



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

### **FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2010**

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 ("SGX-ST").

The ARA Group comprises four primary business segments:

- Real estate investment trusts ("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, industrial/office and logistics 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.

**Financial Statements Announcement  
For the quarter ended 31 March 2010**

**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	1/1/10 to 31/3/10 S\$'000	1/1/09 to 31/3/09 S\$'000	Change %
Management fees	(a)	19,434	16,279	19%
Acquisition and performance fees	(a)	934	-	n.m.
Other income	(b)	2,498	1,634	53%
<b>Total revenue</b>		<b>22,866</b>	<b>17,913</b>	<b>28%</b>
Administrative expenses	(c)	(7,031)	(5,423)	30%
Operating lease expenses	(d)	(588)	(568)	4%
Other expenses	(e)	(1,420)	(709)	100%
<b>Results from operating activities</b>		<b>13,827</b>	<b>11,213</b>	<b>23%</b>
Finance expenses	(f)	(189)	(185)	2%
		13,638	11,028	24%
Share of profits of associates (net of tax)	(g)	54	51	6%
<b>Profit before income tax</b>	(h)	<b>13,692</b>	<b>11,079</b>	<b>24%</b>
Income tax expense	(i)	(1,397)	(1,017)	37%
<b>Profit for the period</b>		<b>12,295</b>	<b>10,062</b>	<b>22%</b>
Attributable to:				
Equity holders of the Company		12,455	10,088	23%
Non-controlling interest		(160)	(26)	515%
		<b>12,295</b>	<b>10,062</b>	<b>22%</b>

*n.m.: not meaningful*

**Financial Statements Announcement  
For the quarter ended 31 March 2010**
**1(a)(ii) Explanatory notes to the income statement**
**(a) Revenue**

		1/1/10 to 31/3/10 ("1Q2010") S\$'000	1/1/09 to 31/3/09 ("1Q2009") S\$'000	Change %
<b>Management fees</b>		<b>19,434</b>	<b>16,279</b>	<b>19%</b>
REIT base and performance fees	(i)	10,206	10,104	1%
Portfolio management and service fees	(ii)	6,344	6,175	3%
Real estate management services fees	(iii)	2,884	-	n.m.
<b>Acquisition and performance fees</b>	(iv)	<b>934</b>	<b>-</b>	<b>n.m.</b>
REIT and private fund acquisition fees		934	-	n.m.

*n.m.: not meaningful*

- (i) REIT management fees were relatively stable at S\$10.2 million in 1Q2010 compared with S\$10.1 million in 1Q2009.
- (ii) Portfolio management and service fees increased to S\$6.3 million in 1Q2010 from S\$6.2 million in 1Q2009 primarily due to management fee contribution from the ARA Harmony Fund which was established on 30 September 2009.
- (iii) Real estate management services fees relate to management fees received by the Group's wholly-owned subsidiaries, APM Property Management Pte. Ltd. ("APM"), for property management services rendered to Suntec REIT and the management of the Suntec City MCST; and Suntec Singapore International Convention & Exhibition Services Pte. Ltd. ("SSICES"), for convention & exhibition services provided to the Suntec Singapore International Convention & Exhibition Centre ("Suntec Singapore"). APM was acquired on 8 December 2009 while SSICES commenced operations on 30 September 2009.
- (iv) The Group received performance fees of S\$0.9 million in 1Q2010 in relation to the ARA Harmony Fund.

**(b) Other income**

Other income comprised primarily of distribution income, interest income and a net gain on disposal / fair valuation of marketable securities. Other income increased to S\$2.5 million in 1Q2010 from S\$1.6 million in 1Q2009, primarily due to a net gain on disposal / fair valuation on certain REIT units received by the Group as part payment for REIT management fees of S\$0.8 million in 1Q2010 (1Q2009: S\$92,000). Included in other income for 1Q2010 was an amount of S\$26,000 (1Q2009: S\$50,000) 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. Administrative expenses increased to S\$7.0 million in 1Q2010 from S\$5.4 million in 1Q2009, primarily due to an increase in headcount and staff-related expenses in line with the Group's continuing business expansion.

**(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.

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**(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 increased to S\$1.4 million in 1Q2010 from S\$0.7 million in 1Q2009 primarily due to unrealised exchange losses of S\$134,000 arising from the strengthening of the SGD relative to the USD. In 1Q2009, an exchange gain of S\$628,000 was recognised instead.

