



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2011

The financial information for the quarter ended 30 June 2011 in the announcement have been extracted from the interim financial statements for the period from 1 January 2011 to 30 June 2011, which have been reviewed by the auditors in accordance with the Singapore Standard on Review Engagements 2410.

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 Results Announcement
 For the quarter ended 30 June 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	1/4/11 to 30/6/11 S\$'000	1/4/10 to 30/6/10 S\$'000	Change %	1/1/11 to 30/6/11 S\$'000	1/1/10 to 30/6/10 S\$'000	Change %
		("2Q2011")	("2Q2010")		("1H2011")	("1H2010")	
Management fees	(a)	22,598	21,354	6%	44,661	40,788	9%
Acquisition and performance fees	(a)	239	34	603%	2,499	968	158%
Other income	(b)	2,517	2,037	24%	5,394	4,535	19%
Total revenue		25,354	23,425	8%	52,554	46,291	14%
Administrative expenses	(c)	(7,336)	(7,274)	1%	(14,861)	(14,305)	4%
Operating lease expenses	(d)	(509)	(685)	(26%)	(1,074)	(1,273)	(16%)
Other expenses	(e)	(1,035)	(950)	9%	(2,918)	(2,370)	23%
Results from operating activities		16,474	14,516	13%	33,701	28,343	19%
Finance cost	(f)	(96)	(201)	(52%)	(353)	(390)	(9%)
		16,378	14,315	14%	33,348	27,953	19%
Share of profit of associates (net of tax)	(g)	720	132	445%	885	186	376%
Profit before income tax	(h)	17,098	14,447	18%	34,233	28,139	22%
Income tax expense	(i)	(2,014)	(1,722)	17%	(4,006)	(3,119)	28%
Profit for the period		15,084	12,725	19%	30,227	25,020	21%
Attributable to:							
Equity holders of the Company		14,744	12,623	17%	29,571	25,078	18%
Non-controlling interests		340	102	233%	656	(58)	n.m.
		15,084	12,725	19%	30,227	25,020	21%

n.m.: not meaningful

**Financial Results Announcement
For the quarter ended 30 June 2011**
1(a)(ii) Explanatory notes to the income statement
(a) Revenue

		2Q2011 S\$'000	2Q2010 S\$'000	Change %	1H2011 S\$'000	1H2010 S\$'000	Change %
Management fees		22,598	21,354	6%	44,661	40,788	9%
REIT base and performance fees	(i)	13,800	11,310	22%	27,037	21,516	26%
Portfolio management and service fees	(ii)	5,714	6,406	-11%	11,450	12,750	-10%
Real estate management services fees	(iii)	3,084	3,638	-15%	6,174	6,522	-5%
Acquisition and performance fees		239	34	603%	2,499	968	158%
Acquisition and performance fees	(iv)	239	34	603%	2,499	968	158%

- (i) REIT management fees increased to S\$27.0 million in 1H2011 compared with S\$21.5 million in 1H2010 primarily due to (i) 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, (ii) management fees received from Cache Logistics Trust ("Cache"), which was listed on the SGX-ST on 12 April 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\$11.5 million in 1H2011 from S\$12.8 million in 1H2010 primarily due to reporting of the Group's USD denominated portfolio management fees from the ARA Asia Dragon Fund ("ADF") in SGD terms. The portfolio management fees from the ADF in USD was constant between 1H2011 and 1H2010 at US\$8.4 million. As at 30 June 2011, the Group has hedged the majority of the current year's management fees that are denominated in USD.
- (iii) Real estate management services fees decreased to S\$6.2 million in 1H2011 compared with S\$6.5 million in 1H2010, primarily due to lower leasing commission received by APM Property Management Pte. Ltd..
- (iv) The Group received acquisition and performance fees of S\$2.5 million in 1H2011, which comprise primarily performance fees in relation to the ARA Harmony Fund received in January 2011, and acquisition fees in relation to 3 acquisitions (namely 6 Changi North Way and 4 Penjuru Lane in Singapore and Jinshan Chemical Warehouse in Shanghai, China) that were completed by Cache during 1H2011. The S\$968,000 of acquisition and performance fees received in 1H2010 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\$5.4 million in 1H2011 from S\$4.5 million in 1H2010. 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 fees and acquisition fees for Suntec REIT's MBFC Property acquisition of S\$1.1 million in 1H2011 (1Q2010: S\$0.5 million).

