

PRESS RELEASE

ARA POSTS FY2013 NET PROFIT OF S\$74.3 MILLION TOTAL ASSETS UNDER MANAGEMENT GREW 13% TO S\$25.5 BILLION

- Recurrent management fees up 11% to S\$114.0 million
- Recurrent net profit up 17% to S\$56.1 million

FY2013 Results Highlights

		FY2013	FY2012	% Change
Revenue				
Management fees	(S\$'000)	114,003	102,615	11%
Acquisition, divestment and performance fees	(S\$'000)	14,671	8,223	78%
Finance income	(S\$'000)	11,583	21,997	-47%
Other income	(S\$'000)	139	695	-80%
Total Revenue	(S\$'000)	140,396	133,530	5%
Results from operating activities	(S\$'000)	84,493	81,641	3%
Share of Profit of Associates	(S\$'000)	3,913	4,461	-12%
Net Profit	(S\$'000)	74,250	72,704	2%
Net Profit (Excluding unrealised M-T-M ¹ gains/losses)	(S\$'000)	81,386	63,580	28%
Recurrent Net Profit²	(S\$'000)	56,100	48,151	17%
EPS ³	(S cents)	8.79	8.60	2%
Total Assets Under Management ("AUM") ⁴	(S\$ billion)	25.5	22.6	13%

20 February 2014 – ARA Asset Management Limited ("ARA" or the "Group") is pleased to report total revenue of S\$140.4 million and net profit of S\$74.3 million for the year ended 31 December 2013 ("FY2013").

Recurrent management fees for FY2013 grew 11% year-on-year to S\$114.0 million, driven mainly by higher REIT management fees and real estate management fees. REIT management fees increased due to the improved asset performance post asset enhancement initiatives which have resulted in higher property valuations of the REIT portfolios under

¹ M-T-M refers to "Marked-to-Market", adjusted for the effects of tax

² Recurrent Net Profit refers to Net Profit excluding acquisition, divestment and performance fees, finance income and finance costs, adjusted for the effects of tax

³ Based on the issued share capital of 845,151,093 shares as at 31 December 2013

⁴ Based on exchange rates as at 31 December 2013

management, as well as higher fees arising from the acquisitions made by Fortune REIT, Suntec REIT and Cache Logistics Trust during the year. Real estate management fees increased due to higher leasing commission recognised by APM from the re-making of Suntec City, and contributions from the Asia Property Management (China) Limited group of companies subsequent to its acquisition in August 2012.

The Group's portfolio management fees from the private funds division increased on the back of contributions from the ARA Asia Dragon Fund II and the ARA China Investment Partners, LLC as well as the higher valuation of the property in the ARA Harmony Fund post the completion of its asset enhancement works. The Group launched a new separate account platform, Morningside Investment Partners, LLC in November 2013, which also contributed to the increase. This was partially offset by the reduced fees from the Asia Dragon Fund as its investment assets are progressively divested.

In FY2013, the Group's acquisition, divestment and performance fees grew 78% year-on-year to S\$14.7 million, driven mainly by Fortune REIT's acquisition of Fortune Kingswood and Suntec REIT's progress payment for its acquisition of 177 Pacific Highway in North Sydney, Australia in 4Q2013.

Excluding the unrealised marked-to-market gains/losses, the Group would have achieved an adjusted net profit of S\$81.4 million for FY2013, 28% higher year-on-year compared to previous. If we further exclude the acquisition, divestment and performance fees, finance income and finance costs, the Group would have achieved recurrent net profit of S\$56.1 million, 17% higher year-on-year compared to previous.

The Group's AUM attained a new high of S\$25.5 billion as at 31 December 2013, achieved mainly from asset acquisitions made by the REITs and Private Real Estate Funds divisions, as well as the establishment of new funds.

Commenting on ARA's results, ARA Group CEO, Mr. John Lim said: "We are pleased to have achieved another year of strong results, particularly in the growth of our recurrent management fees and recurrent net profit by 11% and 17% respectively. Notwithstanding the persistent global economic uncertainties, we continued to grow our resilient earnings and increase our AUM."

During the quarter, ARA announced that it has established a strategic alliance with The Straits Trading Company Limited ("**Straits Trading**"), signifying the start of an expanded long-term partnership between Straits Trading, Cheung Kong (Holdings) Limited and Mr. John Lim. As a

strategic partner holding 20.1% of ARA, one of the key initiatives of the alliance entails the establishment of a co-investment vehicle by Straits Trading and Mr. John Lim to support the future capital needs of the Group's private funds division. This includes funding the seed capital for the launch of a new Asia-focused development fund to be managed by ARA.

In addition, the Group has entered into a sales and purchase agreement to acquire Macquarie Real Estate Korea Limited which upon completion would enable us to gain a foothold in South Korea and tap on the immense real estate opportunities in one of Asia's largest economies. Last but not least, Prosperity REIT announced the acquisition of 9 Chong Yip Street in Hong Kong at a purchase consideration of HK\$1.0 billion. This is a significant transaction for the REIT and the acquisition was completed in the first quarter of 2014.

Commenting on these developments, Mr. Lim said: "We continue to be focused in employing a prudent and disciplined approach towards building a sustainable growth for the Group. Moving forward, ARA is well-positioned to pursue further growth opportunities, as the combined partnership of Cheung Kong and Straits Trading, both well-reputed as premier business groups in Asia, will underpin our expanded business network reach in the Asia-Pacific region."

– End of Release –

About ARA Asset Management Limited

ARA is a real estate fund management company listed on the main board of the Singapore Exchange. ARA's business is focused on the following primary segments:

- (a) REITs – The Group is one of the largest REIT managers in Asia ex-Japan and currently manages six REITs listed in three countries namely, Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Hui Xian REIT and Prosperity REIT listed in Hong Kong and AmFIRST REIT listed in Malaysia;
- (b) Private real estate funds – The Group manages several private funds investing in real estate in Asia;
- (c) Real estate management services – The Group provides property management services and manages the award-winning Suntec Singapore International Convention & Exhibition Centre; and
- (d) Corporate finance advisory services – The Group has an in-house advisory arm providing corporate finance advisory services to related corporations.

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