



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

### **FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

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

ARA Asset Management Limited (“ARA” or the “Group”) is a real estate fund management company listed on the main board of the Singapore Exchange Securities Trading Limited.

The ARA Group comprises four primary business segments:

- REITs;
- Private funds;
- Real estate management services; 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; private funds investing in real estate and real estate-related securities in Asia; and provides real estate management services, including property management services and convention & exhibition services; and corporate finance advisory services.

As at 30 September 2009, ARA’s total assets under management was S\$12.5 billion (approximately US\$8.9 billion).

**Financial Statements Announcement**  
**For the quarter ended 30 September 2009**

**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	1/7/09 to 30/9/09 S\$'000	1/7/08 to 30/9/08 S\$'000	Change %	1/1/09 to 30/9/09 S\$'000	1/1/08 to 30/9/08 S\$'000	Change %
Management fees	(a)	16,338	16,922	(3%)	48,770	48,062	1%
Acquisition and performance fees	(a)	2,416	-	n.m.	2,447	1,148	113%
Other income	(b)	2,158	751	187%	8,179	2,605	214%
<b>Total revenue</b>		<b>20,912</b>	<b>17,673</b>	<b>18%</b>	<b>59,396</b>	<b>51,815</b>	<b>15%</b>
Administrative expenses	(c)	(5,682)	(5,302)	7%	(16,554)	(15,349)	8%
Operating lease expenses	(d)	(553)	(427)	30%	(1,678)	(1,226)	37%
Other expenses	(e)	(1,241)	(1,640)	(24%)	(3,152)	(4,446)	(29%)
<b>Results from operating activities</b>		<b>13,436</b>	<b>10,304</b>	<b>30%</b>	<b>38,012</b>	<b>30,794</b>	<b>23%</b>
Finance expenses	(f)	(170)	(201)	(15%)	(541)	(604)	(10%)
		13,266	10,103	31%	37,471	30,190	24%
Share of profits of associates (net of tax)	(g)	63	35	80%	191	137	39%
<b>Profit before income tax</b>	(h)	<b>13,329</b>	<b>10,138</b>	<b>31%</b>	<b>37,662</b>	<b>30,327</b>	<b>24%</b>
Income tax expense	(i)	(1,175)	(1,049)	12%	(3,484)	(3,319)	5%
<b>Profit for the period</b>		<b>12,154</b>	<b>9,089</b>	<b>34%</b>	<b>34,178</b>	<b>27,008</b>	<b>27%</b>
Attributable to:							
Equity holders of the Company		12,182	9,086	34%	34,261	27,155	26%
Minority interest		(28)	3	n.m.	(83)	(147)	(44%)
		12,154	9,089	34%	34,178	27,008	27%

*n.m.: not meaningful*

**Financial Statements Announcement  
For the quarter ended 30 September 2009**
**1(a)(ii) Explanatory notes to the income statement**
**(a) Revenue**

		1/7/09 to 30/9/09 ("3Q2009")	1/7/08 to 30/9/08 ("3Q2008")	Change %	1/1/09 to 30/9/09 ("YTD 3Q2009")	1/1/08 to 30/9/08 ("YTD 3Q2008")	Change %
		S\$'000	S\$'000		S\$'000	S\$'000	
<b>Management fees</b>		<b>16,338</b>	<b>16,922</b>	<b>(3%)</b>	<b>48,770</b>	<b>48,062</b>	<b>1%</b>
REIT base and performance fees	(i)	10,058	10,601	(5%)	30,145	30,448	(1%)
Portfolio management and service fees	(ii)	6,280	6,321	(1%)	18,625	17,614	6%
<b>Acquisition and performance fees</b>	(iii)	<b>2,416</b>	<b>-</b>	<b>n.m.</b>	<b>2,447</b>	<b>1,148</b>	<b>113%</b>

