the Group's financial position remains strong.

The Group's flagship private real estate fund, the ARA Asia Dragon Fund ("ADF") has been actively seeking out opportunities in the region. We remain optimistic on the long-term growth prospects for China and view the current market dislocations as an opportunity for well-capitalised vehicles such as the ADF to acquire assets at attractive valuations. The ADF, which has more than US\$1.1 billion in committed capital, completed the acquisition of the Nanjing International Finance Center, a prime landmark office-cum-retail building in the heart of Nanjing for RMB1.6 billion (approximately S\$350 million) in December 2008. Outside of China, we are cautious on the real estate sector in Hong Kong and Singapore but will select special opportunities for acquisitions in these countries via the ADF.

As part of our expansion plans, the Group has, together with our ADF joint-venture partners, established offices in Tianjin and Nanjing to add to our current office in Beijing and strengthen our network in China. With a current staff strength of over 140 across Asia, we are well on our way towards building a pan-Asian real estate investment platform and cementing our position as a premier Asian real estate fund manager.

Going forward, the Group will seek to close new private funds with specific strategies tailored for the current market climate. We continue to be on the lookout for opportunities arising from the current financial and economic crisis to expand our geographic footprint and grow our assets under management.

**Outlook for the financial year ending 31 December 2009**

Barring unforeseen circumstances, the Group expects net profit in FY2009 to be comparable to that achieved in FY2008.

**Financial Statements Announcement  
For the financial year ended 31 December 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\$0.0224 per share
Dividend Rate	:	Not applicable
Par value of shares	:	S\$0.002 per share
Tax Rate	:	Tax Exempt (One-Tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend recommended for the corresponding period of the immediately preceding financial year? 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 (One-Tier)

**(c) Date payable**

20 May 2009

**(d) Book Closure date**

Registrable Transfers received by the Company up to 5.00 pm on 8 May 2009 will be registered before entitlements to the dividend are determined

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

A final dividend of S\$0.0224 per share has been recommended for the financial year ended 31 December 2008.

Inclusive of the interim dividend of S\$0.0217 per share paid out on 2 September 2008, the total dividend per share for FY2008 is S\$0.0441.



**Financial Statements Announcement  
For the financial year ended 31 December 2008**
**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	
	1/1/08 to 31/12/08 S\$'000	1/1/07 to 31/12/07 S\$'000	1/1/08 to 31/12/08 S\$'000	1/1/07 to 31/12/07 S\$'000
	<u>Business Segments</u>			
REITs	41,659	43,524	24,707	28,280
Private real estate funds	23,238	14,979	14,818	11,488
Others <sup>(a)</sup>	5,142	3,574	1,465	1,192
	<u>70,039</u>	<u>62,077</u>	<u>40,990</u>	<u>40,960</u>
Unallocated expenses	-	-	(664)	(1,744)
	<u>70,039</u>	<u>62,077</u>	<u>40,326</u>	<u>39,216</u>

**Notes:**

(a) Comprise primarily of specialist equity fund management, corporate finance advisory services and investment holdings.

- 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.**

	FY2008 S\$'000	FY2007 S\$'000	Change %
<b>Revenue reported for first half year</b>	<b>34,142</b>	<b>17,235</b>	<b>98%</b>
Management fees	31,140	16,364	90%
Acquisition and performance fees	1,148	416	176%
Other income	1,854	455	307%
<b>Operating profit after tax before deducting minority interests reported for first half year</b>	<b>17,919</b>	<b>7,736</b>	<b>132%</b>
<b>Revenue reported for second half year</b>	<b>35,897</b>	<b>44,842</b>	<b>(20%)</b>
Management fees	33,344	24,839	34%
Acquisition and performance fees	-	18,717	(100%)
Other income	2,553	1,286	99%
<b>Operating profit after tax before deducting minority interests reported for second half year</b>	<b>18,653</b>	<b>26,302</b>	<b>(29%)</b>

**Financial Statements Announcement  
For the financial year ended 31 December 2008**
**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>FY2008 S\$'000</b>	<b>FY2007 S\$'000</b>
Ordinary	25,667 <sup>(a)</sup>	45,359 <sup>(b)</sup>
Preference	-	-
<b>Total:</b>	<b>25,667</b>	<b>45,359</b>

**Notes:**

- (a) This includes the proposed final dividend of \$0.0224 per share which amounts to \$13.0 million and is payable in May 2009. Of the total dividends, S\$12.6 million relate to the interim dividend of \$0.0217 per share which was paid on 2 September 2008. The total dividend of S\$0.0441 per share for FY2008 represents a payout ratio of 70%.
- (b) This includes the final dividend of \$0.038 per share which amounted to S\$22.1 million for FY2007. Of the total dividends declared in FY2007, 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)	
	<b>1/10/08 to 31/12/08 S\$'000</b>	<b>1/1/08 to 31/12/08 S\$'000</b>	<b>1/10/08 to 31/12/08 S\$'000</b>	<b>1/1/08 to 31/12/08 S\$'000</b>
Fortune REIT <sup>(1)</sup>	-	-	1,920	7,701
AIFEREF <sup>(2)</sup>	-	-	-	11
The Center (55) Limited <sup>(3)</sup>	-	-	-	2,756
	-	-	<b>1,920</b>	<b>10,468</b>

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.

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

Lim Hwee Chiang  
Director  
19 February 2009

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.



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet [www.kpmg.com.sg](http://www.kpmg.com.sg)

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

19 February 2009

Dear Sirs

## **Review of Financial Information**

### *Introduction*

We have reviewed the accompanying 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 31 December 2008, the related statements of income, changes in equity and cash flows for the Group for the year ended 31 December 2008 and certain explanatory notes (the Financial Information). Management is responsible for the preparation and presentation of this Financial Information in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on this Financial Information based on our review.

### *Scope of review*

We conducted our review in accordance with the Singapore Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, 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 Financial Information is not presented fairly, in all material respects, in accordance with Singapore Financial Reporting Standards.

### *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**