

The logo for ARA Asset Management Limited, featuring the letters 'ARA' in a bold, blue, sans-serif font with a horizontal line pattern through each letter.

ARA



ARA Asset Management Limited

Results for the full year ended 31 December 2016

ANCHORED BY OUR CORE VALUES



ARA Asset Management Limited

An integrated real estate fund manager in Asia driven by a vision to be a best-of-class investment manager, offering bespoke solutions and enduring value to investors and partners

The background is a watercolor-style illustration. The top half features a light blue sky with soft, painterly clouds. Five white swans with black wingtips are flying in a loose V-formation across the sky. The bottom half of the image shows a range of mountains in warm, earthy tones of orange, yellow, and light green, rendered with soft, blended watercolor washes.

FY2016

Highlights

FY2016 HIGHLIGHTS

Business expansion initiatives to drive future growth



REITs: UNLOCKING VALUE WHILST SEEKING GROWTH AND DIVERSIFICATION

- ✓ Amfirst REIT acquired Mydin HyperMall for RM250 million and divested AmBank Group Leadership Centre for RM36 million
- ✓ Established ARA-ShinYoung REIT No. 2 in July 2016, a new private Korean REIT following the success of ARA-ShinYoung REIT
- ✓ Development of 177 Pacific Highway in North Sydney held by Suntec REIT completed in August 2016
- ✓ Suntec REIT jointly with the Peninsula Investment Partners, L.P. ("PIP"), acquired a 50% interest in Southgate Complex in Melbourne
- ✓ Cache Logistics Trust divested Cache Changi Districentre 3 for S\$25.5 million on 23 January 2017

**Group
AUM of
~S\$36
billion⁽¹⁾**

ARA PRIVATE FUNDS: NEW INVESTMENTS AND CAPITAL

- ✓ The SDF I made its second investment into a residential development in Australia
- ✓ On 1 July 2016, the CIP obtained additional capital commitment of approximately US\$500 million, further enlarging the total capital of the fund to more than US\$1.3 billion to date
- ✓ Tthe PIP and the MIP made investments during the quarter which rendered the full deployment of each of its respective committed capital
- ✓ In October 2016, ARA successfully established the ARA Harmony VI ("Harmony VI") to invest in Century Link valued at approximately RMB20 billion (approximately S\$4.2 billion⁽²⁾)

**Recurrent
management
fees up 8%
to S\$140.6
million**

**13% growth
in total
revenue**

**Adjusted
Net Profit
up 10% to
S\$78.9
million**

**AUM
Growth of
~S\$5.8b for
FY2016**

Notes:

- (1) Based on exchange rates as at 31 December 2016 and after accounting for divestments
(2) Based on exchange rate of 1 SGD: RMB 4.7962 as at 31 December 2016

JLIG, STRAITS TRADING AND CHEUNG KONG PROPERTY TO PARTNER WITH WARBURG PINCUS AND AVIC TRUST TO PRIVATISE ARA



Privatisation Structure	<ul style="list-style-type: none">▪ Scheme of Arrangement (“Scheme”) involving the acquisition of all ARA shares (the “Shares”), other than those held by JLIG, affiliates of Straits Trading and an affiliate of Cheung Kong Property (collectively, the “Rollover Shareholders”) ⁽¹⁾ (the “Scheme Shares”)
Scheme Consideration	<ul style="list-style-type: none">▪ \$1.78 per Scheme Share (the “Scheme Consideration”)<ul style="list-style-type: none">▪ 43.9% premium to 12-Month VWAP⁽²⁾
Offeror	<ul style="list-style-type: none">▪ Athena Investment Company (Cayman) Limited<ul style="list-style-type: none">▪ An entity indirectly owned by affiliates of Warburg Pincus and AVIC Trust

The Scheme Consideration is FINAL and will not be revised

Note(s):

(1) For the full list of entities involved please refer to the Scheme Announcement dated 8 November 2016.

(2) Up to and including 2 November 2016, being the last full trading day of ARA 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 ARA from the SGX-ST.

