



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

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 real estate 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 real estate funds investing in real estate 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 2011**

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	1/1/11 to 31/3/11 ("1Q2011") S\$'000	1/1/10 to 31/3/10 ("1Q2010") S\$'000	Change %
Management fees	(a)	22,063	19,434	14%
Acquisition and performance fees	(a)	2,260	934	142%
Other income	(b)	2,877	2,498	15%
Total revenue		27,200	22,866	19%
Administrative expenses	(c)	(7,525)	(7,031)	7%
Operating lease expenses	(d)	(565)	(588)	(4%)
Other expenses	(e)	(1,883)	(1,420)	33%
Results from operating activities		17,227	13,827	25%
Finance cost	(f)	(257)	(189)	36%
		16,970	13,638	24%
Share of profit of associates (net of tax)	(g)	165	54	206%
Profit before income tax	(h)	17,135	13,692	25%
Income tax expense	(i)	(1,992)	(1,397)	43%
Profit for the period		15,143	12,295	23%
Attributable to:				
Equity holders of the Company		14,827	12,455	19%
Non-controlling interests		316	(160)	n.m.
		15,143	12,295	23%

n.m.: not meaningful

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1(a)(ii) Explanatory notes to the income statement

(a) Revenue

		1Q2011 S\$'000	1Q2010 S\$'000	Change %
Management fees		22,063	19,434	14%
REIT base and performance fees	(i)	13,237	10,206	30%
Portfolio management and service fees	(ii)	5,736	6,344	-10%
Real estate management services fees	(iii)	3,090	2,884	7%
Acquisition and performance fees		2,260	934	142%
Acquisition and performance fees	(iv)	2,260	934	142%

n.m.: not meaningful

- (i) REIT management fees increased to S\$13.2 million in 1Q2011 compared with S\$10.2 million in 1Q2010 primarily due to (i) management fees received from Cache Logistics Trust ("Cache"), which was listed on the SGX-ST on 12 April 2010, (ii) management fees contribution from a one-third interest in Marina Bay Financial Centre Tower 1, Marina Bay Financial Centre Tower 2, the Marina Bay Link Mall and 695 car park lots (the "MBFC Property") which was acquired by Suntec REIT on 9 Dec 2010, and (iii) higher management fees arising from an increase in the valuation of the property portfolios of the REITs under management.
- (ii) Portfolio management and service fees decreased to S\$5.7 million in 1Q2011 from S\$6.3 million in 1Q2010 primarily due to the effects of the weakening of the USD against the SGD on portfolio management fees received from the ARA Asia Dragon Fund ("ADF"), which are denominated in USD. As at 31 March 2011, the Group has hedged majority of the current year's management fees that are denominated in USD.
- (iii) Real estate management services fees increased to S\$3.1 million in 1Q2011 compared with S\$2.9 million in 1Q2010, primarily due to the contribution from the Malaysian operations of APM Property Management Pte. Ltd. ("APM"), which commenced in December 2010.
- (iv) The Group received acquisition and performance fees of S\$2.3 million in 1Q2011, which comprise primarily performance fees in relation to the ARA Harmony Fund received in January 2011, and acquisition fees in relation to the acquisition of 6 Changi North Way by Cache, which was completed on 31 March 2011. The S\$0.9 million of acquisition and performance fees received in 1Q2010 were primarily performance fees in relation to the ARA Harmony Fund which were received in February 2010.

(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\$2.9 million in 1Q2011 from S\$2.5 million in 1Q2010. This was primarily due to a higher net gain on disposal / fair valuation of certain REIT units received by the Group as part payment for REIT management and acquisition fees of S\$1.2 million in 1Q2011 (1Q2010: S\$0.8 million).

(c) Administrative expenses

Administrative expenses comprised primarily of staff-related expenses and strategic advisory fees. Administrative expenses increased to S\$7.5 million in 1Q2011 from S\$7.0 million in 1Q2010, primarily due to an increase in headcount and staff-related expenses in line with the Group's continuing business expansion.

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(d) Operating lease expenses

Operating lease expenses remained relatively stable at S\$0.6 million for both 1Q2011 and 1Q2010.

(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, amortisation of intangible asset, depreciation, listing expenses, board meeting expenses and other miscellaneous expenses. Other expenses increased to S\$1.9 million in 1Q2011 from S\$1.4 million in 1Q2010 primarily due to the amortisation of intangible assets of S\$0.2 million in 1Q2011 (1Q2010: Nil). Higher expenses were also incurred for overseas marketing trips and road shows to establish a new private real estate fund.