(c) Administrative expenses

Administrative expenses comprised primarily of staff-related expenses and strategic advisory fees. Administrative expenses increased to S\$14.9 million in 1H2011 from S\$14.3 million in 1H2010, primarily due to an increase in headcount and staff-related expenses in line with the Group's continuing business expansion.

**Financial Results Announcement
For the quarter ended 30 June 2011**

(d) Operating lease expenses

Operating lease expenses decreased to S\$1.1 million in 1H2011 from S\$1.3 million in 1H2010 as the Group had secured lower rental rates for the renewal of certain office spaces leased for its operations.

(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\$2.9 million in 1H2011 from S\$2.4 million in 1H2010 primarily due to the amortisation of intangible assets of S\$0.4 million in 1H2011 (1H2010: S\$0.2 million) and expenses incurred for overseas marketing trips and road shows to establish the ADF II.

(f) Finance cost

The finance cost was primarily due to interest paid on borrowings of RM44.9 million (equivalent to approximately S\$18.3 million), taken up in May 2007. The RM44.9 million loan facility was fully repaid as at 30 June 2011.

(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 (i) 30% effective interest in Am ARA REIT Managers Sdn Bhd, the manager of AmFIRST REIT, (ii) 40% effective interest in Cache Property Management Pte. Ltd., the property manager of Cache, and (iii) 30% effective interest in Hui Xian Asset Management Limited, the manager of Hui Xian REIT.

(h) Profit before income tax

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

	2Q2011	2Q2010	Change	1H2011	1H2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other Income</u>						
Distribution income	2,364	2,075	14%	3,914	3,613	8%
Interest income	180	184	-2%	349	365	-4%
Gain/(loss) on fair valuation/disposal of held-for-trading securities	(46)	(247)	-81%	1,103	506	118%
<u>Operating Expenses</u>						
Amortisation of intangible asset	218	218	0%	436	218	100%
Depreciation of plant and equipment	131	117	12%	254	234	9%
Foreign exchange loss - net	153	97	58%	244	231	6%

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 Results Announcement
For the quarter ended 30 June 2011
1(a)(iii) Statement of Comprehensive Income together with a comparative statement for the corresponding period of the immediately preceding financial year

	2Q2011	2Q2010	Change	1H2011	1H2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	15,084	12,725	19%	30,227	25,020	21%
Other comprehensive income:						
Translation differences relating to financial statements of foreign operations	(1,095)	63	n.m.	(1,815)	144	n.m.
Effective portion of changes in fair value of cash flow hedge	80	(10)	n.m.	239	15	n.m.
Net movement in fair value of available-for-sale financial assets	(4,576)	1,641	n.m.	(4,705)	3,035	n.m.
Other comprehensive income for the period, net of income tax	(5,591)	1,694	n.m.	(6,281)	3,194	n.m.
Total comprehensive income for the period	9,493	14,419	-34%	23,946	28,214	-15%
Attributable to:						
Equity holders of the Company	9,153	14,317	-36%	23,290	28,272	-18%
Non-controlling interest	340	102	233%	656	(58)	n.m.
Total comprehensive income for the period	9,493	14,419	-34%	23,946	28,214	-15%

n.m.: not meaningful

Note:

There is no tax effect relating to the components of the other comprehensive income for the period.

Financial Results Announcement
For the quarter ended 30 June 2011
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	
		30/6/11 S\$'000	31/12/10 S\$'000	30/6/11 S\$'000	31/12/10 S\$'000
Non-current assets					
Intangible asset	(a)	363	798	-	-
Plant and equipment		1,563	1,498	-	-
Tenancy deposits		498	495	-	-
Subsidiaries	(b)	-	-	95,178	95,284
Associates	(c)	1,864	1,060	-	-
Financial assets	(d)	116,645	133,658	-	-
		<u>120,933</u>	<u>137,509</u>	<u>95,178</u>	<u>95,284</u>
Current assets					
Financial assets	(e)	16,073	15,299	-	-
Derivative assets	(f)	358	119	-	-
Trade and other receivables	(g)	23,494	26,372	169	173
Amounts due from related corporations	(h)	-	-	6,862	3,196
Cash and cash equivalents		40,053	42,327	8,104	10,240
		<u>79,978</u>	<u>84,117</u>	<u>15,135</u>	<u>13,609</u>
Total assets		<u>200,911</u>	<u>221,626</u>	<u>110,313</u>	<u>108,893</u>
Equity attributable to equity holders					
Share capital		1,537	1,397	1,537	1,397
Reserves		177,171	171,483	106,001	104,721
		<u>178,708</u>	<u>172,880</u>	<u>107,538</u>	<u>106,118</u>
Non-controlling interests	(i)	1,077	638	-	-
Total equity		<u>179,785</u>	<u>173,518</u>	<u>107,538</u>	<u>106,118</u>
Non-current liabilities					
Financial liabilities	(j)	321	387	-	-
Deferred tax liabilities		142	142	-	-
		<u>463</u>	<u>529</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	(k)	13,022	20,200	2,200	2,773
Amounts due to related corporations	(h)	-	-	574	-
Financial liabilities	(j)	120	18,971	-	-
Current tax payable		7,521	8,408	1	2
		<u>20,663</u>	<u>47,579</u>	<u>2,775</u>	<u>2,775</u>
Total liabilities		<u>21,126</u>	<u>48,108</u>	<u>2,775</u>	<u>2,775</u>
Total equity and liabilities		<u>200,911</u>	<u>221,626</u>	<u>110,313</u>	<u>108,893</u>