THE SCHEME WILL BE SUBJECT TO APPROVAL BY INDEPENDENT SHAREHOLDERS AND VARIOUS OTHER CONDITIONS



Scheme Conditions	<ol style="list-style-type: none">1. Shareholder Approval<ul style="list-style-type: none">▪ Share-count Condition: Approval of at least <u>75% in value</u> of the Scheme Shareholders present and voting in person or by proxy at the Scheme Meeting; and▪ Head-count Condition: Approval of more than <u>50% of the number</u> of Scheme Shareholders present and voting in person or by proxy at the Scheme Meeting2. Court Approval and satisfaction of regulatory approvals and conditions set out in the Scheme Announcement3. Expected completion in 1H 2017
Rollover Shareholders will not vote	<ul style="list-style-type: none">▪ Outcome of the Scheme meeting will be decided solely by independent shareholders (the “Scheme Shareholders”)▪ The Rollover Shareholders and their concert parties will not vote their Shares
Independent Financial Adviser (IFA)	<ul style="list-style-type: none">▪ Deloitte & Touche Corporate Finance Pte Ltd has been appointed as the IFA to advise the Independent Directors for the purposes of making a recommendation to the Scheme Shareholders

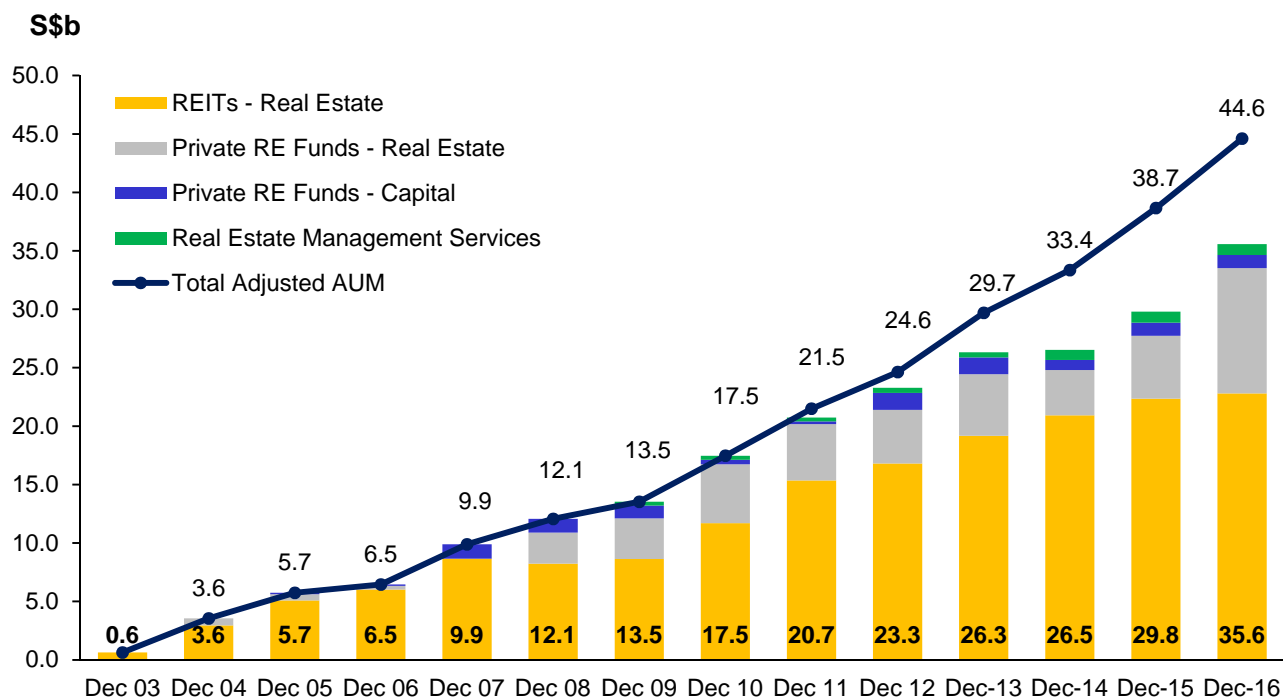
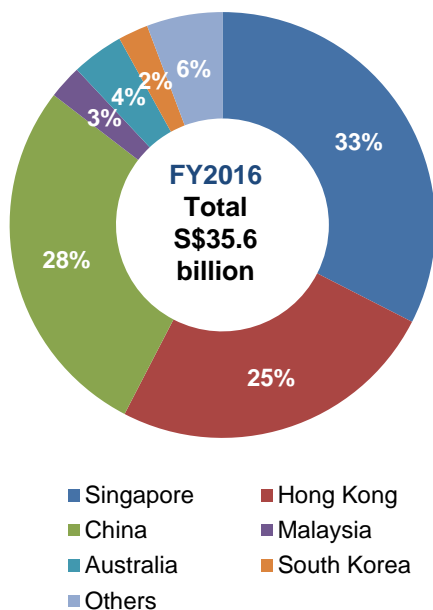
The successful completion of the transaction will not trigger any takeover offer for any publicly listed REITs currently managed and/or owned by ARA