**(f) Finance expenses**

The finance expenses was primarily due to interest paid on borrowings of RM44.9 million (equivalent to approximately S\$19.3 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:*

	1/1/10 to 31/3/10 S\$'000	1/1/09 to 31/3/09 S\$'000	Change %
<u>Other Income</u>			
Distribution income	1,538	1,488	3%
Interest income	181	4	n.m.
Gain on disposal / fair valuation of held-for-trading securities	753	92	718%
<u>Operating Expenses</u>			
Depreciation	117	77	52%
Exchange loss/(gain) - net	134	(628)	(121%)

*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 31 March 2010**

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

	1/1/10 to 31/3/10 S\$'000	1/1/09 to 31/3/09 S\$'000	Change %
Profit for the period	12,295	10,062	22%
Other comprehensive income:			
Foreign currency translation differences for foreign operations	81	528	(85%)
Effective portion of changes in fair value of cash flow hedge	25	(500)	n.m.
Net changes in fair value of available-for-sale financial assets	1,394	(1,975)	n.m.
Other comprehensive income for the period, net of income tax	1,500	(1,947)	n.m.
<b>Total comprehensive income for the period</b>	<b>13,795</b>	<b>8,115</b>	<b>70%</b>
<b>Attributable to:</b>			
Equity holders of the Company	13,955	8,141	71%
Non-controlling interest	(160)	(26)	515%
<b>Total comprehensive income for the period</b>	<b>13,795</b>	<b>8,115</b>	<b>70%</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 31 March 2010**
**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	
		31/3/10 S\$'000	31/12/09 S\$'000	31/3/10 S\$'000	31/12/09 S\$'000
<b>Non-current assets</b>					
Plant and equipment		1,008	1,095	-	-
Tenancy deposits		625	625	-	-
Subsidiaries	(a)	-	-	69,650	64,928
Associates		633	551	-	-
Financial assets	(b)	98,971	92,432	-	-
Goodwill	(c)	1,450	1,450	-	-
		<u>102,687</u>	<u>96,153</u>	<u>69,650</u>	<u>64,928</u>
<b>Current assets</b>					
Financial assets	(d)	4,678	4,174	-	-
Derivative assets	(e)	172	147	-	-
Trade and other receivables	(f)	25,630	22,451	122	125
Amounts owing by related corporations	(g)	-	-	7,764	6,935
Cash and short term bank deposits		48,129	46,148	20,511	25,600
		<u>78,609</u>	<u>72,920</u>	<u>28,397</u>	<u>32,660</u>
<b>Total assets</b>		<u>181,296</u>	<u>169,073</u>	<u>98,047</u>	<u>97,588</u>
<b>Equity attributable to equity holders</b>					
Share capital		1,164	1,164	1,164	1,164
Reserves	(h)	140,818	126,863	92,735	93,060
		<u>141,982</u>	<u>128,027</u>	<u>93,899</u>	<u>94,224</u>
<b>Non-controlling interest</b>		(131)	(371)	-	-
<b>Total equity</b>		<u>141,851</u>	<u>127,656</u>	<u>93,899</u>	<u>94,224</u>
<b>Non-current liabilities</b>					
Financial liabilities	(i)	19,418	18,515	-	-
Deferred tax liabilities		44	54	-	-
		<u>19,462</u>	<u>18,569</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	(j)	13,698	17,760	3,326	3,201
Amounts owing to related corporations		-	-	820	161
Financial liabilities	(i)	38	38	-	-
Current tax payable		6,247	5,050	2	2
		<u>19,983</u>	<u>22,848</u>	<u>4,148</u>	<u>3,364</u>
<b>Total liabilities</b>		<u>39,445</u>	<u>41,417</u>	<u>4,148</u>	<u>3,364</u>
<b>Total equity and liabilities</b>		<u>181,296</u>	<u>169,073</u>	<u>98,047</u>	<u>97,588</u>