**Financial Results Announcement
For the quarter ended 30 June 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 30 June 2011, an accumulated amortisation of S\$1.1 million had been made (31 December 2010: S\$0.7 million).*
- (b) *Interest 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) *Interest in associates relates to the Group's 40% equity interest in Cache Property Management Pte. Ltd., and 30% equity interest in Am ARA REIT Holdings Sdn. Bhd., Am ARA REIT Managers Sdn. Bhd., World Deluxe Enterprises Limited, and Hui Xian Asset Management Limited.*
- (d) *Non-current financial assets as at 30 June 2011 comprise (i) 34.1 million 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) 23.1 million AmFIRST REIT units (31 December 2010: 53.7 million) held by the Group as strategic stake; (iv) seed capital investment in the ARA Asia Dragon Fund ("ADF"); (v) investment in the ARA Asian Asset Income Fund ("AAIF"); (vi) a 14.1% 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.*
- (e) *Current financial assets as at 30 June 2011 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 Suntec REIT of a one-third interest in the MBFC Property which was completed on 9 December 2010, and (iii) REIT units received by the Group as payment of acquisition fees for the acquisition of Jinshan Chemical Warehouse by Cache, which was completed on 15 June 2011. The REIT units received as payment for acquisition fees are subject to a one-year moratorium as stipulated in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.*
- (f) *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.*
- (g) *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.*
- (h) *Amounts due from/to related corporations relate mainly to advances to subsidiaries and amounts paid on behalf by related corporations.*
- (i) *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.*
- (j) *Financial liabilities as at 30 June 2011 relate to finance lease liabilities for the purchase of certain plant and equipment.*
- (k) *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.*

**Financial Results Announcement
For the quarter ended 30 June 2011**

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

	30/6/11		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	120	-	18,971	-
Amount repayable after one year	321	-	387	-
	441	-	19,358	-

Footnotes:

- (a) *The decrease in total borrowings is primarily due to the full repayment of a RM44.9 million loan facility from AmlInvestment Bank Berhad during 2Q2011.*
- (b) *Included in total borrowings is an amount of S\$0.4 million (31 December 2010: S\$0.5 million) relating to finance lease liabilities for the purchase of certain plant and equipment.*
- (c) *As at 30 June 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

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 March 2014.