*n.m.: not meaningful*

- (i) REIT base and performance fees in YTD3Q2009 were relatively stable compared to YTD3Q2008 as higher REIT performance fees arising from higher net property income in the REITs managed by the Group were offset by a decrease in REIT base fees due to a reduction in the valuation of the properties in those REITs as at 31 December 2008. Fortune REIT and Prosperity REIT's property portfolios have been subsequently revalued as at 30 June 2009 with revaluation gains of 3.5% and 1.0% respectively.
- (ii) Portfolio management and service fees increased to S\$18.6 million in YTD3Q2009 from S\$17.6 million in YTD3Q2008 primarily due to fee contribution from the third and final closing of the ARA Asia Dragon Fund ("ADF") on 19 June 2008.
- (iii) The Group received acquisition and performance fees of S\$2.4 million in YTD3Q2009, primarily from arrangement fees in relation to the establishment of the ARA Harmony Fund which was completed on 30 September 2009 and acquisition fees from Suntec REIT for its 20% equity stake in the ARA Harmony Fund. The S\$1.1 million in YTD3Q2008 was 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.

**(b) Other income**

Other income comprised primarily of distribution income, interest income and gain on disposal of held-for-trading securities. Other income increased to S\$8.2 million in YTD3Q2009 from S\$2.6 million in YTD3Q2008, primarily from a gain on disposal of S\$2.6 million in YTD3Q2009 (YTD3Q2008: \$Nil) on REIT units received by the Group as part payment for REIT management fees and higher distribution income of S\$5.4 million in YTD3Q2009 (YTD3Q2008: S\$2.3 million) from the Group's financial assets. Included in other income for YTD3Q2009 was S\$0.1 million received for the Jobs Credit Scheme introduced in the 2009 Singapore Budget which was applied towards reducing staff costs.

**(c) Administrative expenses**

Administrative expenses comprised primarily of staff-related expenses, directors' fees and strategic advisory fees. In line with the Group's continuing business expansion, administrative expenses increased to S\$16.6 million in YTD3Q2009 from S\$15.3 million in YTD3Q2008, primarily due to an 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 quarter ended 30 September 2009**
**(e) Other expenses**

Other expenses comprised 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 decreased to S\$3.2 million in YTD3Q2009 from S\$4.4 million in YTD3Q2008. The Group recorded a loss on disposal of certain REIT units received by the Group as part payment for REIT management fees of S\$1.8 million in YTD3Q2008. The Group recorded a gain on disposal of such REIT units in YTD3Q2009 which was explained in (b) above. The loss on disposal of the REIT units was offset by increase in other expenses such as legal & professional fees, insurance, depreciation which increased in tandem with the Group's increase in headcount and business activities.

**(f) Finance expenses**

The decrease in finance expenses was primarily due to lower interest paid on borrowings of RM44.9 million (equivalent to approximately S\$18.2 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:*

	1/7/09 to 30/9/09	1/7/08 to 30/9/08	Change	1/1/09 to 30/9/09	1/1/08 to 30/9/08	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other Income</u>						
Distribution income	1,620	700	131%	5,367	2,297	134%
Interest income	22	51	(57%)	30	308	(90%)
Gain on fair valuation of held-for-trading securities	470	-	n.m.	2,621	-	n.m.
<u>Operating Expenses</u>						
Depreciation	143	70	104%	292	192	52%
Exchange (gain)/loss - net	220	(391)	n.m.	(73)	41	n.m.
Loss on fair valuation of held-for-trading securities	-	796	(100%)	-	1,824	(100%)

*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 quarter ended 30 September 2009**
**1(a)(iii) Statement of Comprehensive Income together with a comparative statement for the corresponding period of the immediately preceding financial year**