FY2016 - GROUP AUM NET OF DIVESTMENTS

AUM of ~S\$36 billion as at 31 December 2016



GROUP AUM UNDER MANAGEMENT BY COUNTRY



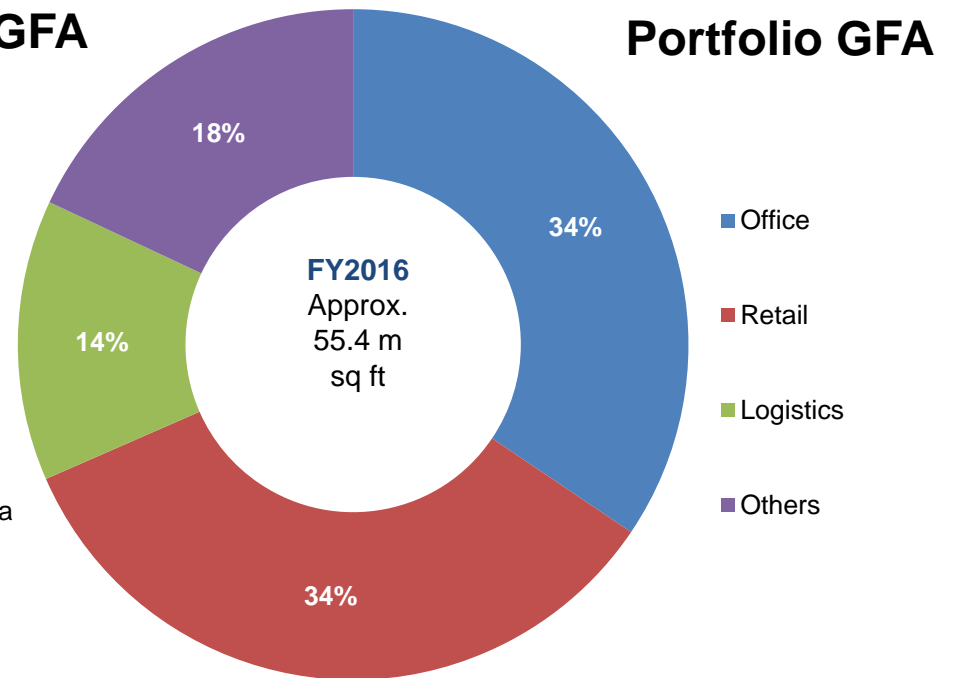
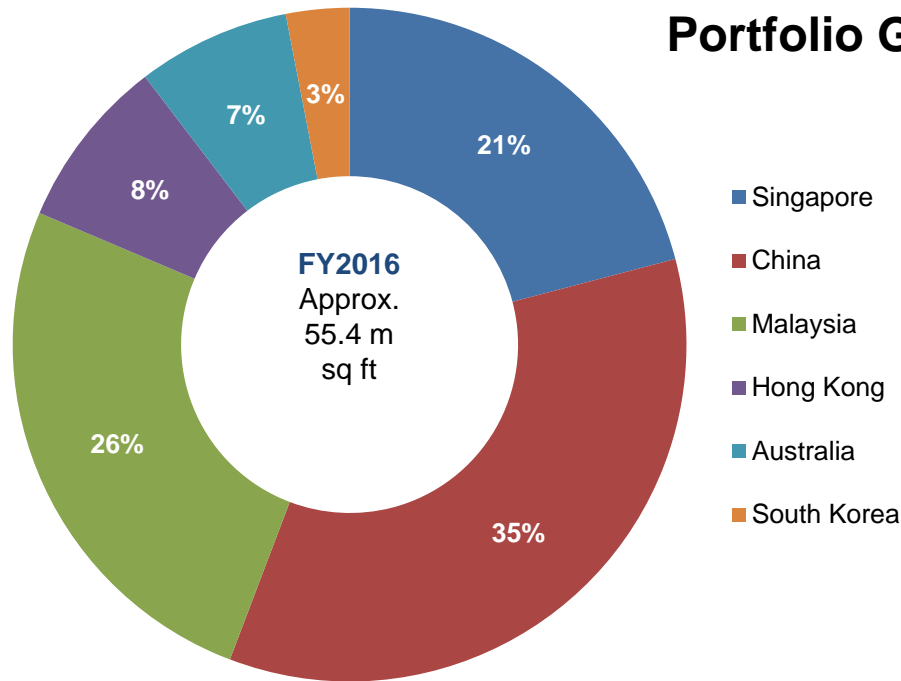
Assets Under Management ⁽¹⁾ (S\$b)	Dec 2016	Dec 2015	Change
REITs – Real Estate ⁽²⁾	22.8	22.3	2.1%
Private Real Estate Funds – Real Estate	10.7	5.4	99.1%
Private Real Estate Funds – Capital ⁽³⁾	1.2	1.2	(0.4)%
Real Estate Management Services ⁽⁴⁾	0.9	0.9	(1.0)%
Total	35.6	29.8	19.4%

