



ARA ASSET MANAGEMENT LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The financial information for the year ended 31 December 2011 in the announcement have been extracted from the financial statements for the period from 1 January 2011 to 31 December 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.

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1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	1/10/11 to 31/12/11 ("4Q2011") S\$'000	1/10/10 to 31/12/10 ("4Q2010") S\$'000	Change %	1/1/11 to 31/12/11 ("FY2011") S\$'000	1/1/10 to 31/12/10 ("FY2010") S\$'000	Change %
Management fees	(a)	23,061	22,187	4%	90,860	84,630	7%
Acquisition and performance fees	(a)	920	16,405	(94%)	21,288	17,499	22%
Other income	(b)	2,617	3,095	(15%)	10,613	10,382	2%
Total revenue		26,598	41,687	(36%)	122,761	112,511	9%
Administrative expenses	(c)	(7,215)	(9,220)	(22%)	(33,789)	(30,819)	10%
Operating lease expenses	(d)	(587)	(619)	(5%)	(2,239)	(2,537)	(12%)
Other expenses	(e)	(4,147)	(1,347)	208%	(12,767)	(5,211)	145%
Results from operating activities		14,649	30,501	(52%)	73,966	73,944	0%
Finance cost	(f)	(28)	(259)	(89%)	(428)	(871)	(51%)
Share of profit of associates (net of tax)	(g)	14,621	30,242	(52%)	73,538	73,073	1%
		983	126	680%	2,794	456	513%
Profit before income tax	(h)	15,604	30,368	(49%)	76,332	73,529	4%
Income tax expense	(i)	(2,015)	(4,432)	(55%)	(6,812)	(9,319)	(27%)
Profit for the period		13,589	25,936	(48%)	69,520	64,210	8%
Attributable to:							
Equity holders of the Company		13,266	25,752	(48%)	68,202	63,812	7%
Non-controlling interests		323	184	76%	1,318	398	231%
		13,589	25,936	(48%)	69,520	64,210	8%

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

(a) Revenue

		4Q2011 S\$'000	4Q2010 S\$'000	Change %	FY2011 S\$'000	FY2010 S\$'000	Change %
Management fees		23,061	22,187	4%	90,860	84,630	7%
REIT base and performance fees	(i)	14,999	12,815	17%	56,229	46,018	22%
Portfolio management and service fees	(ii)	4,511	6,245	(28%)	21,764	25,561	(15%)
Real estate management services fees	(iii)	3,551	3,127	14%	12,867	13,051	(1%)
Acquisition and performance fees	(iv)	920	16,405	(94%)	21,288	17,499	22%
Acquisition and performance fees		545	14,958	(96%)	20,858	15,932	31%
Advisory and consultancy fees		375	1,447	(74%)	430	1,567	(73%)

- (i) REIT management fees increased to S\$56.2 million in FY2011 compared with S\$46.0 million in FY2010 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 December 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\$21.8 million in FY2011 from S\$25.6 million in FY2010 primarily due to reporting of the Group's USD denominated portfolio management fees from the ARA Asia Dragon Fund ("ADF") in SGD terms. In 4Q2011, the ADF has returned part capital to investors by means of proceeds from the divestment of some of its assets. This reduced the portfolio management fees received by the Group due to the lower contributed capital amount.
- (iii) Real estate management services fees decreased slightly by 1% from S\$13.1 million in FY2010, primarily due to lower leasing commission received by APM Property Management Pte. Ltd. ("APM").
- (iv) The Group received acquisition and performance fees of S\$21.3 million in FY2011, up from S\$17.5 million in FY2010. The acquisition and performance fees comprise primarily of performance fees of S\$18.5 million in relation to the ARA Harmony Fund. The Group also received acquisition fees amounting to S\$2.4 million in FY2011, mainly relating to (i) the acquisition of a 51% interest in Harmony Partners Investments Limited by Suntec REIT, (ii) the acquisitions of 4 properties by Cache and (iii) the acquisition of 3 properties by AmFIRST REIT during the year. The S\$0.4 million advisory and consultancy fees received during the year relates mainly to the consultancy services provided by APM to Suntec REIT for the re-making of Suntec City. The acquisition and performance fees received in FY2010 relates primarily to the acquisition fees and corporate finance advisory fees in relation to the acquisition of a one-third interest in the MBFC Property by Suntec REIT.