With effect from 1 January 2009, FRS 1 *Presentation of Financial Statements* requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income. Non-owner changes include income and expenses that were previously recognised directly in equity. This is a change of presentation and does not affect the recognition or measurement of the Group's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	1/7/09 to 30/9/09 S\$'000	1/7/08 to 30/9/08 S\$'000	Change %	1/1/09 to 30/9/09 S\$'000	1/1/08 to 30/9/08 S\$'000	Change %
Profit for the period	12,154	9,089	34%	34,178	27,008	27%
Other comprehensive income:						
Foreign currency translation differences for foreign operations	(750)	294	n.m.	(750)	(149)	403%
Effective portion of changes in fair value of cash flow hedge	348	(464)	n.m.	700	(224)	n.m.
Net changes in fair value of available-for-sale financial assets	9,290	(6,144)	n.m.	16,784	(10,759)	n.m.
Other comprehensive income for the period, net of income tax	8,888	(6,314)	n.m.	16,734	(11,132)	n.m.
<b>Total comprehensive income for the period</b>	<b>21,042</b>	<b>2,775</b>	<b>658%</b>	<b>50,912</b>	<b>15,876</b>	<b>221%</b>
<b>Attributable to:</b>						
Owners of the Company	21,069	2,772	660%	50,995	16,029	218%
Minority interest	(27)	3	n.m.	(83)	(153)	(46%)
<b>Total comprehensive income for the period</b>	<b>21,042</b>	<b>2,775</b>	<b>658%</b>	<b>50,912</b>	<b>15,876</b>	<b>221%</b>

n.m.: not meaningful

**Footnotes:**

- (a) There is no tax effect relating to the component of the total comprehensive income

**Financial Statements Announcement  
For the quarter ended 30 September 2009**
**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	
		30/9/09 S\$'000	31/12/08 S\$'000	30/9/09 S\$'000	31/12/08 S\$'000
<b>Non-current assets</b>					
Plant and equipment		896	849	-	-
Tenancy deposits		296	296	-	-
Subsidiaries	(a)	-	-	62,851	49,480
Associates		494	468	-	-
Financial assets	(b)	81,574	48,870	-	-
		<u>83,260</u>	<u>50,483</u>	<u>62,851</u>	<u>49,480</u>
<b>Current assets</b>					
Financial assets	(c)	1,558	-	-	-
Derivative assets	(d)	314	-	-	-
Trade and other receivables	(e)	19,130	16,069	19	24
Amounts owing by related corporations	(f)	-	-	2,768	8,870
Cash and short term bank deposits		35,094	41,879	16,018	35,948
		<u>56,096</u>	<u>57,948</u>	<u>18,805</u>	<u>44,842</u>
<b>Total assets</b>		<u>139,356</u>	<u>108,431</u>	<u>81,656</u>	<u>94,322</u>
<b>Equity attributable to equity holders</b>					
Share capital		1,164	1,164	1,164	1,164
Reserves	(g)	99,259	74,689	77,387	89,257
		<u>100,423</u>	<u>75,853</u>	<u>78,551</u>	<u>90,421</u>
<b>Minority interest</b>		(310)	(227)	-	-
<b>Total equity</b>		<u>100,113</u>	<u>75,626</u>	<u>78,551</u>	<u>90,421</u>
<b>Non-current liabilities</b>					
Financial liabilities	(h)	19,602	18,832	-	-
Deferred tax liabilities		54	54	-	-
		<u>19,656</u>	<u>18,886</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	(i)	16,155	11,058	3,090	3,186
Amounts owing to related corporations		-	-	12	686
Financial liabilities	(h)	38	38	-	-
Derivative liabilities	(d)	-	386	-	-
Current tax payable		3,394	2,437	3	29
		<u>19,587</u>	<u>13,919</u>	<u>3,105</u>	<u>3,901</u>
<b>Total liabilities</b>		<u>39,243</u>	<u>32,805</u>	<u>3,105</u>	<u>3,901</u>
<b>Total equity and liabilities</b>		<u>139,356</u>	<u>108,431</u>	<u>81,656</u>	<u>94,322</u>

