



PRESS RELEASE

ARA POSTS YTD 2014 NET PROFIT OF S\$69.4 MILLION TOTAL ASSETS UNDER MANAGEMENT (“AUM”) OF S\$26.1 BILLION

- Recurrent management fees up 11% to S\$92.9 million
- Net profit up 33%, boosted by performance fee receivable

YTD 2014 Results Highlights

		YTD2014	YTD2013	% Change
Revenue				
Management fees	(S\$'000)	92,940	84,030	11%
Acquisition, divestment and performance fees	(S\$'000)	19,479	2,910	569%
Finance income	(S\$'000)	15,925	9,617	66%
Other income	(S\$'000)	2,480	71	n.m.
Total Revenue	(S\$'000)	130,824	96,628	35%
Results from operating activities	(S\$'000)	78,182	59,255	32%
Share of Profit of Associates	(S\$'000)	3,151	3,007	5%
Net Profit attributable to equity holders of the Company¹	(S\$'000)	69,350	52,120	33%
EPS ²	(S cents)	8.21	6.17	33%

10 November 2014 – ARA Asset Management Limited (“ARA” or the “Group”) is pleased to report total revenues of S\$130.8 million and net profit of S\$69.4 million for the nine months ended 30 September 2014 (“YTD2014”).

Recurrent management fees for YTD2014 grew 11% year-on-year to approximately S\$92.9 million, driven mainly by higher REIT management fees resulting from the improved asset performance post the various asset enhancement initiatives undertaken which have resulted in higher property valuations, as well as fees arising from the acquisitions made by the various REITs in FY2013 and YTD2014. REIT management fees from the two privately-held Korean Real Estate Investment Trusts subsequent to the acquisition of ARA Korea Limited in April 2014 have also contributed to the increase.

¹ Based on net profit attributable to equity holders of the Company, and the issued share capital of 845,151,093 shares as at 30 September 2014.

In addition, higher portfolio management fees were received from the Morningside Investment Partners, LLC (“**MIP**”), the ARA China Investment Partners, LLC (“**CIP**”), the ARA Harmony Fund and the new ARA Summit Development Fund I (“**SDF I**”), which was established in May 2014. However, these were partially offset by the reduced fees from the ARA Asia Dragon Fund (“**ADF I**”), which has entered into its divestment phase since 2012.

The acquisition, divestment and performance fees recorded for YTD2014 increased significantly to approximately S\$19.5 million, mainly due to the performance fees of approximately S\$16.1 million receivable from the ARA Harmony Fund, having achieved an IRR of 27.4% with an equity multiple of 3.15 times² for its investors over the initial five-year term of the fund. Higher acquisition fees were also received for the period due to Prosperity REIT’s acquisition of 9 Chong Yip Street in January 2014 and Suntec REIT’s year-to-date progress payments arising from its acquisition and development of 177 Pacific Highway.

Finance income and other income for YTD2014 increased to approximately S\$15.9 million and S\$2.5 million respectively, mainly due to a net gain on fair valuation/disposal of financial assets and foreign exchange. Other income comprises mainly negative goodwill arising from the acquisition of ARA Korea Limited.

Net profit for YTD2014 was therefore up 33% to S\$69.4 million.

Commenting on ARA’s results, ARA Group CEO, Mr. John Lim said: “I’m delighted to report a strong performance for the quarter and for the year to date. I’m proud of our achievement for the ARA Harmony Fund, which underscores our core competence in driving better asset performance in the properties we manage and further augments our strong track record.”

The Group’s AUM increased to approximately S\$26.1 billion as at 30 September 2014, as the Group had achieved a AUM growth of over S\$1 billion for the year to date, which was partially offset by the divestment of assets within the ADF I portfolio.

ARA Group CEO, Mr. John Lim said: “Notwithstanding the weak macroeconomic outlook, we are confident that our resilient business model will continue to drive our future growth.”

Mr. Lim added, “With the strategic alliance with The Straits Trading Company Limited (“**STC**”) firmly in place, we are working towards another leg of growth for ARA, in particular for ARA Private Funds, our private real estate funds platform. Straits Real Estate would provide us with

² Before performance fees

another strong source of capital in seeding new funds and products, and accords us greater flexibility and capabilities in pursuit of future growth for ARA.”

– 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. The Group also manages two privately-held REITs in South Korea;
- (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.

For more information, please contact:

Cheryl Seow
Group Chief Financial Officer
Group Finance
cherylseow@ara.com.hk

Marilyn Tan
Assistant Director
Corporate Finance
marilyntan@ara.com.hk

Tel: (65) 6835 9232
Fax: (65) 6835 9672

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