(f) Finance cost

The finance cost was primarily due to interest paid on borrowings of RM44.9 million (equivalent to approximately S\$18.7 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 and 40% effective interest in Cache Property Management Pte. Ltd., the property manager of Cache.

(h) Profit before income tax

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

	1Q2011	1Q2010	Change
	S\$'000	S\$'000	%
<u>Other Income</u>			
Distribution income	1,550	1,538	1%
Interest income	169	181	(7%)
Gain on fair valuation of held-for-trading securities	1,149	753	53%
<u>Operating Expenses</u>			
Amortisation of intangible asset	218	-	n.m.
Depreciation of plant and equipment	124	117	6%
Foreign exchange loss - net	91	134	(32%)

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.

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

	1Q2011 S\$'000	1Q2010 S\$'000	Change %
Profit for the period	15,143	12,295	23%
Other comprehensive income:			
Translation differences relating to financial statements of foreign operations	(720)	81	n.m.
Effective portion of changes in fair value of cash flow hedge	159	25	n.m.
Net movement in fair value of available-for-sale financial assets	(129)	1,394	n.m.
Other comprehensive income for the period, net of income tax	(690)	1,500	n.m.
Total comprehensive income for the period	14,453	13,795	5%
Attributable to:			
Equity holders of the Company	14,137	13,955	1%
Non-controlling interest	316	(160)	n.m.
Total comprehensive income for the period	14,453	13,795	5%

n.m.: not meaningful

Footnotes:

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

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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	
		31/3/11 S\$'000	31/12/10 S\$'000	31/3/11 S\$'000	31/12/10 S\$'000
Non-current assets					
Intangible asset	(a)	580	798	-	-
Plant and equipment		1,519	1,498	-	-
Tenancy deposits		495	495	-	-
Subsidiaries	(b)	-	-	95,309	95,284
Associates		1,462	1,060	-	-
Financial assets	(c)	133,260	133,658	-	-
		<u>137,316</u>	<u>137,509</u>	<u>95,309</u>	<u>95,284</u>
Current assets					
Financial assets	(d)	15,890	15,299	-	-
Derivative assets	(e)	278	119	-	-
Trade and other receivables	(f)	24,693	26,372	175	173
Amounts due from related corporations	(g)	-	-	3,117	3,196
Cash and cash equivalents		53,974	42,327	15,294	10,240
		<u>94,835</u>	<u>84,117</u>	<u>18,586</u>	<u>13,609</u>
Total assets		<u>232,151</u>	<u>221,626</u>	<u>113,895</u>	<u>108,893</u>
Equity attributable to equity holders					
Share capital		1,397	1,397	1,397	1,397
Reserves		185,620	171,483	109,614	104,721
		<u>187,017</u>	<u>172,880</u>	<u>111,011</u>	<u>106,118</u>
Non-controlling interests	(h)	954	638	-	-
Total equity		<u>187,971</u>	<u>173,518</u>	<u>111,011</u>	<u>106,118</u>
Non-current liabilities					
Financial liabilities	(i)	354	387	-	-
Deferred tax liabilities		142	142	-	-
		<u>496</u>	<u>529</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	(j)	14,636	20,200	2,882	2,773
Financial liabilities	(i)	18,840	18,971	-	-
Current tax payable		10,208	8,408	2	2
		<u>43,684</u>	<u>47,579</u>	<u>2,884</u>	<u>2,775</u>
Total liabilities		<u>44,180</u>	<u>48,108</u>	<u>2,884</u>	<u>2,775</u>
Total equity and liabilities		<u>232,151</u>	<u>221,626</u>	<u>113,895</u>	<u>108,893</u>