Financial Results Announcement
For the quarter ended 30 June 2011
1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	2Q2011	2Q2010	1H2011	1H2010
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit for the period	15,084	12,725	30,227	25,020
Adjustments for:				
Management fees received / receivable in units of REITs	(11,123)	(8,935)	(21,566)	(16,956)
Amortisation of intangible asset	218	218	436	218
Depreciation	131	117	254	234
Share of profit of associates	(720)	(132)	(885)	(186)
Interest income	(180)	(184)	(349)	(365)
Gain on fair valuation of held-for-trading securities	46	247	(1,103)	(506)
Distribution income	(2,364)	(2,075)	(3,914)	(3,613)
Finance cost	96	201	353	390
Income tax expense	2,014	1,722	4,006	3,119
Operating profit before working capital changes	3,202	3,904	7,459	7,355
Changes in working capital:				
Trade and other receivables	1,816	2,290	3,757	(960)
Trade and other payables	(1,383)	(68)	(6,947)	(4,130)
Cash generated from operating activities	3,635	6,126	4,269	2,265
Proceeds from sale of units in REITs	9,695	7,772	20,351	16,136
Income tax paid	(4,701)	(2,705)	(4,893)	(2,915)
Distribution income received	2,364	2,075	3,914	3,613
Cash flows from operating activities	10,993	13,268	23,641	19,099
Investing activities:				
Proceeds from sale of available-for-sale securities	12,390	-	12,390	-
Dividend received from associate	286	-	286	-
Interest received	180	184	349	365
Contribution from non-controlling interests	-	-	-	400
Proceeds from disposal of plant and equipment	6	-	6	-
Purchase of plant and equipment	(182)	(36)	(332)	(65)
Investment in associate	-	-	(243)	-
Purchase of available-for-sale securities				
- quoted	-	(10,476)	-	(10,476)
- unquoted	(574)	(1,090)	(972)	(5,309)
Cash flows from/(used in) investing activities	12,106	(11,418)	11,484	(15,085)
Financing activities:				
Payment of finance lease liabilities	(33)	(9)	(66)	(19)
Repayment of revolving credit facility	(18,851)	-	(18,851)	-
Interest paid	(96)	(201)	(353)	(390)
Dividend paid	(17,910)	(14,552)	(17,910)	(14,552)
Cash flows used in financing activities	(36,890)	(14,762)	(37,180)	(14,961)
Net increase in cash & cash equivalents	(13,791)	(12,912)	(2,055)	(10,947)
Cash and cash equivalents at beginning of period	53,974	48,129	42,327	46,148
Effect of exchange rate fluctuations on cash held	(130)	(1)	(219)	15
Cash and cash equivalents at end of period	40,053	35,216	40,053	35,216

**Financial Results Announcement
For the quarter ended 30 June 2011**

Footnotes:

- (a) As at 30 June 2011, the Group had utilised S\$59.3 million of the net IPO proceeds raised of S\$75.5 million as follows:-

	As at	
	30/6/11 S\$'000	31/12/10 S\$'000
Seed capital investment in the ADF	24,100	23,100
Strategic stake in REIT	27,200	27,200
Investment in mezzanine loan ⁽¹⁾	8,000	8,000
	59,300	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\$23.6 million in 1H2011 from S\$19.1 million in 1H2010 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 inflow from investing activities was S\$11.5 million in 1H2011 as compared to a net cash outflow of S\$15.1 million in 1H2010. The net cash inflow from investing activities in 1H2011 was primarily due to proceeds received from the partial sale of AmFirst REIT units in April 2011. The net cash outflow for investing activities in 1H2010 comprised mainly of the acquisition of a strategic stake in Cache during its IPO in April 2010 and seed capital investment in the ADF pursuant to capital calls from the fund during 1H2010.
- (d) Net cash outflow for financing activities increased to S\$37.2 million in 1H2011 from S\$15.0 million in 1H2010. This was primarily due to (i) the repayment of the RM44.9 million loan facility in 2Q2011 and (ii) higher dividend paid subsequent to the Company's enlarged share base after the 1-for-5 bonus issue in May 2010.

Financial Results Announcement
For the quarter ended 30 June 2011

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
<u>The Company</u>				
At 1 January 2010	1,164	75,413	17,647	94,224
Total comprehensive income for the period				
- Loss for the period	-	-	(325)	(325)
At 31 March 2010	1,164	75,413	17,322	93,899
Total comprehensive income for the period				
- Profit for the period	-	-	21,422	21,422
Transactions with owners, recorded directly in equity				
- Expenses of an issue of bonus shares	-	(28)	-	(28)
- Issue of Bonus shares	233	(233)	-	-
Final tax-exempt dividend paid of S\$0.025 per share	-	-	(14,552)	(14,552)
At 30 June 2010	1,397	75,152	24,192	100,741
At 1 January 2011	1,397	75,152	29,569	106,118
Total comprehensive income for the period				
- Profit for the period	-	-	4,893	4,893
At 31 March 2011	1,397	75,152	34,462	111,011
Total comprehensive income for the period				
- Profit for the period	-	-	13,989	13,989
Transactions with owners, recorded directly in equity				
- Issue of Bonus shares	140	(140)	-	-
Final tax-exempt dividend paid of S\$0.025 per share	-	-	(17,462)	(17,462)
At 30 June 2011	1,537	75,012	30,989	107,538