(b) Other income

Other income comprised primarily of distribution income, interest income, net gain on disposal of marketable securities and net foreign exchange gain. Other income increased to S\$10.6 million in FY2011 from S\$10.4 million in FY2010. This was primarily due to the dividend income received from the ADF and APN Property Group ("APN") in FY2011 amounting to S\$2.3 million (FY2010: Nil). In FY2010, the Group recorded a S\$1.7 million net gain on disposal of certain REIT units received by the Group as part payment for REIT management fees and a S\$0.2 million gain on divestment of interests in ARA Strategic Capital I Pte Ltd on 31 August 2010. No such gains were recognised in FY2011.

(c) Administrative expenses

Administrative expenses comprised primarily of staff-related expenses and strategic advisory fees. Administrative expenses increased to S\$33.8 million in FY2011 from S\$30.8 million in FY2010, primarily due to an increase in headcount and staff-related expenses in line with the Group's continuing business expansion. Included in administrative expense was staff-related expenses of S\$18.5 million (FY2010: S\$15.5 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd., which was fully reimbursed by the ARA Harmony Fund.

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(d) Operating lease expenses

Operating lease expenses decreased to S\$2.2 million in FY2011 from S\$2.5 million in FY2010 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, net loss on fair valuation (mark-to-market loss) on marketable securities and other miscellaneous expenses. Other expenses increased to S\$12.8 million in FY2011 from S\$5.2 million in FY2010 primarily due to net loss on fair valuation (mark-to-market loss) of S\$6.1 million on the Suntec REIT acquisition units received by the Group for the acquisition of MBFC Property last year. These acquisition units were subject to a one year moratorium as stipulated in the Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS"). In FY2010, the Group recorded a net gain on disposal of certain REIT units amounting to S\$1.7 million as part payment for REIT management fees.

(f) Finance cost

The finance cost was primarily due to interest paid on borrowings of RM44.9 million (equivalent to approximately S\$18.9 million), taken up in May 2007. The RM44.9 million loan facility was fully repaid in May 2011.

(g) Share of profit of associates (net of tax)

Share of profits of associates (net of tax) was primarily due to the recognition of the Group's share of profits arising from (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/year:

	4Q2011	4Q2010	Change	FY2011	FY2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other Income</u>						
Distribution income	2,567	2,503	3%	9,644	7,599	27%
Interest income	22	174	(87%)	831	718	16%
Foreign exchange gain - net	171	-	n.m.	91	-	n.m.
Gain on disposal of held-for-trading securities	-	340	(100%)	-	1,710	(100%)
Gain on disposal of subsidiary	-	-	n.m.	-	203	(100%)
<u>Operating Expenses</u>						
Amortisation of intangible asset	144	217	(34%)	798	652	22%
Depreciation of plant and equipment	185	119	55%	578	466	24%
Foreign exchange (gain)/loss - net	-	(153)	(100%)	-	651	(100%)
Impairment of available-for-sale securities	541	-	n.m.	541	-	n.m.
Loss on fair valuation (mark-to-market loss) of held-for-trading securities	1,611	-	n.m.	6,079	-	n.m.

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

	4Q2011 S\$'000	4Q2010 S\$'000	Change %	FY2011 S\$'000	FY2010 S\$'000	Change %
Profit for the period/year	13,589	25,936	(48%)	69,520	64,210	8%
Other comprehensive income:						
Translation differences relating to financial statements of foreign operations	(326)	(912)	(64%)	163	(2,649)	n.m.
Effective portion of changes in fair value of cash flow hedge	152	(277)	n.m.	(836)	(28)	n.m.
Net movement in fair value of available-for-sale financial assets	1,958	3,074	(36%)	(16,374)	14,363	n.m.
Other comprehensive income for the period, net of income tax	1,784	1,885	(5%)	(17,047)	11,686	n.m.
Total comprehensive income for the period/year	15,373	27,821	(45%)	52,473	75,896	(31%)
Attributable to:						
Equity holders of the Company	15,050	27,637	(46%)	51,155	75,498	(32%)
Non-controlling interests	323	184	76%	1,318	398	231%
Total comprehensive income for the period/year	15,373	27,821	(45%)	52,473	75,896	(31%)

n.m.: not meaningful

Note: There is no tax effect relating to the component of the other comprehensive income