**Financial Statements Announcement  
For the quarter ended 30 September 2009**

**Footnotes:**

- (a) *Interests in subsidiaries comprise equity investments 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 2009 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 (g) below); (iii) seed capital investment in the ADF; (iv) investment in the ARA Asian Asset Income Fund ("AAIF"); and (v) an amount of S\$8.0 million which relates to the Group's participation in the mezzanine loan to the ARA Harmony Fund to part-finance its purchase of the Suntec Singapore International Convention & Exhibition Centre. Of the available-for-sale financial assets, an amount of S\$10.1 million of unquoted equity investments relating to seed capital investment in the ADF are stated at cost since there were no market comparables or reliable estimates available to project future cash flows to arrive at its fair values.*
- (c) *Current financial assets as at 30 September 2009 comprise REIT units received by the Group as part payment for REIT management fees and included an amount relating to the Group's subscription rights units pursuant to Fortune REIT's renounceable rights issue announced on 24 August 2009.*
- (d) *Derivative assets/liabilities relate to the fair value of foreign currency forward contracts entered into by the Group to hedge the Group's foreign currency exposure.*
- (e) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables. The increase in trade and other receivables is primarily due to the increase in accrued REIT management fees; and accrued portfolio management fees from the ADF.*
- (f) *Amounts owing by related corporations relate mainly to advances to subsidiaries.*
- (g) *This includes a positive fair value reserve change of S\$16.8 million for the nine months ended 30 September 2009 (2008: negative change of S\$26.8 million).*
- (h) *Financial liabilities as at 30 September 2009 relate to (i) a secured revolving credit facility taken up with AmInvestment Bank Berhad ("AIBB") to part finance the acquisition of a 12.5% interest in AmFIRST REIT, (ii) an unrealised financial liability relating to a profit-sharing arrangement between the Group and AIBB for the AmFIRST REIT units acquired in relation to (i) above, and (iii) finance lease liabilities.*
- (i) *The increase in trade and other payables is primarily due to the accrual of strategic advisory fees and other professional fees.*

**Financial Statements Announcement  
For the quarter ended 30 September 2009**

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

	30/9/09		31/12/08	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	38	-	38	-
Amount repayable after one year	18,403	-	18,832	-
	<u>18,441</u>	<u>-</u>	<u>18,870</u>	<u>-</u>

**Footnotes:**

- (a) *The decrease in total borrowings is primarily due to the strengthening of the SGD relative to the 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\$0.2 million (31 December 2008: S\$0.2 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 30 September 2009, the Group had unutilised unsecured (i) overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2008: S\$6.0 million and HK\$3.0 million), and (ii) revolving credit facility of S\$1.2 million (31 December 2008: S\$1.2 million).*

**Details of any collateral**

As at 30 September 2009, the Group had bank borrowings of approximately RM44.9 million (equivalent to approximately S\$18.2 million (31 December 2008: S\$18.6 million)) which relates to a secured revolving credit facility provided by 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 quarter ended 30 September 2009**
**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	1/7/09 to 30/9/09 S\$'000	1/7/08 to 30/9/08 S\$'000	1/1/09 to 30/9/09 S\$'000	1/1/08 to 30/9/08 S\$'000
<b>Operating activities</b>				
Profit for the period	12,154	9,089	34,178	27,008
Adjustments for:				
Management fee received / receivable in units of REITs	(7,993)	(8,497)	(23,929)	(24,379)
Depreciation of plant and equipment	143	70	292	192
Share of profit of associates	(63)	(35)	(191)	(137)
Interest income	(22)	(51)	(30)	(308)
Loss / (Gain) on disposal of plant and equipment	1	-	4	(32)
(Gain) / Loss on fair valuation of held-for-trading securities	(470)	796	(2,621)	1,824
Distribution income	(1,620)	(700)	(5,367)	(2,297)
Finance expenses	170	201	541	604
Income tax expense	1,175	1,049	3,484	3,319
<b>Operating profit before working capital changes</b>	<b>3,475</b>	<b>1,922</b>	<b>6,361</b>	<b>5,794</b>
Changes in working capital:				
Trade and other receivables	199	30	(5,490)	8,137
Trade and other payables	2,719	3,013	5,097	1,111
Proceeds from sale of units in REITs	7,493	7,371	25,574	31,418
Income tax paid	(1,036)	(1,950)	(2,527)	(4,204)
Distributions income received	1,620	700	5,367	2,297
Interest received	22	51	30	308
<b>Cash flows from operating activities</b>	<b>14,492</b>	<b>11,137</b>	<b>34,412</b>	<b>44,861</b>
<b>Investing activities:</b>				
Dividend received from associate	-	-	170	-
Investment in Mezzanine loan	(8,000)	-	(8,000)	-
Purchase of plant and equipment	(308)	(134)	(322)	(255)
Proceed from disposal of plant and equipment	-	-	-	126
Purchase of available-for-sale securities				
- quoted	-	(5,763)	(4,275)	(26,163)
- unquoted	(1,303)	(891)	(1,826)	(11,723)
<b>Cash flows from investing activities</b>	<b>(9,611)</b>	<b>(6,788)</b>	<b>(14,253)</b>	<b>(38,015)</b>
<b>Financing activities:</b>				
Payment of finance lease liabilities (net)	(9)	(26)	(28)	(72)
Interest paid	(170)	(201)	(541)	(604)
Dividend paid	(13,387)	(12,629)	(26,425)	(34,747)
<b>Cash flows from financing activities</b>	<b>(13,566)</b>	<b>(12,856)</b>	<b>(26,994)</b>	<b>(35,423)</b>
<b>Net decrease in cash &amp; cash equivalents</b>	<b>(8,685)</b>	<b>(8,507)</b>	<b>(6,835)</b>	<b>(28,577)</b>
Cash and cash equivalents at beginning of period	43,779	54,289	41,879	74,494
Effect of exchange rate fluctuations on cash held	-	130	50	(5)
<b>Cash and cash equivalents at end of period</b>	<b>35,094</b>	<b>45,912</b>	<b>35,094</b>	<b>45,912</b>