**Financial Statements Announcement
For the quarter ended 31 March 2011****Footnotes:**

- (a) *Intangible asset 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 APM; and is measured at cost less accumulated amortisation and impairment losses. As at 31 March 2011, an accumulated amortisation of S\$0.9 million had been made (31 December 2010: S\$0.7 million).*
- (b) *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.*
- (c) *Non-current financial assets as at 31 March 2011 comprise (i) Suntec REIT units held by the Group as a strategic stake and which have been pledged as security for a credit facility (see 1(b)(ii) – Details of any collateral); (ii) Cache units held by the Group as a strategic stake, (iii) a 12.5% interest in AmFIRST REIT which has been pledged as security for a credit facility (see note (i) below); (iv) seed capital investment in the ARA Asia Dragon Fund ("ADF"); (v) investment in the ARA Asian Asset Income Fund ("AAIF"); (vi) a strategic stake in APN Property Group Limited ("APN"); and (vii) an amount of S\$8.0 million (31 December 2010: S\$8.0 million) which relates to the Group's participation in a mezzanine loan to the ARA Harmony Fund to part finance its acquisition of Suntec Singapore.*
- (d) *Current financial assets as at 31 March 2011 comprise (i) REIT units received by the Group as part payment for REIT management fees and (ii) REIT units received by the Group as payment of acquisition fees for the acquisition by Suntec REIT of a one-third interest in the MBFC Property which was completed on 9 December 2010 and are subject to a one-year moratorium as stipulated in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.*
- (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 decrease in trade and other receivables is primarily due to the receipt of amounts due from a private fund.*
- (g) *Amounts due from related corporations relate mainly to advances to subsidiaries.*
- (h) *Non-controlling interest relates to the non-controlling shareholders' proportionate interest in ARA-CWT Trust Management (Cache) Limited, ARA Managers (Silver) Pte. Ltd. and ARA Fund Management (Silver) Limited.*
- (i) *Financial liabilities as at 31 March 2011 relate to (i) a secured revolving credit facility taken up with AmlInvestment Bank Berhad ("AIBB") to part finance the acquisition of a 12.5% interest in AmFIRST REIT, and (ii) finance lease liabilities.*
- (j) *Trade and other payables comprise accrued fees payable, net GST output tax payable, provision for staff related benefits to employees and other payables. The decrease in trade and other payables is primarily due to the payment of staff related benefits in relation to the services rendered by the Group's employees for the year ended 31 December 2010.*

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

	31/3/11		31/12/10	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	18,839	-	18,971	-
Amount repayable after one year	355	-	387	-
	<u>19,194</u>	<u>-</u>	<u>19,358</u>	<u>-</u>

Footnotes:

- (a) *The decrease in total borrowings is due to the weakening of the RM relative to the SGD 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\$0.5 million (31 December 2010: S\$0.5 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 31 March 2011, the Group had (i) an unutilised revolving credit facility of S\$20.0 million secured on the Group's strategic stake in Suntec REIT (31 December 2010: Nil), (ii) unutilised unsecured overdraft facilities of S\$6.0 million and HK\$3.0 million (31 December 2010: S\$6.0 million and HK\$3.0 million), and (iii) an unutilised unsecured revolving credit facility of S\$1.2 million (31 December 2010: S\$0.8 million).*

Details of any collateral

- As at 31 March 2011, the Group had bank borrowings of approximately RM44.9 million, equivalent to approximately S\$18.7 million (31 December 2010: S\$18.9 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.

Subsequent to the quarter end, the Group repaid RM30.8 million of its facility with AIBB through a partial sale of AmFIRST REIT units.

- On 15 March 2011, the Group pledged 34.1 million units of Suntec REIT as security for a S\$20.0 million revolving credit facility with United Overseas Bank Limited. The facility bears interest at a floating rate of 1.35% p.a. above the Association of Banks in Singapore Swap Offer Rate and terminates on 15 Mar 2014.

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

	1Q2011	1Q2010
	S\$'000	S\$'000
Operating activities		
Profit for the period	15,143	12,295
Adjustments for:		
Management fees received / receivable in units of REITs	(10,443)	(8,021)
Amortisation of intangible asset	218	-
Depreciation	123	117
Share of profit of associates	(165)	(54)
Interest income	(169)	(181)
Gain on fair valuation of held-for-trading securities	(1,149)	(753)
Distribution income	(1,550)	(1,538)
Finance cost	257	189
Income tax expense	1,992	1,397
Operating profit before working capital changes	4,257	3,451
Changes in working capital:		
Trade and other receivables	1,941	(3,250)
Trade and other payables	(5,564)	(4,062)
Cash generated from operating activities	634	(3,861)
Proceeds from sale of units in REITs	10,656	8,364
Income tax paid	(192)	(210)
Distribution income received	1,550	1,538
Cash flows from operating activities	12,648	5,831
Investing activities:		
Interest received	169	181
Contribution from non-controlling interests	-	400
Purchase of plant and equipment	(150)	(29)
Investment in associate	(243)	-
Purchase of available-for-sale securities - unquoted	(398)	(4,219)
Cash flows used in investing activities	(622)	(3,667)
Financing activities:		
Payment of finance lease liabilities	(33)	(10)
Interest paid	(257)	(189)
Cash flows used in financing activities	(290)	(199)
Net increase in cash & cash equivalents	11,736	1,965
Cash and cash equivalents at beginning of period	42,327	46,148
Effect of exchange rate fluctuations on cash held	(89)	16
Cash and cash equivalents at end of period	53,974	48,129