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		31/12/11 S\$'000	31/12/10 S\$'000	31/12/11 S\$'000	31/12/10 S\$'000
Non-current assets					
Intangible asset	(a)	-	798	-	-
Plant and equipment		1,360	1,498	-	-
Tenancy deposits		502	495	-	-
Subsidiaries	(b)	-	-	87,690	95,284
Associates	(c)	3,100	1,060	-	-
Financial assets	(d)	96,920	133,658	-	-
		<u>101,882</u>	<u>137,509</u>	<u>87,690</u>	<u>95,284</u>
Current assets					
Financial assets	(e)	24,764	15,299	-	-
Derivative assets	(f)	-	119	-	-
Trade and other receivables	(g)	30,616	26,372	62	173
Amounts due from related corporations	(h)	-	-	5,242	3,196
Cash and cash equivalents		57,291	42,327	31,091	10,240
		<u>112,671</u>	<u>84,117</u>	<u>36,395</u>	<u>13,609</u>
Total assets		<u>214,553</u>	<u>221,626</u>	<u>124,085</u>	<u>108,893</u>
Equity attributable to equity holders					
Share capital		1,537	1,397	1,537	1,397
Reserves		187,365	171,483	121,122	104,721
		<u>188,902</u>	<u>172,880</u>	<u>122,659</u>	<u>106,118</u>
Non-controlling interests	(i)	659	638	-	-
Total equity		<u>189,561</u>	<u>173,518</u>	<u>122,659</u>	<u>106,118</u>
Non-current liabilities					
Loan and borrowings	(j)	268	387	-	-
Deferred tax liabilities		117	142	-	-
		<u>385</u>	<u>529</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	(k)	17,343	20,200	1,419	2,773
Amounts due to related corporations	(h)	-	-	7	-
Loan and borrowings	(j)	120	18,971	-	-
Derivative liabilities	(f)	717	-	-	-
Current tax payable		6,427	8,408	-	2
		<u>24,607</u>	<u>47,579</u>	<u>1,426</u>	<u>2,775</u>
Total liabilities		<u>24,992</u>	<u>48,108</u>	<u>1,426</u>	<u>2,775</u>
Total equity and liabilities		<u>214,553</u>	<u>221,626</u>	<u>124,085</u>	<u>108,893</u>

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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 December 2011, the intangible asset has been fully amortised.*
- (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. In FY2011, the equity investments decreased primarily due to the full settlement of a quasi equity loan of S\$8.0 million in relation to the Group's participation in a mezzanine loan to the ARA Harmony Fund to part finance its acquisition of Suntec Singapore.*
- (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, Hui Xian Asset Management Limited and Beijing Hui Xian Enterprise Services Limited.*
- (d) *Non-current financial assets as at 31 December 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) 11.9 million 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"); and (vi) a 13.9% strategic stake in APN Property Group Limited ("APN"). The mezzanine loan to the ARA Harmony Fund to part finance its acquisition of Suntec Singapore has been fully repaid in FY2011 (31 December 2010: S\$8.0 million).*
- (e) *Current financial assets as at 31 December 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 / liabilities 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 increase in trade and other receivables is primarily due to the increase in accrued REIT management fees and receivables from real estate management services fees.*
- (h) *Amounts due from 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. As at 31 December 2011, ARA Fund Management (Silver) Limited and ARA Managers (Silver) Pte Ltd have respectively completed its members' voluntary winding-up proceedings and made an application to be struck off from the Register of the Accounting and Corporate Regulatory Authority of Singapore.*
- (j) *Loan and borrowings as at 31 December 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 was primarily due to payment of FY2011 bonus before the year end as compared to FY2010 where bonus payment was made after year end.*

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

	31/12/11		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	268	-	387	-
	<u>388</u>	<u>-</u>	<u>19,358</u>	<u>-</u>

Footnotes:

- (a) *The decrease in total borrowings is primarily due to the full repayment of a RM44.9 million loan from AmInvestment Bank Berhad in 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 31 December 2011, the Group has the following facilities:*
- (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) *an unutilised revolving credit facility of RM16.0 million secured on the Group's strategic stake in AmFIRST REIT (31 December 2010: Nil);*
 - (iii) *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);*

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.