Notes:

- (1) Based on exchange rates as at 31 December 2016
- (2) Comprises gross property value of REITs managed by subsidiaries, associates and joint venture
- (3) Unutilised capital commitments
- (4) Revenue base for real estate management services fee computation and gross property value of other properties under management

DIVERSIFIED ASSET MANAGEMENT PLATFORM

Operational experience spanning the Asia Pacific



**97 properties under management
across the Asia Pacific**

**55 million sq feet of office, retail, logistics
and other assets**

A RESILIENT PORTFOLIO OF FUNDS & SERVICES

10 REITs and 10 private real estate funds under management as at Dec 2016



REITs	FORTUNE REIT 置富產業信託	SUNTEC Real Estate Investment Trust	PROSPERITY REIT 泓富產業信託	AmFIRST Real Estate Investment Trust	CACHE LOGISTICS TRUST	HUI XIAN REIT 匯賢產業信託	ARA-NPS REITs	ARA-ShinYoung REITs		
Listing Venue	SGX-ST & HKEx	SGX-ST	HKEx	Bursa	SGX-ST	HKEx	Private REITs	Private REITs		
Listing Year	2003	2004	2005	2006	2010	2011	2007; 2010 ⁽¹⁾	2015; 2016		
Focus	Suburban retail properties in Hong Kong	Prime office & retail properties in S'pore & Aust	Office & ind/office properties in Hong Kong	Commercial properties in Malaysia	Logistics properties in the Asia Pacific region	Commercial properties in China	Office properties in South Korea	Residential properties in South Korea		
Property Value⁽²⁾	HK\$36,368m	S\$9,270m	HK\$10,688m	RM1,628m	S\$1,237m	RMB40,804m	KRW624,500m	KRW52,678m		
Private Real Estate Funds	ADF II ARA Asia Dragon Fund II	CIP ARA China Investment Partners	MIP Morningside Investment Partners	PIP Peninsula Investment Partners	SIP Straits Investment Partners	ARA HARMONY II	ARA HARMONY III	ARA HARMONY V	ARA HARMONY VI	SDF I ARA Summit Development Fund I
Description	2nd strategic & opportunistic private real estate fund investing in Singapore, Hong Kong, China, Malaysia and other emerging economies in Asia	Core-plus private real estate fund investing in high quality office and commercial properties in key cities in China	Value-add private real estate fund investing in high quality office and commercial properties primarily in Singapore and Hong Kong	Core-plus private real estate fund investing in real estate assets across Asia including Australia, Singapore, Hong Kong, China and Japan	Separate account to manage the real estate portfolio belonging to The Straits Trading Company Limited	Single-asset investment in the Suntec Singapore Convention & Exhibition Centre	Portfolio investment in well-located retail properties in Malaysia	Single asset entity established for the redevt of Park Mall	Single-asset entity established to invest in Century Link	Mandated to invest in real estate devts primarily in Southeast Asia and Australia
Fund Size	US\$441m (Committed Capital)	US\$1,318m ⁽³⁾ (Committed Capital)	US\$240m (Committed Capital)	US\$325m (Committed Capital)	S\$329m (GAV)	S\$688m (GAV)	RM1,895m (GAV)	S\$382m (Committed Capital)	RMB 20b (GAV)	US\$80m (Committed Capital)