**Financial Statements Announcement  
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**Footnotes:**

- (a) As at 30 September 2009, the Group had utilised S\$45.3 million of the net IPO proceeds raised of S\$75.5 million as follows:-

	As at	
	30/9/09 S\$'000	31/12/08 S\$'000
Seed capital investment in the ADF	10,091	8,664
Strategic stake in REIT	27,200	27,200
Investment in mezzanine loan <sup>(1)</sup>	8,000	-
	45,291	35,864

- (1) This investment was made in relation to the establishment of the ARA Harmony Fund.
- (b) Cash flows from operating activities decreased to S\$34.4 million in YTD3Q2009 from S\$44.9 million in YTD3Q2008, primarily due to a decrease in the proceeds arising from the sale of REIT units and movement in working capital. Cash flows from operating activities in YTD3Q2008 included proceeds from the sale of REIT units received as fees in prior financial periods and receipt of performance fees from the Al-Islami Far Eastern Real Estate Fund.
- (c) Net cash outflow for investing activities amounted to S\$14.3 million in YTD3Q2009 (YTD3Q2008: S\$38.0 million). This was primarily due to (i) S\$4.3 million (YTD3Q2008: S\$26.2 million) used towards the acquisition of Suntec REIT units which are held as a strategic stake; and (ii) additional seed capital investment of S\$1.8 million (YTD3Q2008: S\$11.7 million) in the ADF pursuant to capital calls from the fund. An amount of S\$8.0 million relates to the Group's participation in the mezzanine loan to the ARA Harmony Fund to part-finance its purchase of the Suntec Singapore International Convention & Exhibition Centre.
- (d) Net cash outflow for financing activities amounted to S\$27.0 million in YTD3Q2009 (YTD3Q2008: S\$35.4 million). This was primarily due to the payment of the final dividend for the financial year ended 31 December 2008 which was paid in May 2009 and payment of the interim dividend for the financial year ending 31 December 2009 which was paid in September 2009.

**Financial Statements Announcement  
For the quarter ended 30 September 2009**

**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 2008</b>	1,164	75,413	24,680	101,257
Total comprehensive income for the period				
- Loss for the period	-	-	(395)	(395)
<b>At 31 March 2008</b>	<b>1,164</b>	<b>75,413</b>	<b>24,285</b>	<b>100,862</b>
Total comprehensive income 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>	<b>1,164</b>	<b>75,413</b>	<b>14,643</b>	<b>91,220</b>
Total comprehensive income for the period				
- Profit for the period	-	-	721	721
Interim tax-exempt dividend paid of S\$0.0217 per share	-	-	(12,629)	(12,629)
<b>At 30 September 2008</b>	<b>1,164</b>	<b>75,413</b>	<b>2,735</b>	<b>79,312</b>
<b>At 1 January 2009</b>	1,164	75,413	13,844	90,421
Total comprehensive income for the period				
- Profit for the period	-	-	981	981
<b>At 31 March 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>14,825</b>	<b>91,402</b>
Total comprehensive income for the period				
- Profit for the period	-	-	14,346	14,346
Final tax-exempt dividend paid of S\$0.0224 per share	-	-	(13,038)	(13,038)
<b>At 30 June 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>16,133</b>	<b>92,710</b>
Total comprehensive income for the period				
- Loss for the period	-	-	(772)	(772)
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	(13,387)	(13,387)
<b>At 30 September 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>1,974</b>	<b>78,551</b>