On 28 September 2011, the Group pledged 23.1 million units of AmFIRST REIT as security for a RM16.0 million revolving credit facility with United Overseas Bank (Malaysia) Bhd. The facility bears interest at a floating rate of 1.4% p.a. above the bank's cost of funds. The facility is available for a period of 3 years with an option to extend for another 3 years.

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

	4Q2011 S\$'000	4Q2010 S\$'000	FY2011 S\$'000	FY2010 S\$'000
Operating activities				
Profit for the period	13,589	25,936	69,520	64,210
Adjustments for:				
Management fees received / receivable in units of REITs	(11,952)	(25,112)	(44,811)	(51,324)
Amortisation of intangible asset	144	217	798	652
Depreciation	185	119	578	466
Share of profit of associates	(983)	(126)	(2,794)	(456)
Interest income	(22)	(174)	(831)	(718)
Loss/(gain) on fair valuation / disposal of held-for-trading securities	1,611	(340)	6,079	(1,710)
Impairment loss on available-for-sale securities	541	-	541	-
Gain on disposal of subsidiary	-	-	-	(203)
Loss/(Gain) on disposal of plant and equipment	1	(81)	1	(105)
Distribution income	(2,567)	(2,503)	(9,644)	(7,599)
Finance cost	28	259	428	871
Income tax expense	2,015	4,432	6,812	9,319
Operating profit before working capital changes	2,590	2,627	26,677	13,403
Changes in working capital:				
Trade and other receivables	(3,096)	618	(2,271)	26
Trade and other payables	(4,762)	4,653	(2,857)	2,440
Cash generated from operating activities	(5,268)	7,898	21,549	15,869
Proceeds from sale of units in REITs	3,283	12,994	27,033	38,472
Income tax paid	(907)	(957)	(8,818)	(5,873)
Distribution income received	2,567	2,503	9,644	7,599
Cash flows (used in)/from operating activities	(325)	22,438	49,408	56,067
Investing activities:				
Proceeds from sale of available-for-sale securities	-	-	12,390	-
Proceeds from investment in Mezzanine loan	-	-	8,000	-
Dividend received from associate	542	-	828	-
Interest received	22	174	831	718
Contribution from non-controlling interests	-	-	-	400
Proceeds from disposal of plant and equipment	(3)	220	3	246
Purchase of plant and equipment	(71)	(883)	(444)	(1,018)
Disposal of subsidiary, net of cash disposed	-	-	-	24
Investment in associate	239	-	(4)	-
Net redemption/(purchase) of available-for-sale securities				
- quoted	-	(134)	-	(16,334)
- unquoted	984	(3,178)	12	(12,343)
Cash flows from/(used in) investing activities	1,713	(3,801)	21,616	(28,307)
Financing activities:				
Repayment of revolving credit facility	-	-	(18,851)	-
Net (payment)/proceeds of finance lease liabilities	(30)	347	(119)	319
Interest paid	(28)	(259)	(428)	(871)
Dividend paid	(1,080)	-	(36,661)	(30,617)
Cash flows (used in)/from financing activities	(1,138)	88	(56,059)	(31,169)
Net increase/(decrease) in cash & cash equivalents	250	18,725	14,965	(3,409)
Cash and cash equivalents at beginning of period	57,089	23,734	42,327	46,148
Effect of exchange rate fluctuations on cash held	(48)	(132)	(1)	(412)
Cash and cash equivalents at end of period	57,291	42,327	57,291	42,327

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Footnotes:

- (a) As at 31 December 2011, the Group had utilised S\$59.9 million of the net IPO proceeds raised of S\$75.5 million as follows:-

	As at	
	31/12/11 S\$'000	31/12/10 S\$'000
Seed capital investment in the ADF	24,723	23,100
Strategic stake in REIT	27,200	27,200
Investment in mezzanine loan ⁽¹⁾	8,000	8,000
	59,923	58,300