Real Estate Mgmt Services

Description



Property management services provider



Operations, sales and marketing services provider & consultant for convention, exhibition, meeting and event facilities

Notes:

- (1) Two closed-end privately-held REITs with finite term of 10 years
- (2) As at 31 December 2016, based on publicly announced valuations. In the case of ARA-ShinYoung REITs, value refers to estimated total development costs
- (3) Received capital commitment of US\$317.6 million with effect from 1 July 2015 and US\$532.4 million with effect from 1 July 2016



FY2016

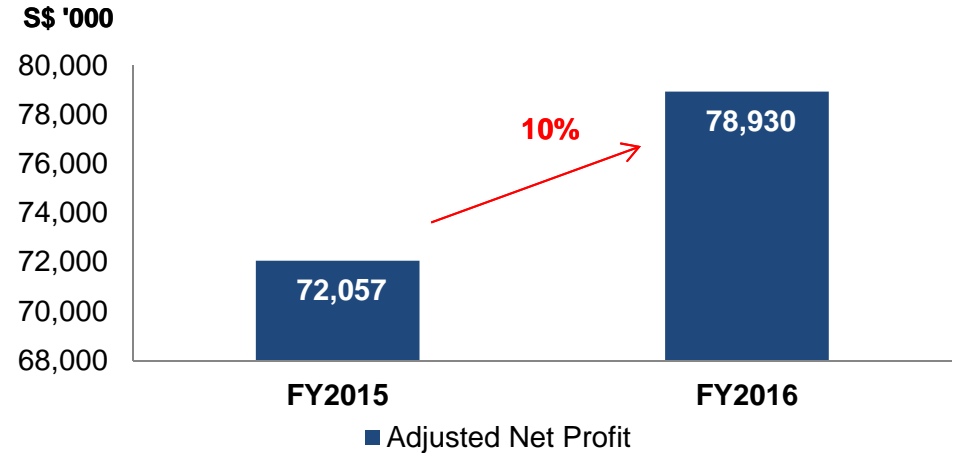
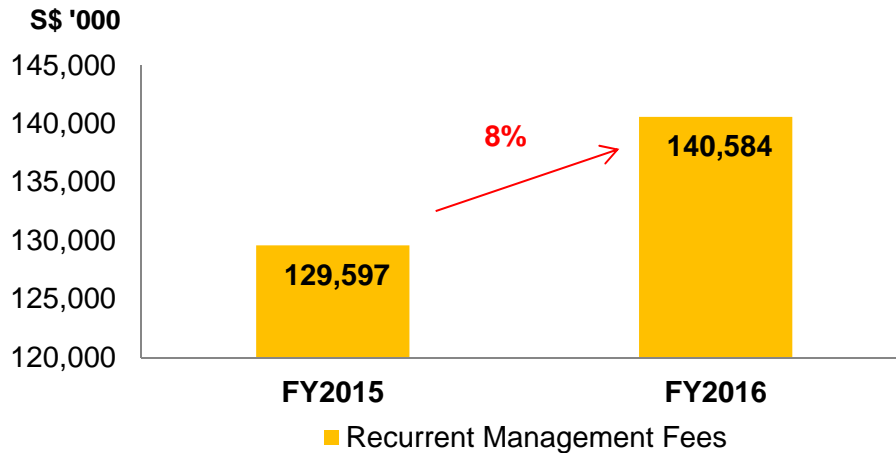
Results highlights