**Financial Statements Announcement  
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**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	Fair value reserve S\$'000	Other reserves 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 2008</b>	1,164	75,413	(1,022)	85	25,414	101,054	(65)	100,989
Total other comprehensive income	-	-	(3,368)	(313)	-	(3,681)	1	(3,680)
Profit for the period	-	-	-	-	9,194	9,194	(67)	9,127
Total comprehensive income for the period	-	-	(3,368)	(313)	9,194	5,513	(66)	5,447
<b>At 31 March 2008</b>	<b>1,164</b>	<b>75,413</b>	<b>(4,390)</b>	<b>(228)</b>	<b>34,608</b>	<b>106,567</b>	<b>(131)</b>	<b>106,436</b>
Total other comprehensive income	-	-	(1,247)	116	-	(1,131)	(7)	(1,138)
Profit for the period	-	-	-	-	8,875	8,875	(83)	8,792
Total comprehensive income for the period	-	-	(1,247)	116	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>	<b>1,164</b>	<b>75,413</b>	<b>(5,637)</b>	<b>(112)</b>	<b>21,365</b>	<b>92,193</b>	<b>(221)</b>	<b>91,972</b>
Total other comprehensive income	-	-	(6,144)	(170)	-	(6,314)	-	(6,314)
Profit for the period	-	-	-	-	9,086	9,086	3	9,089
Total comprehensive income for the period	-	-	(6,144)	(170)	9,086	2,772	3	2,775
Interim tax-exempt dividend paid of S\$0.0217 per share	-	-	-	-	(12,629)	(12,629)	-	(12,629)
<b>At 30 September 2008</b>	<b>1,164</b>	<b>75,413</b>	<b>(11,781)</b>	<b>(282)</b>	<b>17,822</b>	<b>82,336</b>	<b>(218)</b>	<b>82,118</b>
<b>At 1 January 2009</b>	1,164	75,413	(27,836)	(284)	27,396	75,853	(227)	75,626
Total other comprehensive income	-	-	(1,975)	29	-	(1,946)	-	(1,946)
Profit for the period	-	-	-	-	10,087	10,087	(26)	10,061
Total comprehensive income for the period	-	-	(1,975)	29	10,087	8,141	(26)	8,115
<b>At 31 March 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>(29,811)</b>	<b>(255)</b>	<b>37,483</b>	<b>83,994</b>	<b>(253)</b>	<b>83,741</b>
Total other comprehensive income	-	-	9,469	324	-	9,793	(1)	9,792
Profit for the period	-	-	-	-	11,992	11,992	(29)	11,963
Total comprehensive income for the period	-	-	9,469	324	11,992	21,785	(30)	21,755
Final tax-exempt dividend paid of S\$0.0224 per share	-	-	-	-	(13,038)	(13,038)	-	(13,038)
<b>At 30 June 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>(20,342)</b>	<b>69</b>	<b>36,437</b>	<b>92,741</b>	<b>(283)</b>	<b>92,458</b>
Total other comprehensive income	-	-	9,290	(403)	-	8,887	1	8,888
Profit for the period	-	-	-	-	12,182	12,182	(28)	12,154
Total comprehensive income for the period	-	-	9,290	(403)	12,182	21,069	(27)	21,042
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	-	-	(13,387)	(13,387)	-	(13,387)
<b>At 30 September 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>(11,052)</b>	<b>(334)</b>	<b>35,232</b>	<b>100,423</b>	<b>(310)</b>	<b>100,113</b>

\* Other reserves comprised foreign currency translation reserves and hedging reserves.

**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.

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

	<b>30/9/09</b>	<b>As at 31/12/08</b>
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 not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditors.