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Footnotes:

- (a) *As at 31 March 2011, the Group had utilised S\$58.7 million of the net IPO proceeds raised of S\$75.5 million as follows:-*

	As at	
	31/3/11 S\$'000	31/12/10 S\$'000
Seed capital investment in the ADF	23,500	23,100
Strategic stake in REIT	27,200	27,200
Investment in mezzanine loan ⁽¹⁾	8,000	8,000
	58,700	58,300

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

- (b) *Cash flows from operating activities increased to S\$12.6 million in 1Q2011 from S\$5.8 million in 1Q2010 primarily due to collections from trade and other receivables and higher proceeds received from the sale of certain REIT units received by the Group as part payment for REIT management fees.*
- (c) *Net cash outflow for investing activities decreased to S\$0.6 million in 1Q2011 from S\$3.7 million in 1Q2010. This was primarily due to lower seed capital investment in the ADF pursuant to capital calls from the fund of S\$0.4 million in 1Q2011, compared to S\$4.2 million in 1Q2010. 1Q2011 also included an investment amounting to S\$0.2 million in Hui Xian Asset Management Limited (the Manager of Hui Xian REIT, which was listed on 29 April 2011), representing the Group's 30% share in the share capital of the joint venture entity.*
- (d) *Net cash outflow for financing activities was relatively stable at S\$0.3 million in 1Q2011 compared to S\$0.2 million in 1Q2010.*

**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

	Share capital S\$'000	Share premium S\$'000	Accumulated profits S\$'000	Total equity S\$'000
The Company				
At 1 January 2010	1,164	75,413	17,647	94,224
Total comprehensive income for the period	-	-	(325)	(325)
- Loss for the period				
At 31 March 2010	1,164	75,413	17,322	93,899
At 1 January 2011	1,397	75,152	29,569	106,118
Total comprehensive income for the period	-	-	4,893	4,893
- Profit for the period				
At 31 March 2011	1,397	75,152	34,462	111,011

	Share Capital 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 interests S\$'000	Total equity S\$'000
The Group							
At 1 January 2010	76,577	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							
- Contribution from non-controlling interest	-	-	-	-	-	400	400
Total transactions with owners	-	-	-	-	-	400	400
At 31 March 2010	76,577	4,160	(520)	61,765	141,982	(131)	141,851
At 1 January 2011	76,549	17,129	(3,303)	82,505	172,880	638	173,518
Total other comprehensive income	-	(129)	(561)	-	(690)	-	(690)
Profit for the period	-	-	-	14,827	14,827	316	15,143
Total comprehensive income for the period	-	(129)	(561)	14,827	14,137	316	14,453
At 31 March 2011	76,549	17,000	(3,864)	97,332	187,017	954	187,971

Notes:

- Included in the share capital is a share premium account of S\$75.2 million as at 31 March 2011 (31 March 2010: S\$75.4million).
- Other reserves comprised foreign currency translation reserves and hedging reserves.

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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

On 10 May 2010, 116,411,997 new ordinary shares of S\$0.002 each in the capital of the Company credited as fully paid were allotted and issued to shareholders of the Company on the basis of one (1) bonus share for every five (5) existing shares held in the capital of the Company (the "Bonus Issue"). Following the Bonus Issue, the total number of issued shares in the Company increased from 582,060,000 to 698,471,997.

There were no changes in the Company's share capital since the last financial statements announcement for the year ended 31 December 2010, which was reported on 24 February 2011.

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

	31/3/11	As at	31/12/10
Total number of issued shares	698,471,997		698,471,997

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 are not required to be 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 2010.

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- 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.

- 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**

	1Q2011	1Q2010
(Singapore cents)		
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	2.12	2.14
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	2.12	1.78

The calculation of basic 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 2011 and 31 March 2010, and the number of 698,471,997 and 582,060,000 shares in issue as at 31 March 2011 and 31 March 2010 respectively.

The calculation of adjusted 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 2011 and 31 March 2010, and the number of 698,471,997 shares in issue after the Bonus Issue.

- 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	
	31/3/11	31/12/10	31/3/11	31/12/10
Net asset value per ordinary share	26.78	24.75	15.89	15.19
Net tangible assets per ordinary share	26.69	24.64	15.89	15.19

The calculation of net asset value ("NAV") per share is based on the net assets of the Group and Company, excluding non-controlling interest, and the issued share capital of 698,471,997 shares.