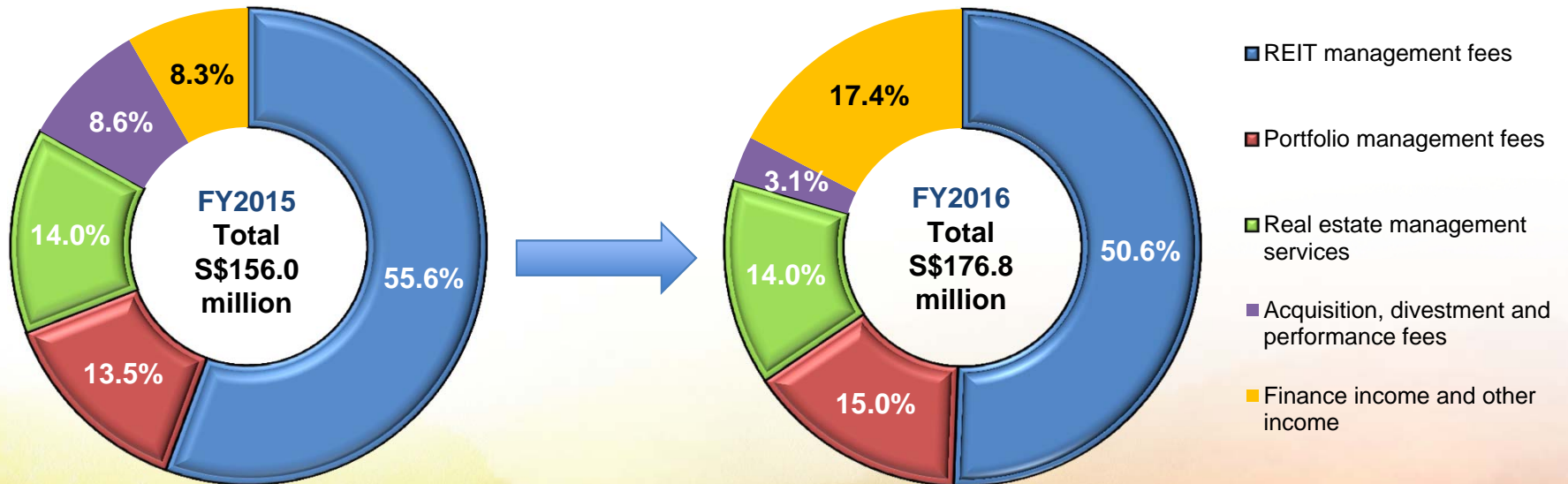
FY2016 FINANCIAL HIGHLIGHTS



Recurrent management fees up 8%; 10% growth in Adjusted Net Profit



Recurrent management fees as a % of total revenue at 80% in FY2016



FY2016 FINANCIAL HIGHLIGHTS



Recurrent management fees up 8%; 10% growth in Adjusted Net Profit

Financial Highlights		FY2016	FY2015	Change
Revenue				
Management fees ⁽¹⁾	(S\$'000)	140,584	129,597	8%
Acquisition, divestment and performance fees ⁽²⁾	(S\$'000)	5,410	13,453	-60%
Finance income ⁽³⁾	(S\$'000)	29,634	12,367	140%
Other income	(S\$'000)	1,203	610	97%
Total Revenue	(S\$'000)	176,831	156,027	13%
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%
Profit attributable to equity holders of the Company	(S\$'000)	88,661	78,058	14%
Adjusted Net Profit⁽⁴⁾	(S\$'000)	78,930	72,057	10%