**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 2008, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2009.

**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.

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**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)	1/1/09 to 30/9/09	1/1/08 to 30/9/08
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	5.89	4.67
(ii) On a fully diluted basis	5.89	4.67

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 2008 and 30 September 2009 and 582,060,000 shares in issue as at 30 September 2008 and 30 September 2009 respectively.

**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	
	30/9/09	31/12/08	30/9/09	31/12/08
Net asset value per ordinary share	17.20	12.99	13.50	15.53
Net tangible assets backing per ordinary share	17.20	12.99	13.50	15.53

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

**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**

	3Q2009 S\$'000	3Q2008 S\$'000	Change %	YTD3Q2009 S\$'000	YTD3Q2008 S\$'000	Change %
<b>Total Revenue</b>	<b>20,912</b>	<b>17,673</b>	<b>18%</b>	<b>59,396</b>	<b>51,815</b>	<b>15%</b>
Management fees	16,338	16,922	(3%)	48,770	48,062	1%
Acquisition and performance fees	2,416	-	n.m.	2,447	1,148	113%
Other income	2,158	751	187%	8,179	2,605	214%
<b>EBIT</b>	<b>13,436</b>	<b>10,304</b>	<b>30%</b>	<b>38,012</b>	<b>30,794</b>	<b>23%</b>
<b>Net profit<sup>(1)</sup></b>	<b>12,182</b>	<b>9,086</b>	<b>34%</b>	<b>34,261</b>	<b>27,155</b>	<b>26%</b>
<b>Net margin</b>	58%	51%	7% pts	58%	52%	6% pts
<b>ROE<sup>(2)</sup></b>	48%	44%	4% pts	46%	44%	2% pts

*n.m.: not meaningful*

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

(2) Annualised figure

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**3Q2009 vs 3Q2008**

Recurrent management fee income decreased marginally by 3% to S\$16.3 million in 3Q2009 from S\$16.9 million in 3Q2008. The Group received lower REIT base fees due to a reduction in the valuation of the properties in the REITs managed by the Group while REIT performance fees increased in line with higher net property income of the REITs. Portfolio management fees from the ADF were also marginally lower in 3Q2009 compared with 3Q2008 due to a weakening of the USD relative to the SGD.

The Group received acquisition and performance fees of S\$2.4 million in 3Q2009, primarily from arrangement fees in relation to the establishment of the ARA Harmony Fund which was completed on 30 September 2009 and acquisition fees from Suntec REIT for its 20% equity stake in the ARA Harmony Fund. Other income increased to S\$2.2 million in 3Q2009 from S\$0.8 million in 3Q2008, primarily from a gain on disposal of S\$0.5 million in 3Q2009 (3Q2008: \$Nil) on REIT units received by the Group as part payment for REIT management fees and higher distribution income from the Group's financial assets.

The Group recorded higher operating expenses of S\$7.5 million in 3Q2009 compared to S\$7.4 million in 3Q2008, primarily due to higher administrative expenses in line with the Group's continuing business expansion.

As a result of the above, net profit for 3Q2009 rose 34% to S\$12.2 million from S\$9.1 million in 3Q2008.

**YTD3Q2009 vs YTD3Q2008**

Recurrent management fee income in YTD 3Q2009 increased marginally by 1% to S\$48.8 million from S\$48.1 million in YTD3Q2008. REIT management fees were relatively stable as higher REIT performance fees arising from higher net property income in the REITs managed by the Group were offset by a decrease in REIT base fees due to a reduction in the valuation of the properties in those REITs at as 31 December 2008. Fortune REIT and Prosperity REIT's property portfolios have been subsequently revalued as at 30 June 2009 with revaluation gains of 3.5% and 1.0% respectively. Portfolio management and service fees increased to S\$18.6 million in YTD3Q2009 from S\$17.6 million in YTD3Q2008 primarily due to fee contribution from the third and final closing of the ARA Asia Dragon Fund ("ADF") on 19 June 2008.

The Group received acquisition and performance fees of S\$2.4 million in YTD3Q2009, primarily from arrangement fees in relation to the establishment of the ARA Harmony Fund which was completed on 30 September 2009 and acquisition fees from Suntec REIT for its 20% equity stake in the ARA Harmony Fund. The S\$1.1 million in YTD3Q2008 was 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.