**Financial Statements Announcement  
For the quarter ended 31 March 2010****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 31 March 2010 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 (i) below); (iii) seed capital investment in the ARA Asia Dragon Fund ("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 a mezzanine loan to the ARA Harmony Fund to part finance its purchase of Suntec Singapore. Of the available-for-sale financial assets, an amount of S\$14.8 million of unquoted equity investments relating to seed capital investment in the ADF is 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) *Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a newly-acquired subsidiary, APM Property Management Pte. Ltd. Goodwill is measured at cost less accumulated impairment losses, and tested for impairment. As of 31 March 2010, no impairment is required to be recognised in respect of the goodwill.*
- (d) *Current financial assets as at 31 March 2010 comprise (i) REIT units received by the Group as part payment for REIT management fees, (ii) REIT units received by the Group as payment of acquisition fees for the acquisition by (1) Suntec REIT of a 20% stake in the ARA Harmony Fund which was completed on 30 September 2009, and (2) Fortune REIT of 3 retail properties in Hong Kong which was completed on 15 October 2009.*
- (e) *Derivative assets relate to the fair value of foreign currency forward contracts entered into by the Group to hedge the Group's foreign currency exposure.*
- (f) *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.*
- (g) *Amounts owing by related corporations relate mainly to advances to subsidiaries.*
- (h) *This includes a positive fair value reserve change of S\$81,000 for 1Q2010 (FY2009: positive change of S\$30.6 million).*
- (i) *Financial liabilities as at 31 March 2010 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, and (ii) finance lease liabilities.*
- (j) *The decrease in trade and other payables is primarily due to payment of benefits to employees of a new business unit established in 4Q2009 which had been set aside by their previous employer.*

**Financial Statements Announcement  
For the quarter ended 31 March 2010**

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

	31/3/10		31/12/09	
	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	19,418	-	18,515	-
	<u>19,456</u>	<u>-</u>	<u>18,553</u>	<u>-</u>

**Footnotes:**

- (a) *The increase in total borrowings is due to the weakening 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 2009: S\$0.2 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 31 March 2010, the Group had unutilised unsecured (i) overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2009: S\$6.0 million and HK\$3.0 million), and (ii) revolving credit facility of S\$1.1 million (31 December 2009: S\$1.1 million).*

**Details of any collateral**

As at 31 March 2010, the Group had bank borrowings of approximately RM44.9 million (equivalent to approximately S\$19.3 million (31 December 2009: S\$18.3 million)) which relates to a secured revolving credit facility provided by AIBB to our wholly-owned subsidiary, Jadelin Capital Sdn Bhd ("Jadelin") 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 31 March 2010**

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

	<b>1/1/10 to 31/3/10 S\$'000</b>	<b>1/1/09 to 31/3/09 S\$'000</b>
<b>Operating activities</b>		
Profit for the period	12,295	10,062
Adjustments for:		
Management fee received / receivable in units of REITs	(8,021)	(7,984)
Depreciation of plant and equipment	117	77
Share of profit of associates	(54)	(51)
Interest income	(181)	(4)
Gain on fair valuation of held-for-trading securities	(753)	(92)
Distribution income	(1,538)	(1,488)
Finance expenses	189	185
Income tax expense	1,397	1,017
Operating profit before working capital changes	<u>3,451</u>	<u>1,722</u>
Changes in working capital:		
Trade and other receivables	(3,250)	(807)
Trade and other payables	(4,062)	1,708
Proceeds from sale of units in REITs	8,364	6,397
Income tax paid	(210)	(168)
Distribution income received	1,538	1,488
Interest received	181	4
<b>Cash flows from operating activities</b>	<u>6,012</u>	<u>10,344</u>
<b>Investing activities:</b>		
Contribution from non-controlling interest	400	-
Purchase of plant and equipment	(29)	(10)
Purchase of available-for-sale securities		
- quoted	-	(4,275)
- unquoted	(4,219)	(550)
<b>Cash flows from investing activities</b>	<u>(3,848)</u>	<u>(4,835)</u>
<b>Financing activities:</b>		
Payment of finance lease liabilities (net)	(10)	(9)
Interest paid	(189)	(185)
<b>Cash flows from financing activities</b>	<u>(199)</u>	<u>(194)</u>
<b>Net increase in cash &amp; cash equivalents</b>	<b>1,965</b>	<b>5,315</b>
Cash and cash equivalents at beginning of period	46,148	41,879
Effect of exchange rate fluctuations on cash held	16	344
<b>Cash and cash equivalents at end of period</b>	<u><u>48,129</u></u>	<u><u>47,538</u></u>

**Financial Statements Announcement  
For the quarter ended 31 March 2010**

**Footnotes:**

- (a) As at 31 March 2010, the Group had utilised S\$50.0 million of the net IPO proceeds raised of S\$75.5 million as follows:-

	As at	
	31/3/10 S\$'000	31/12/09 S\$'000
Seed capital investment in the ADF	14,809	11,101
Strategic stake in REIT	27,200	27,200
Investment in mezzanine loan <sup>(1)</sup>	8,000	8,000
	50,009	46,301

(1) This investment was made in relation to the establishment of the ARA Harmony Fund.