The calculation of net tangible assets per share is calculated based on the NAV of the Group and Company, excluding non-controlling interest and intangible asset, and the issued share capital of 698,471,997 shares.

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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

	1Q2011 S\$'000	1Q2010 S\$'000	Change %
Total Revenue	27,200	22,866	19%
Management fees	22,063	19,434	14%
Acquisition and performance fees	2,260	934	142%
Other income	2,877	2,498	15%
Net profit⁽¹⁾	14,827	12,455	19%

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

1Q2011 vs 1Q2010

Recurrent management fee income increased by 14% to S\$22.1 million in 1Q2011 from S\$19.4 million in 1Q2010. This was primarily due to (i) management fees received from Cache, which was listed on the SGX-ST on 12 April 2010, (ii) management fees contribution from a one-third interest in the MBFC Property which was acquired by Suntec REIT on 9 December 2010, and (iii) higher management fees arising from an increase in the valuation of the property portfolios of the REITs under management.

Acquisition and performance fees of S\$2.3 million received in 1Q2011 comprises primarily performance fees in relation to the ARA Harmony Fund and acquisition fees in relation to the acquisition of 6 Changi North Way by Cache, which was completed on 31 March 2011. The S\$0.9 million of acquisition and performance fees received in 1Q2010 were primarily performance fees in relation to the ARA Harmony Fund.

Other income increased to S\$2.9 million in 1Q2011 from S\$2.5 million in 1Q2010, primarily due to higher net gain on disposal / fair valuation of certain REIT units received by the Group as part payment for REIT management and acquisition fees of S\$1.2 million in 1Q2011 (1Q2010: S\$0.8 million).

The Group recorded higher operating expenses of S\$10.0 million in 1Q2011 compared to S\$9.0 million in 1Q2010, primarily due to higher administrative expenses in line with the Group's continuing business expansion.

As a result of the above, net profit for 1Q2011 rose 19% to S\$14.8 million from S\$12.5 million in 1Q2010.

As at 31 March 2011, the Group's total assets under management stood at S\$16.8 billion (approximately US\$13.3 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.

**Financial Statements Announcement
For the quarter ended 31 March 2011**

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

Sovereign debt woes in Europe and political uncertainty in the Middle East continue to cloud the economic outlook going forward while the recent downgrade of the credit outlook for the US by Standard & Poor's has renewed market concerns over the ability of the US to address its fiscal challenges. In Asia, China's efforts at containing inflation may entail policy risks for real estate investments while the full consequences of the March 2011 earthquake in Japan impacting the global and Asian economies are not yet known. Despite an uncertain macroeconomic outlook, the Group's business units remain resilient and well-positioned to tap on opportunities in the region for continued growth.

REITs

Having built up a sizeable REIT platform with over S\$11 billion in REIT assets under management as at 31 March 2011, the Group will continue to seek to grow its REIT platform organically via active asset management and value-adding acquisitions, even as it looks to develop and list new REITs focused on new market sectors and / or geographies.

The listing of Hui Xian REIT, jointly managed by ARA, on The Stock Exchange of Hong Kong on 29 April 2011 marked a significant first step in expectation of the continuing development of the offshore renminbi market in Hong Kong. The Group will look to leverage on its growing presence in China to develop and launch products to tap the offshore renminbi market.

Private Funds

The ADF is currently in advanced negotiations for the acquisition of various properties and expects to place out its remaining committed capital by mid 2011. The Group is currently in the process of marketing ADF II with a first closing targeted for 1H2011.

Outlook for the financial year ending 31 December 2011

Barring unforeseen circumstances, the Directors expect the Group's net profit in FY2011 to be comparable to that achieved in FY2010.

**Financial Statements Announcement
For the quarter ended 31 March 2011**

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 proposed for the financial period under review.

13. 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 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)
	1Q2011 S\$'000	1Q2011 S\$'000
Fortune REIT	-	2,417
	-	2,417

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 2011**

14. Others – Proposed bonus issue

The Directors have proposed a bonus issue of up to 69,847,199 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 ten (10) existing shares held in the capital of the Company.

The proposed bonus issue is conditional upon approval being obtained from the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the listing and quotation of the bonus shares on the Official List of the SGX-ST.

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 2011 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
4 May 2011

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

4 May 2011

Dear Sirs

Review of Interim 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 statements of financial position of the Group and the Company as at 31 March 2011, the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the three-month period ended 31 March 2011 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