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

- (b) Cash flows from operating activities decreased to S\$49.6 million in FY2011 from S\$56.1 million in FY2010, primarily due to a decrease in proceeds from the sale of REIT units. The proceeds received from the sale of REIT units in FY2010 included REIT units received as fees in prior financial periods.
- (c) Net cash inflow from investing activities was S\$21.4 million in FY2011 as compared to a net cash outflow of S\$28.3 million in FY2010. The net cash inflow from investing activities in FY2011 was primarily due to (i) net proceeds received from the partial sale of AmFIRST REIT units in April 2011 and (ii) proceeds received in relation to the Group's participation in a mezzanine loan to the ARA Harmony Fund to part finance its acquisition of Suntec Singapore. The net cash outflow for investing activities in FY2010 comprised mainly of the acquisition of a strategic stake in Cache during its IPO in April 2010, a strategic investment in APN Property Group and seed capital investment in the ADF pursuant to capital calls from the fund in FY2010.
- (d) Net cash outflow for financing activities increased to S\$56.1 million in FY2011 from S\$31.2 million in FY2010. This was primarily due to (i) the repayment of the RM44.9 million loan (equivalent to S\$18.9 million) in 2Q2011 and (ii) higher dividend paid subsequent to the Company's enlarged share base after the 1-for-10 bonus issue in June 2011.

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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
<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 in relation to issue of bonus shares	-	(28)	-	(28)
- Issue of 1-for-5 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
Total comprehensive income for the period				
- Profit for the period	-	-	7,225	7,225
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	(16,064)	(16,064)
At 30 September 2010	1,397	75,152	15,353	91,902
Total comprehensive income for the period				
- Profit for the period	-	-	14,216	14,216
At 31 December 2010	1,397	75,152	29,569	106,118
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 1-for-10 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
Total comprehensive income for the period				
- Profit for the period	-	-	10,645	10,645
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	(17,671)	(17,671)
At 30 September 2011	1,537	75,012	23,963	100,512
Total comprehensive income for the period				
- Profit for the period	-	-	22,147	22,147
At 31 December 2011	1,537	75,012	46,110	122,659

**Financial Statements Announcement
For the financial year ended 31 December 2011**

	Share capital and 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 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	-	-	-	-	-	400	400
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
Total other comprehensive income	-	8,254	(1,647)	-	6,607	-	6,607
Profit for the period	-	-	-	12,981	12,981	272	13,253
Total comprehensive income for the period	-	8,254	(1,647)	12,981	19,588	272	19,860
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	-	(16,064)	(16,064)	-	(16,064)
At 30 September 2010	76,549	14,055	(2,114)	56,753	145,243	243	145,486
Total other comprehensive income	-	3,074	(1,189)	-	1,885	-	1,885
Profit for the period	-	-	-	25,752	25,752	184	25,936
Total comprehensive income for the period	-	3,074	(1,189)	25,752	27,637	184	27,821
<i>Transactions with owners, recorded directly in equity</i>							
Waiver of loan to subsidiary	-	-	-	-	-	211	211
Total transactions with owners	-	-	-	-	-	211	211
At 31 December 2010	76,549	17,129	(3,303)	82,505	172,880	638	173,518
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>							
Dividend paid to non-controlling interest	-	-	-	-	-	(448)	(448)
Waiver of loan to subsidiary	-	-	-	-	-	231	231
Total transactions with owners	-	-	-	-	-	(217)	(217)
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
Total other comprehensive income	-	(13,627)	1,077	-	(12,550)	-	(12,550)
Profit for the period	-	-	-	25,365	25,365	339	25,704
Total comprehensive income for the period	-	(13,627)	1,077	25,365	12,815	339	13,154
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	-	(17,671)	(17,671)	-	(17,671)
At 30 September 2011	76,549	(1,203)	(3,802)	102,308	173,852	1,416	175,268
Total other comprehensive income	-	1,958	(174)	-	1,784	-	1,784
Profit for the period	-	-	-	13,266	13,266	323	13,589
Total comprehensive income for the period	-	1,958	(174)	13,266	15,050	323	15,373
<i>Transactions with owners, recorded directly in equity</i>							
Dividend paid to non-controlling interest	-	-	-	-	-	(1,080)	(1,080)
Total transactions with owners	-	-	-	-	-	(1,080)	(1,080)
At 31 December 2011	76,549	755	(3,976)	115,574	188,902	659	189,561

Notes:

- Included in share capital is a share premium account of S\$75.0 million as at 31 December 2011 (31 December 2010: S\$75.2 million).
- Other reserves comprised foreign currency translation reserves and hedging reserves.