Other income increased by 214% to S\$8.2 million in YTD3Q2009 from S\$2.6 million in YTD3Q2008, primarily due to a gain on disposal of certain REIT units received by the Group as part payment for REIT management fees of S\$2.6 million in YTD3Q2009 and higher distribution income from the Group's financial assets.

As a result of the above, net profit for YTD3Q2009 rose 26% to S\$34.3 million from S\$27.2 million in YTD3Q2008 while net margin for the period improved 6 percentage points to 58% from 52% in YTD3Q2008.

As at 30 September 2009, total assets under management of the Group stood at S\$12.5 billion (approximately US\$8.9 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.

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**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**

Equity markets continued to rally in the third quarter of 2009, fuelled by liquidity injected by central banks and improving market sentiment. However, record levels of unemployment and continuing credit losses in the US continue to pose risks to the global economy. The Group continues to maintain a prudent approach to its capital management, while actively seeking opportunities for business growth.

Riding on the positive market sentiment, the Group concluded a number of transactions during the quarter. Fortune REIT obtained unitholders' approval for the acquisition of 3 retail properties from Cheung Kong and other vendors for HK\$2.0 billion at its EGM held on 11 September 2009. The acquisitions, which were completed on 15 October 2009, were financed by a rights issue and a term loan. On 15 October 2009, Fortune REIT entered into a credit agreement for a term loan facility of HK\$2,830.0 million and a revolving credit facility of HK\$270.0 million for a term of 4 years. HK\$480.0 million of the term loan has been drawn down on 15 October 2009 for the acquisitions. The remaining portion of the term loan facility will be drawn down on 28 June 2010 to refinance the REIT's existing term loan.

On 30 September 2009, the Group successfully completed the acquisition of the Suntec Singapore International Convention & Exhibition Centre ("Suntec Singapore") for S\$235 million by the ARA Harmony Fund. In connection with the acquisition, the Group has been appointed as the asset manager and convention & exhibition services provider for Suntec Singapore as well as the strategic advisor for the fund.

The Group has also entered into a shares sale and purchase agreement with Suntec City Development Pte. Ltd. ("SCD") to acquire 100% of the issued share capital of Suntec City Management Pte. Ltd., the managing agent of the common property of Suntec City, for a consideration of S\$1.45 million. Following the termination of the existing property management agreement between Suntec REIT and SCD, Suntec REIT will be appointing ARA as the new property manager for the REIT's Suntec City portfolio. The acquisition and the appointment of ARA as the property manager for Suntec REIT's Suntec City portfolio is expected to be completed in December 2009.

The above transactions are expected to contribute positively to the Group's recurrent management fee income in the last quarter of 2009 and beyond. In particular, the Group's new business division – real estate management services – will not only increase the Group's recurrent management fee base but also help diversify the Group's revenue sources. The Group continues to seek opportunities to grow its assets under management through new REITs or fund launches and expand its geographical reach via new partnerships and acquisitions.

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

Barring unforeseen circumstances, the Group expects to achieve better results in FY2009 compared to FY2008.

**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



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**(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 proposed for the financial period under review.

**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 S\$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 S\$100,000)	
	1/7/09 to 30/9/09 S\$'000	1/1/09 to 30/9/09 S\$'000	1/7/09 to 30/9/09 S\$'000	1/1/09 to 30/9/09 S\$'000
Fortune REIT <sup>(1)</sup>	-	-	1,982	6,003
	-	-	<b>1,982</b>	<b>6,003</b>

(1) The interested person transactions have been entered into based on terms stipulated in the trust deed constituting Fortune REIT whereby the Group receives base and performance fees for its role as the manager of Fortune REIT.

**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, statement of comprehensive income, statements of changes in equity and cash flow statement, together with their accompanying notes) as at 30 September 2009 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



**Financial Statements Announcement  
For the quarter ended 30 September 2009**

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

Lim Hwee Chiang  
Director  
3 November 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.



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

3 November 2009

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 2009, the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the nine-month period ended 30 September 2009 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**

**KPMG LLP**  
*Public Accountants and  
Certified Public Accountants*

Singapore