**Financial Results Announcement
For the quarter ended 30 June 2011**

	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	-	-	-	-	-	400	400
- Contribution from non-controlling interest	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	400	400
At 31 March 2010	76,577	4,160	(520)	61,765	141,982	(131)	141,851
Total other comprehensive income	-	1,641	53	-	1,694	-	1,694
Profit for the period	-	-	-	12,623	12,623	102	12,725
Total comprehensive income for the period	-	1,641	53	12,623	14,317	102	14,419
<i>Transactions with owners, recorded directly in equity</i>							
Expenses on issue of bonus shares	(28)	-	-	-	(28)	-	(28)
Total transactions with owners	(28)	-	-	-	(28)	-	(28)
Final tax-exempt dividend paid of S\$0.025 per share	-	-	-	(14,552)	(14,552)	-	(14,552)
At 30 June 2010	76,549	5,801	(467)	59,836	141,719	(29)	141,690
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
Total other comprehensive income	-	(4,576)	(1,015)	-	(5,591)	-	(5,591)
Profit for the period	-	-	-	14,744	14,744	340	15,084
Total comprehensive income for the period	-	(4,576)	(1,015)	14,744	9,153	340	9,493
<i>Transactions with owners, recorded directly in equity</i>							
Waiver of loan to subsidiary	-	-	-	-	-	231	231
Total transactions with owners	-	-	-	-	-	231	231
Dividend paid to non-controlling interest	-	-	-	-	-	(448)	(448)
Final tax-exempt dividend paid of S\$0.025 per share	-	-	-	(17,462)	(17,462)	-	(17,462)
At 30 June 2011	76,549	12,424	(4,879)	94,614	178,708	1,077	179,785

Notes:

- Included in the share capital is a share premium account of S\$75.0 million as at 30 June 2011 (30 June 2010: S\$75.4 million).
- Other reserves comprised foreign currency translation reserves and hedging reserves.

**Financial Results Announcement
For the quarter ended 30 June 2011**

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 1 June 2011, 69,847,192 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 ten (10) 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 698,471,997 to 768,319,189.

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

	As at	
	30/6/11	31/12/10
Total number of issued shares	768,319,189	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.

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 Results Announcement
For the quarter ended 30 June 2011**
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)	2Q2011	2Q2010	1H2011	1H2010
Earnings per ordinary share for the period based on profit for the period attributable to equity holders of the Company:				
(i) Based on the number of ordinary shares in issue as at the end of the financial period	1.92	1.81	3.85	3.59
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	1.92	1.64	3.85	3.26

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 30 June 2011 and 30 June 2010 and the issued share capital of 768,319,189 and 698,471,997 shares as at 30 June 2011 and 30 June 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 30 June 2011 and 30 June 2010 and the issued share capital of 768,319,189 shares 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	
	30/6/11	31/12/10	30/6/11	31/12/10
Net asset value per ordinary share				
(i) Based on the number of ordinary shares in issue as at the end of the financial period	23.26	24.75	14.00	15.19
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	23.26	22.50	14.00	13.81
Net tangible assets per ordinary share				
(i) Based on the number of ordinary shares in issue as at the end of the financial period	23.21	24.64	14.00	15.19
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	23.21	22.40	14.00	13.81

Net asset value ("NAV") per share for the relevant period is calculated based on the net assets of the Group (excluding non-controlling interests) and the issued share capital of 768,319,189 shares (2010: 698,471,997 shares). The adjusted NAV per share for the relevant period is calculated based on the net assets of the Group (excluding non-controlling interests) and the issued share capital of 768,319,189 shares after the Bonus Issue.

Net tangible assets per share is calculated based on the NAV of the Group, excluding non-controlling interest and intangible asset, and the issued share capital of 768,319,189 shares (2010: 698,471,997 shares). The adjusted net tangible assets per share for the relevant period is calculated based on the NAV of the Group, excluding non-controlling interests and intangible assets, and the issued share capital of 768,319,189 shares after the Bonus Issue.

**Financial Results Announcement
For the quarter ended 30 June 2011**

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

	2Q2011 S\$'000	2Q2010 S\$'000	Change %	1H2011 S\$'000	1H2010 S\$'000	Change %
Total Revenue	25,354	23,425	8%	52,554	46,291	14%
Management fees	22,598	21,354	6%	44,661	40,788	9%
Acquisition and performance fees	239	34	603%	2,499	968	158%
Other income	2,517	2,037	24%	5,394	4,535	19%
Net profit⁽¹⁾	14,744	12,623	17%	29,571	25,078	18%

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

2Q2011 vs 2Q2010

Recurrent management fee income increased by 6% to S\$22.6 million in 2Q2011 from S\$21.4 million in 2Q2010. This was primarily due to management fee contribution from a one-third interest in the MBFC Property which was acquired by Suntec REIT on 9 December 2010 and 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\$0.2 million received in 2Q2011 comprises acquisition fees in relation to the acquisition by Cache of (i) 4 Penjuru Lane on 12 May 2011, and (ii) Jinshan Chemical Warehouse on 15 June 2011.