**Financial Statements Announcement
For the financial year ended 31 December 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. There were no changes in the Company's share capital since the end of the last quarter financial statements announcement which was reported on 9 November 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

	As at	
	31/12/11	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 for the year ended 31 December 2011 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410: "Review of Interim Financial Information Performed by the Independent Auditors of the Entity."

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 Statements Announcement
For the financial year ended 31 December 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)	4Q2011	4Q2010	FY2011	FY2010
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	1.73	3.69	8.88	9.14
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	1.73	3.35	8.88	8.31

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 December 2011 and 31 December 2010, and the issued share capital of 768,319,189 and 698,471,997 shares as at 31 December 2011 and 31 December 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 December 2011 and 31 December 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	
	31/12/11	31/12/10	31/12/11	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	24.59	24.75	15.96	15.19
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	24.59	22.50	15.96	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	24.59	24.64	15.96	15.19
(ii) Adjusted for the number of ordinary shares in issue after the Bonus Issue	24.59	22.40	15.96	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 Statements Announcement
For the financial year ended 31 December 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

	4Q2011 S\$'000	4Q2010 S\$'000	Change %	FY2011 S\$'000	FY2010 S\$'000	Change %
Total Revenue	26,598	41,687	(36%)	122,761	112,511	9%
Management fees	23,061	22,187	4%	90,860	84,630	7%
Acquisition and performance fees	920	16,405	(94%)	21,288	17,499	22%
Other income	2,617	3,095	(15%)	10,613	10,382	2%
Net profit⁽¹⁾	13,266	25,752	(48%)	68,202	63,812	7%

n.m.: not meaningful

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

4Q2011 vs 4Q2010

Recurrent management fee income increased to S\$23.1 million in 4Q2011 from S\$22.2 million in 4Q2010. 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\$0.9 million in 4Q2011 relate primarily to acquisition fees received in relation to AmFIRST REIT's acquisition of 2 properties (Prima 9 and Prima 10), and consultancy fees received for consultancy services provided by APM to Suntec REIT for the remaking of Suntec City. In 4Q2010, the Group received S\$16.4 million of acquisition fees and corporate finance advisory fees in relation to the acquisition of a one-third interest in the MBFC Property by Suntec REIT.

Other income decreased to S\$2.6 million in 4Q2011 from S\$3.1 million in 4Q2010, primarily due to a gain on disposal of REIT units received by the Group as part payment for REIT management fees amounting to S\$0.3 million being recorded in 4Q2010. No such gain was recorded in 4Q2011.

Total operating expenses for the Group remained relatively stable at S\$11.9 million in 4Q2011 (4Q2010: S\$11.2 million).

As a result of the above, the Group's net profit for 4Q2011 declined 48% to S\$13.3 million, from S\$25.8 million in 4Q2010.

FY2011 vs FY2010

Recurrent management fee income increased to S\$90.9 million in FY2011 from S\$84.6 million in FY2010. 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 December 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\$21.3 million received in FY2011 comprised primarily of performance fees of S\$18.5 million received in relation to the ARA Harmony Fund and acquisition fees of S\$2.4 million relating to (i) the acquisition of a 51% interest in Harmony Partners Investments Limited by Suntec REIT, (ii) the acquisitions of 4 properties by Cache and (iii) the acquisition of 3 properties by AmFIRST REIT. The S\$17.5 million of acquisition and performance fees received in FY2010 were primarily attributable to acquisition fees and corporate finance advisory fees received in relation to the acquisition of a one-third interest in the MBFC Property by Suntec REIT.