- Total recurrent management fees increased 8% to S\$140.6 million:
 - ✓ REIT management fees of S\$89.4 million driven by improved asset performance and fee contributions from new acquisitions made by Suntec REIT and Cache in FY2015 and FY2016
 - ✓ 26% increase in portfolio management fees to S\$26.4 million arising from the CIP's acquisitions of two commercial properties in China and establishment of the Harmony III and Harmony V in FY2015, as well as fee contribution from the PIP and the Harmony VI in FY2016
 - ✓ Higher real estate management fees of S\$24.7 million arising mainly from higher property management fees received
- Lower acquisition, divestment and performance fees as FY2015 had included Fortune REIT's acquisition of Laguna Plaza. Acquisition fees received in FY2016 were mainly in relation to AmFIRST REIT's acquisition of Mydin HyperMall and Suntec REIT's acquisition of 177 Pacific Highway and investment in Southgate Complex in Australia
- Higher finance income of S\$29.6 million primarily due to higher distribution income
- Lower share of profit of associates and joint ventures, net of tax as FY2015 had included the acquisition fee recorded by Hui Xian Asset Management Limited in relation to Hui Xian REIT's acquisition of Metropolitan Oriental Plaza in Chongqing, China
- 10% growth in Adjusted Net Profit

Notes:

- Recurrent management fees from REIT, ARA Private Funds and Real Estate Management Services divisions
- Primarily REIT acquisition/divestment fees and project management and consultancy fees
- Comprises mainly distribution income, interest income, net gain on fair valuation / disposal of financial assets and net foreign exchange gain.
- 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

FY2016 FINANCIAL HIGHLIGHTS

Group balance sheet as at 31 December 2016



Group balance sheet as at 31 December 2016

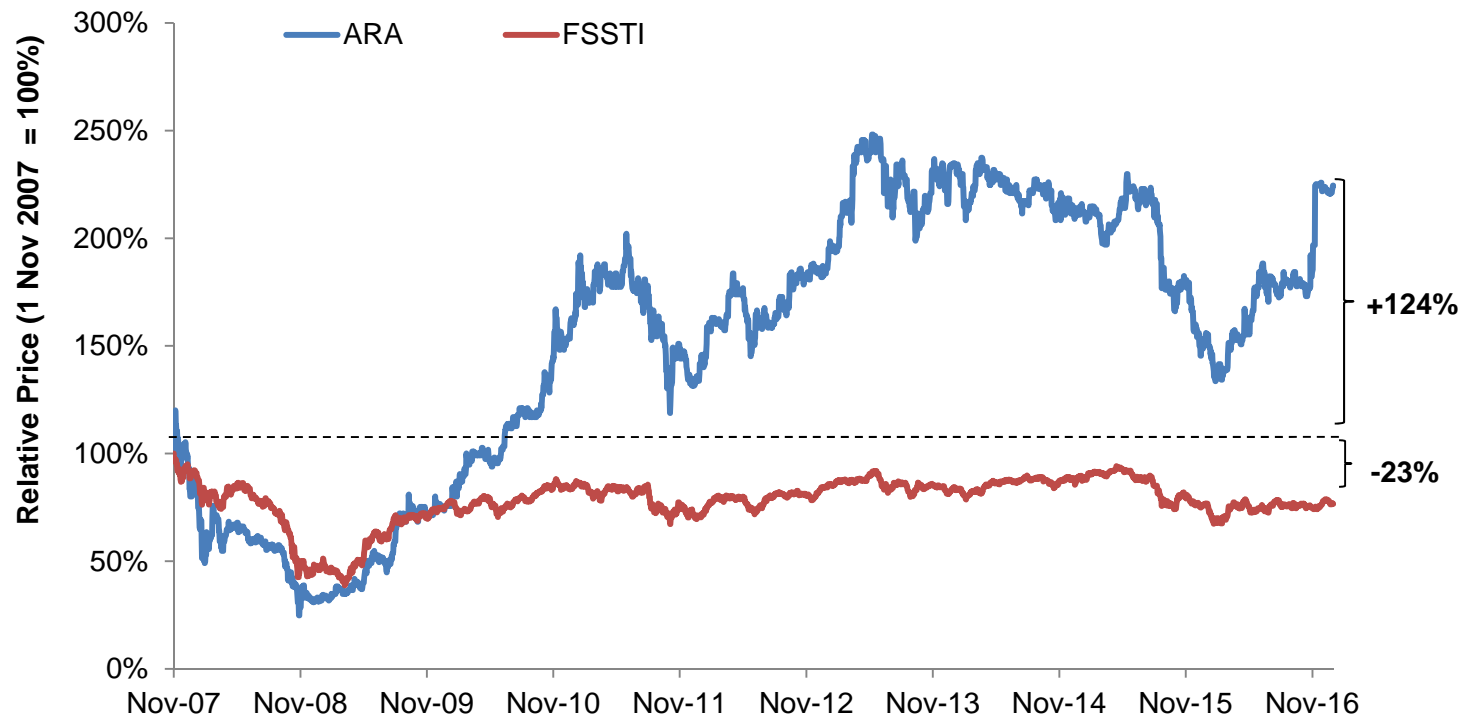
	S\$'000		S\$'000
Plant and equipment	2,219	Loan and borrowings	80,174
Intangible assets	1,092	Other payables	2,384
Associates and joint ventures	20,427	Deferred tax liabilities	189
Financial assets	526,278		
Financial derivatives	341		
Deferred tax assets	796		
Other receivables	5,057		
Non-current assets	<u>556,210</u>	Non-current liabilities	<u>82,747</u>
Financial assets	35,443	Trade and other payables	34,724
Trade and other receivables	60,492	Loan and borrowings	41,853
Cash and cash equivalents	109,067	Current tax payable	12,414
Current assets	<u>205,002</u>	Current liabilities	<u>88,991</u>
		Total liabilities	<u>171,738</u>
		Shareholders' equity	<u>589,474</u>
Total assets	<u>761,212</u>	Total liabilities & shareholders' equity	<u>761,212</u>