Other income increased to S\$2.5 million in 2Q2011 from S\$2.0 million in 2Q2010, mainly due to higher distribution income of S\$2.4 million received in 2Q2011 (2Q2010: S\$2.1million).

As a result of the above, net profit for 2Q2011 rose 17% to S\$14.7 million from S\$12.6 million in 2Q2010.

1H2011 vs 1H2010

Recurrent management fee income increased by 9% to S\$44.7 million in 1H2011 from S\$40.8 million in 1H2010. This was primarily due to (i) management fee contribution from a one-third interest in the MBFC Property which was acquired by Suntec REIT on 9 Dec 2010, (ii) management fees received from Cache which was listed on the SGX-ST on 12 April 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\$2.5 million received in 1H2011 comprises primarily performance fees in relation to the ARA Harmony Fund and acquisition fees in relation to the completed acquisitions of 6 Changi North Way, 4 Penjuru Lane and Jinshan Chemical Warehouse by Cache during the year. The S\$968,000 of acquisition and performance fees received in 1H2010 comprised primarily of performance fees in relation to the ARA Harmony Fund.

Other income increased to S\$5.4 million in 1H2011 from S\$4.5 million in 1H2010, primarily due to higher net gain on disposal / fair valuation of certain REIT units received by the Group as part payment for REIT management fees and acquisition fees for Suntec REIT's MBFC Property acquisition of S\$1.1 million in 1H2011 (1Q2010: S\$0.5 million).

The Group recorded higher operating expenses of S\$18.9 million in 1H2011 compared to S\$17.9 million in 1H2010, in line with the Group's continuing business expansion.

As a result of the above, net profit for 1H2011 rose 18% to S\$29.6 million from S\$25.1 million in 1H2010.

**Financial Results Announcement
For the quarter ended 30 June 2011****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's emerging economies have continued to perform well although uncertainties in Europe and the United States have increased. In Singapore and Hong Kong, a strong economy and low interest rates have underpinned real estate price appreciation and led to keen competition for assets, particularly in the office and retail sectors. China's credit tightening measures pose policy risks but may present opportunities for long term players such as the Group to acquire assets at attractive entry prices.

REITs

With the listing of Hui Xian REIT on The Stock Exchange of Hong Kong on 29 April 2011, ARA now manages 6 REITs across Singapore, Hong Kong and Malaysia with attributable gross assets in excess of S\$13 billion as at 30 June 2011. The Group continues 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.

Private Real Estate Funds

The ADF is currently in advanced negotiations for the acquisition of various properties and expects to place out its remaining committed capital by 3Q2011. Marketing efforts for the ADF II are ongoing with the Group achieving a first closing with firm commitments for US\$300 million, including ARA's seed capital. Investment activity is expected to commence in 4Q2011.

As at 30 June 2011, the Group's total assets under management stood at S\$18.8 billion (approximately US\$15.3 billion).

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 Results Announcement
For the quarter ended 30 June 2011**

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Amount	:	\$0.023 per share
Dividend Rate	:	Not applicable
Par value of shares	:	\$0.002 per share
Tax Rate	:	Tax exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Amount	:	\$0.023 per share
Dividend Rate	:	Not applicable
Par value of shares	:	\$0.002 per share
Tax Rate	:	Tax exempt (One-tier)

(c) Date payable

8 September 2011

(d) Book Closure date

Registrable transfers received by the Company up to 5.00 pm on 24 August 2011 will be registered before entitlements to the dividend are determined.

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

An interim dividend of S\$0.023 per share has been declared for the financial period from 1 January 2011 to 30 June 2011.

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)	
	1/4/11 to 30/6/11 S\$'000	1/1/11 to 30/6/11 S\$'000	1/4/11 to 30/6/11 S\$'000	1/1/11 to 30/6/11 S\$'000
Fortune REIT	-	-	2,628	5,045
	-	-	2,628	5,045

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 Results Announcement
For the quarter ended 30 June 2011**

14. 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 30 June 2011 and for the 6 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
8 August 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

8 August 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 30 June 2011, the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the six-month period ended 30 June 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 information of the directors and for the inclusion of our report in the Company's interim announcement to its shareholders, to enable the directors to fulfil their responsibilities under the Singapore Exchange listing requirements. Our report 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