Financial Statements Announcement For the financial year ended 31 December 2011

Other income increased to S\$10.6 million in FY2011 from S\$10.4 million in FY2010. This was primarily due to the dividend income received from the ADF and APN in FY2011 amounting to S\$2.3 million (FY2010: Nil). In FY2010, the Group recorded a S\$1.7 million net gain on disposal of certain REIT units received by the Group as part payment for REIT management fees and a S\$0.2 million gain on divestment of interests in ARA Strategic Capital I Pte Ltd on 31 August 2010. No such gains were recognised in FY2011.

The Group recorded higher total operating expenses of S\$48.8 million in FY2011 compared to S\$38.6 million in FY2010, primarily due to a net loss on fair valuation (mark-to-market loss) of S\$6.1 million on the Suntec REIT acquisition units received by the Group for the acquisition of MBFC Property last year. These acquisition units were subject to a one year moratorium as stipulated in the Collective Investment Schemes issued by the MAS. The increase was also partly due to higher staff-related expenses in line with the Group's continuing business expansion.

Net profit for FY2011 rose 7% to S\$68.2 million from S\$63.8 million in FY2010. Excluding the effects of the mark-to-market loss on certain REIT units amounting to S\$6.1 million and the related tax effects, the Group's net profit would have been S\$73.3 million, 15% higher than that achieved in FY2010.

As at 31 December 2011, the Group's total assets under management stood at S\$20.2 billion (approximately US\$15.6 billion).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Eurozone's lingering sovereign debt crisis and uncertainty over the strength of recovery in the US continue to weigh down on global economic growth. In China, although the Group believes that the perceived risks to the overall economy from the property and property-linked sectors are overstated, the Group does nonetheless expect to see economic growth continuing to slow. A "hard-landing" scenario is unlikely as inflation begins to moderate and restrictive policy measures are slowly eased over time. Accordingly, the Group does not expect to see any major policy stimulus in the near term.

As for the real estate fundamentals in Asia generally, the overall office and retail space demand is expected to remain healthy; lending support to occupancy rates, rental yields and property valuations. ARA remains well-positioned to tap on opportunities that may arise in the region to continue its growth.

REITs

Fortune REIT has announced the proposed acquisition of The Belvedere Garden Property and The Provident Centre Property for HK\$1.9 billion and Cache has also announced the acquisition of 21 Changi Way for S\$35.2 million. In December 2011, AmFIRST REIT completed the acquisition of 2 office properties in Cyberjaya, Malaysia for RM133 million. The Group will continue to focus on active asset management to add value to the properties in its portfolio and seek to capitalize on improving market sentiment to make value-adding acquisitions for the REITs under the Group's management. Concurrently, the Group is looking to develop and list new REITs focused on new market sectors and/or geographies.

Private Funds

The ADF completed its investment period in 4Q2011 and shifted its focus to asset management and divestment. Over the next 3 years, the ADF will be divesting its assets, having successfully deployed all its capital. The ADF II has increased its total commitments to US\$400 million and is targeting its final closing in the second half of 2012.

Outlook for the financial year ending 31 December 2012

Barring unforeseen circumstances, the Directors expect the Group's net profit in FY2012 to be comparable to that achieved in FY2011.

**Financial Statements Announcement
For the financial year ended 31 December 2011****11. Dividend*****(a) Current Financial Period Reported On***

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

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount	:	S\$0.027 per share
Dividend Rate	:	Not applicable
Par value of shares	:	S\$0.002 per share
Tax Rate	:	Tax exempt (One-Tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount	:	S\$0.025 per share
Dividend Rate	:	Not applicable
Par value of shares	:	S\$0.002 per share
Tax Rate	:	Tax exempt (One-Tier)

(c) Date payable

22 May 2012

(d) Book Closure date

Registrable transfers received by the Company up to 5.00 pm on 7 May 2012 will be registered before entitlements to the dividend are determined.

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

A final dividend of S\$0.027 per share has been recommended for the financial year ended 31 December 2011. The proposed final dividend is subject to shareholders' approval at the Company's Annual General Meeting to be held on 26 April 2012.

Inclusive of the interim dividend of S\$0.023 per share paid out in September 2011, the total dividend per share for FY2011 is S\$0.050 (FY2010: S\$0.048).

Excluding the effects of the enlarged number of issued shares arising from the Bonus Issue, the FY2011 dividend per share would have been \$0.055 per share.