- (b) Cash flows from operating activities decreased to S\$6.0 million in 1Q2010 from S\$10.3 million in 1Q2009, primarily due to payment of year-end bonuses to staff and benefits paid to employees of a new business unit established in 4Q2009 which had been set aside by their previous employer, partially offset by an increase in the proceeds arising from the sale of REIT units.
- (c) Net cash outflow for investing activities amounted to S\$3.8 million in 1Q2010 (1Q2009: S\$4.8 million). This was primarily due to additional seed capital investment of S\$4.2 million (1Q2009: S\$550,000) in the ADF pursuant to capital calls from the fund. This was offset by a S\$400,000 contribution from a joint venture partner pursuant to the capital injection for ARA-CWT Trust Management (Cache) Limited. In 1Q2009, an amount of S\$4.3 million was used towards the acquisition of Suntec REIT units which are held as a strategic stake.
- (d) Net cash outflow for financing activities amounted to S\$199,000 in 1Q2010 (1Q2009: S\$194,000). This was primarily due to the payment of finance lease liabilities.

**Financial Statements Announcement  
For the quarter ended 31 March 2010**

**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><u>The Company</u></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>
<b>At 1 January 2010</b>	1,164	75,413	17,647	94,224
Total comprehensive income for the period				
- Loss for the period	-	-	(325)	(325)
<b>At 31 March 2010</b>	<b>1,164</b>	<b>75,413</b>	<b>17,322</b>	<b>93,899</b>

	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	Non- controlling interest S\$'000	Total equity S\$'000
<b><u>The Group</u></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)	28	-	(1,947)	-	(1,947)
Profit for the period	-	-	-	-	10,088	10,088	(26)	10,062
Total comprehensive income for the period	-	-	(1,975)	28	10,088	8,141	(26)	8,115
<b>At 31 March 2009</b>	<b>1,164</b>	<b>75,413</b>	<b>(29,811)</b>	<b>(256)</b>	<b>37,484</b>	<b>83,994</b>	<b>(253)</b>	<b>83,741</b>
<b>At 1 January 2010</b>	1,164	75,413	2,766	(626)	49,310	128,027	(371)	127,656
Total other comprehensive income	-	-	1,394	106	-	1,500	-	1,500
Profit for the period	-	-	-	-	12,455	12,455	(160)	12,295
Total comprehensive income for the period	-	-	1,394	106	12,455	13,955	(160)	13,795
<i>Transactions with owners, recorded directly in equity</i>								
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	400	400
- Contribution from non-controlling interest	-	-	-	-	-	-	400	400
Total transactions with owners	-	-	-	-	-	-	400	400
<b>At 31 March 2010</b>	<b>1,164</b>	<b>75,413</b>	<b>4,160</b>	<b>(520)</b>	<b>61,765</b>	<b>141,982</b>	<b>(131)</b>	<b>141,851</b>

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

**Financial Statements Announcement  
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**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**

	<b>As at</b>	
	<b>31/3/10</b>	<b>31/12/09</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 Directors.

**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 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.

**Financial Statements Announcement  
For the quarter ended 31 March 2010**
**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)	1/1/10 to 31/3/10	1/1/09 to 31/3/09
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	2.14	1.73
(ii) On a fully diluted basis	2.14	1.73

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 March 2009 and 31 March 2010 and 582,060,000 shares in issue as at 31 March 2009 and 31 March 2010 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	
	31/3/10	31/12/09	31/3/10	31/12/09
Net asset value per ordinary share	24.39	22.00	16.13	16.19
Net tangible assets per ordinary share	24.14	21.75	16.13	16.19

Net asset value ("NAV") is calculated based on the net assets of the Group (excluding non-controlling interest) and the issued share capital of 582,060,000 shares. The increase in NAV in 1Q2010 was primarily due to an increase in the Group's financial assets and net profit.

Net tangible assets is calculated based on the NAV of the Group, excluding non-controlling interest and goodwill, 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**

	1Q2010 S\$'000	1Q2009 S\$'000	Change %
<b>Total Revenue</b>	<b>22,866</b>	<b>17,913</b>	<b>28%</b>
Management fees	19,434	16,279	19%
Acquisition and performance fees	934	-	n.m.
Other income	2,498	1,634	53%
<b>EBIT</b>	<b>13,827</b>	<b>11,213</b>	<b>23%</b>
<b>Net profit<sup>(1)</sup></b>	<b>12,455</b>	<b>10,088</b>	<b>23%</b>
<b>Net margin</b>	<b>54%</b>	<b>56%</b>	<b>-2% pts</b>

*n.m.: not meaningful*

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

**Financial Statements Announcement  
For the quarter ended 31 March 2010**

**1Q2010 vs 1Q2009**

Recurrent management fee income increased by 19% to S\$19.4 million in 1Q2010 from S\$16.3 million in 1Q2009. This was primarily due to management fee contribution from the Group's real estate management services business division which was established in 4Q2009 and management fee contribution from the ARA Harmony Fund which was established on 30 September 2009.

