



## PRESS RELEASE

### FY2016 NET PROFIT UP 14% Y-O-Y TO S\$88.7 MILLION GROUP AUM APPROXIMATELY S\$36 BILLION<sup>1</sup>

- 13% growth in total revenue
- Adjusted Net Profit<sup>2</sup> up 10% for FY2016

#### FY2016 Results Highlights

		FY2016	FY2015	% Change
Revenue				
Management fees	(S\$'000)	140,584	129,597	8%
Acquisition, divestment and performance fees	(S\$'000)	5,410	13,453	-60%
Finance income	(S\$'000)	29,634	12,367	140%
Other income	(S\$'000)	1,203	610	97%
<b>Total revenue</b>	<b>(S\$'000)</b>	<b>176,831</b>	<b>156,027</b>	<b>13%</b>
Results from operating activities	(S\$'000)	101,504	87,983	15%
Share of profit of associates and joint ventures, net of tax	(S\$'000)	5,205	7,465	-30%
<b>Profit attributable to equity holders of the Company</b>	<b>(S\$'000)</b>	<b>88,661</b>	<b>78,058</b>	<b>14%</b>
<b>Adjusted Net Profit</b>	<b>(S\$'000)</b>	<b>78,930</b>	<b>72,057</b>	<b>10%</b>

**9 February 2017** – ARA Asset Management Limited (“ARA” or the “Group”) is pleased to report total revenue of S\$176.8 million and profit attributable to equity holders of the Company (“Net Profit”) of S\$88.7 million for the financial year ended 31 December 2016 (“FY2016”). The Adjusted Net Profit grew 10% year-on-year to approximately S\$78.9 million for FY2016.

<sup>1</sup> As at 31 December 2016

<sup>2</sup> Adjusted Net Profit refers to Net Profit excluding one-off adjustments comprising: (i) acquisition, divestment and performance fees; (ii) gain / (loss) on fair valuation / disposal of financial assets; (iii) gain / (loss) on disposal of investments; (iv) impairment on available-for-sale financial assets; (v) performance-based bonuses; and (vi) any other income / expense deemed non-recurrent

Recurrent management fees for FY2016 grew 8% year-on-year to S\$140.6 million, underpinned by stronger receipts from all business segments namely REIT management fees, portfolio management and service fees as well as real estate management services fees.

REIT management fees increased 3% year-on-year to S\$89.4 million in FY2016, mainly arising from better asset performance post the asset enhancement initiatives undertaken, which resulted in an overall higher valuation of the property portfolios under management. Suntec REIT's acquisition of three floors of strata office space at Suntec Tower Two and investment in Southgate Complex, Melbourne in 4Q2015 and 4Q2016 respectively, as well as Cache Logistics Trust's acquisition of three properties located in Australia in 4Q2015 also contributed to the higher REIT management fees in FY2016.

Portfolio management and service fees grew strongly by 26% year-on-year to S\$26.4 million in FY2016, attributable to higher management fees from the ARA China Investment Partners, LLC ("**CIP**") following the acquisition of two commercial properties in China in September and December 2015, as well as fee contributions from the following: ARA Harmony III (Malaysian Malls), ARA Harmony V (Park Mall), the Peninsula Investment Partners, L.P. ("**PIP**") and the ARA Harmony VI (Century Link) ("**Harmony VI**"), all of which were established between August 2015 and October 2016.

Higher property management fees received by the Group also boosted real estate management services fees by 13% year-on-year to S\$24.7 million in FY2016.

Finance income grew significantly to S\$29.6 million in FY2016 from S\$12.4 million in FY2015, primarily attributed to higher distribution income arising from the further accumulation of Suntec REIT unitholdings in FY2016 and ad-hoc distributions received from the Group's seed investments in the ARA Asia Dragon Fund II and the CIP.

Acquisition, divestment and performance fees and share of profit of associates and joint ventures were lower mainly due to the relatively smaller acquisitions made by the REIT division in the year. Nonetheless, the Group achieved a higher Net Profit of S\$88.7 million in FY2016, with Adjusted Net Profit up 10% to S\$78.9 million.

As at 31 December 2016, the Group AUM net of divestments stood at approximately S\$36 billion (approximately US\$25 billion).

Significant events during the quarter included the successful establishment of the Harmony VI to invest in Century Link, a newly-completed premium-grade integrated commercial property

located in the heart of Lujiazui Finance and Trade Zone in Pudong New District, Shanghai, China, marking it as the largest single-asset property transaction in Asia Pacific in 2016. In addition, the PIP and the Morningside Investment Partners, LLC, both separate accounts within the ARA Investment Partners series, have made investments during the quarter which rendered the full deployment of each of its respective committed capital.

On 8 November 2016, JL Investment Group Limited ("**JLIG**"), The Straits Trading Company Limited ("**STC**"), Cheung Kong Property Holdings Limited ("**Cheung Kong Property**"), in partnership with affiliates of Warburg Pincus, LLC ("**Warburg Pincus**") and AVIC Trust Co. Ltd ("**AVIC Trust**") in a Consortium, proposed a privatisation of ARA by way of a Scheme of Arrangement, whereby Athena Investment Company (Cayman) Limited, a special purpose vehicle incorporated for the purpose of the acquisition, is seeking to acquire all shares of ARA, other than those held by JLIG, STC and Cheung Kong Property at a price per share of S\$1.78 in cash ("**Scheme Consideration**" and together, the "**Privatisation**"). The Scheme Consideration is fixed at S\$1.78 per Scheme share, representing a 43.9% premium to the 12-month volume-weighted average price<sup>3</sup>.

ARA Group CEO Mr John Lim said: "Despite the uncertain and volatile external environment and sector headwinds, I'm happy to report ARA's stable financial performance for 2016. The proposed Privatisation will not only deliver immediate value to shareholders but also provides ARA with an increased access to a deeper and more efficient capital to further scale its growth over the long term."

– End of Release –

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<sup>3</sup> Volume weighted average price ("VWAP") and historical EV/AUM and EV/EBITDA are with reference to the relevant periods up to and including 2 November 2016, being the last full trading day of the Shares prior to the date on which trading in the Shares was halted following a query regarding trading activity received on 3 November 2016 by the Company from the SGX-ST.

## 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 business 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 five privately-held REITs in South Korea;
- (b) Private real estate funds – The Group manages several private funds investing in real estate in Asia; and
- (c) Real estate management services – The Group provides property management services and convention & exhibition services, including managing the award-winning Suntec Singapore Convention & Exhibition Centre.

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