Financial Statements Announcement
For the financial year ended 31 December 2011

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

	Revenue		Profit before share of profit of associates, income tax and non-controlling interests	
	FY2011 S\$'000	FY2010 S\$'000	FY2011 S\$'000	FY2010 S\$'000
<u>Business Segments</u>				
REITs	60,259	63,553	31,708	41,683
Private real estate funds	40,424	26,660	26,623	17,501
Real estate management	13,298	13,570	6,739	6,910
Investment holding	8,780	7,645	8,861	4,959
Others ^(a)	-	1,083	110	3,231
	122,761	112,511	74,041	74,284
Unallocated expenses	-	-	(503)	(1,211)
	122,761	112,511	73,538	73,073

Notes:

(a) Comprise primarily of corporate finance advisory services and dormant companies.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to preceding Paragraph 8.

15. A breakdown of sales.

	FY2011 S\$'000	FY2010 S\$'000	Change %
Revenue reported for first half year	52,554	46,291	14%
Management fees	44,661	40,788	9%
Acquisition and performance fees	2,499	968	158%
Other income	5,394	4,535	19%
Operating profit after tax before deducting non-controlling interests reported for first half year	30,227	25,020	21%
Revenue reported for second half year	70,207	66,220	6%
Management fees	46,199	43,842	5%
Acquisition and performance fees	18,789	16,531	14%
Other income	5,219	5,847	(11%)
Operating profit after tax before deducting non-controlling interests reported for second half year	39,293	39,190	0%

Financial Statements Announcement
For the financial year ended 31 December 2011

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2011 S\$'000	FY2010 S\$'000
Ordinary	36,809 ^(a)	33,526 ^(b)
Preference	-	-
Total:	36,809	33,526

Notes:

- (a) This includes the proposed final dividend of S\$0.027 per share which amounts to S\$20.7 million and is payable on 22 May 2012. Of the total dividends, S\$16.1 million relates to the interim dividend of S\$0.023 per share which was paid on 8 September 2011.
- (b) This comprises an interim dividend of S\$16.1 million or S\$0.023 per share which was paid on 9 September 2010 and a final dividend of S\$17.5 million or S\$0.025 per share which was paid on 23 May 2011.

17. Interested Person Transactions

A mandate was obtained from shareholders at the Company's Annual General Meeting held on 28 April 2011.

<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)	
	4Q2011 S\$'000	FY2011 S\$'000	4Q2011 S\$'000	FY2011 S\$'000
Fortune REIT ⁽¹⁾	-	-	2,880	10,604
	-	-	2,880	10,604

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 financial year ended 31 December 2011**

18. Disclosure of each person occupying a managerial position who is a relative of a director / CEO / substantial shareholder under Rule 704 (13)

List of Persons occupying Managerial Positions who are related to a Director or Chief Executive Officer or Substantial Shareholder of ARA Asset Management Ltd and any of its principal subsidiaries

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Chiu Yu Justina	31	Daughter of Mr Chiu Kwok Hung Justin (Chairman and Non-executive director)	<p>Executive Director and Deputy Chief Executive Officer ("Deputy CEO"), ARA Asset Management (Fortune) Limited, a wholly owned subsidiary of ARA Asset Management Limited.</p> <p>Ms Chiu supports the Chief Executive Officer in the overall management of Fortune REIT including strategic planning, investor relations, asset management and investment activities of Fortune REIT.</p>	Nil

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

Lim Hwee Chiang
Director
21 February 2012

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

21 February 2012

Dear Sirs

Review of Financial Information

Introduction

We have reviewed the accompanying financial information of ARA Asset Management Limited (“the Company”) and its subsidiaries (collectively the “Group”), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the related statements of income, comprehensive income, changes in equity and cash flows of the Group for the year ended 31 December 2011 and certain explanatory notes (the “Financial Information”). Management is responsible for the preparation and presentation of this Financial Information in accordance with Singapore Financial Reporting Standard (“FRS”). Our responsibility is to express a conclusion on this Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of 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 Financial Information is not prepared, in all material respects, in accordance with FRS.

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 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

*Public Accountants and
Certified Public Accountants*

Singapore