The Group received performance fees of S\$0.9 million in 1Q2010 in relation to the ARA Harmony Fund. Other income increased to S\$2.5 million in 1Q2010 from S\$1.6 million in 1Q2009, primarily due to a gain on disposal / fair valuation of REIT units received by the Group as part payment for REIT management fees of S\$0.8 million in 1Q2010 (1Q2009: S\$92,000).

The Group recorded higher operating expenses of S\$9.0 million in 1Q2010 compared to S\$6.7 million in 1Q2009, primarily due to higher administrative expenses in line with the Group's continuing business expansion.

As a result of the above, net profit for 1Q2010 rose 23% to S\$12.5 million from S\$10.1 million in 1Q2009.

As at 31 March 2010, total assets under management by the Group was S\$13.7 billion (approximately US\$9.8 billion). Inclusive of Cache Logistics Trust which was listed on 12 April 2010, the Group's total assets under management was S\$14.5 billion (approximately US\$10.3 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**

Asia is currently the region leading the global recovery from the financial crisis. As a leading real estate fund manager in Asia, ARA is well-positioned to tap on Asia's continuing growth. However, the evolving situation in Europe may present new challenges.

**REITs**

The Group completed a number of important initiatives on the REIT management front in year-to-date 2010. Cache Logistics Trust ("Cache"), jointly managed by ARA and leading Singapore-listed logistics group CWT Limited, was successfully listed on the SGX-ST on 12 April 2010. Fortune REIT's units were listed on The Stock Exchange of Hong Kong Limited ("SEHK") on 20 April 2010, making it the first REIT to have a dual primary listing on both the SGX-ST and the SEHK.

The listing of Cache will boost the Group's recurrent income in 2Q2010 and beyond. At the same time, the Group will also seek to capitalize on improving market sentiment to make value-adding acquisitions for the REITs under our management.

**Private Funds**

The ADF is currently in advanced negotiations for a number of commercial properties in the region and will be looking to place out the bulk of its remaining committed capital by the end of 2010.

**Real Estate Management Services**

Contributions from APM and SSICES will provide a material lift to the Group's recurrent management fee income in FY2010 and beyond. Going forward, APM and SSICES will seek to leverage on the Group's REITs and private funds to drive their growth.

**Financial Statements Announcement  
For the quarter ended 31 March 2010**
**Outlook for the financial year ending 31 December 2010**

Barring unforeseen circumstances, the Directors expect the Group's net profit in FY2010 to be comparable to that achieved in FY2009.

**11. Dividend**
***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? No

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

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

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

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

***(c) Date payable***

Not applicable

***(d) Book Closure date***

Not applicable

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

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

**13. Interested Person Transactions**

	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)
	<b>1/1/10 to 31/3/10 S\$'000</b>	<b>1/1/10 to 31/3/10 S\$'000</b>
<u>Name of interested person</u>		
Fortune REIT	-	2,409
	-	<b>2,409</b>

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.

**Financial Statements Announcement  
For the quarter ended 31 March 2010**

**14. Others – Proposed bonus issue**

The proposed bonus issue of up to 116,412,000 new ordinary shares of S\$0.002 each in the capital of the Company on the basis of one (1) bonus share credited as fully paid for every five (5) existing shares held in the capital of the Company has been duly approved by shareholders at the Company's Special General Meeting held on 26 April 2010.

The bonus shares will be credited to shareholders' CDP accounts on 10 May 2010.

**15. Confirmation pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of ARA Asset Management Limited which may render the unaudited interim financial information (comprising the balance sheets, consolidated income statement, statements of changes in equity and cash flow statement, together with their accompanying notes) as at 31 March 2010 and for the 3 months ended on that date to be false or misleading in any material aspect.

**On behalf of the Board,**

Chiu Kwok Hung, Justin  
Director

Lim Hwee Chiang  
Director

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

Lim Hwee Chiang  
Director  
5 May 2010

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

5 May 2010

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 statements of financial position of the Group and the Company as at 31 March 2010, the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the three-month period ended 31 March 2010 and certain explanatory notes (the "Interim Financial Information"). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard ("FRS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

### *Scope of review*

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

### *Conclusion*

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

### *Restriction on use*

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

Yours faithfully

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

Singapore