Robust balance sheet

Gearing of approximately 21%

TRADING PERFORMANCE

Outperformed broader market index since listing



- With the announcement of the proposed privatisation, ARA has outperformed the broader market index since listing with total return of approximately 124%

Source : Bloomberg (as at 31 December 2016)



TODAY

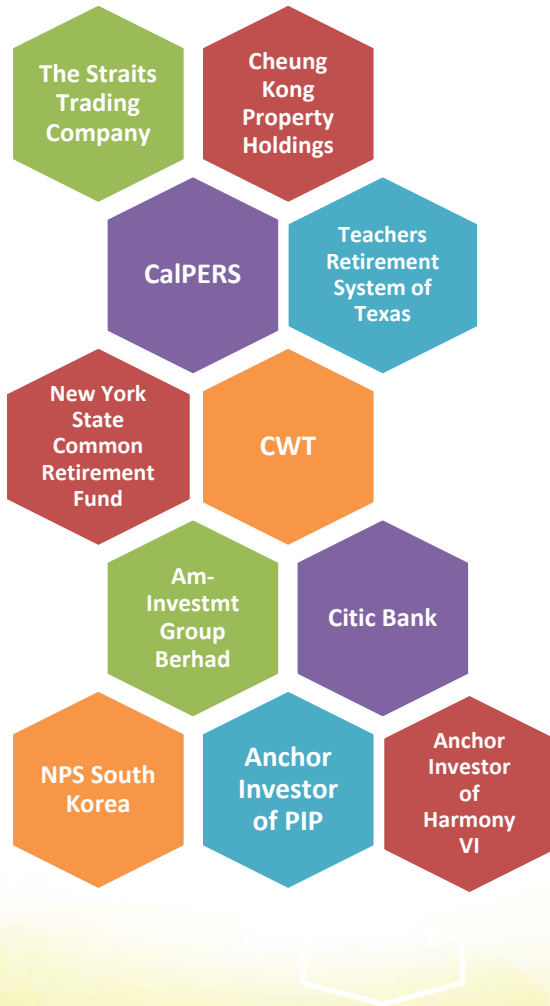
***Regional network of
strategic partnerships
and
~1,290 employees across 18 cities***

ESTABLISHED REGIONAL NETWORK

Expanding regional footprint across Asia Pacific

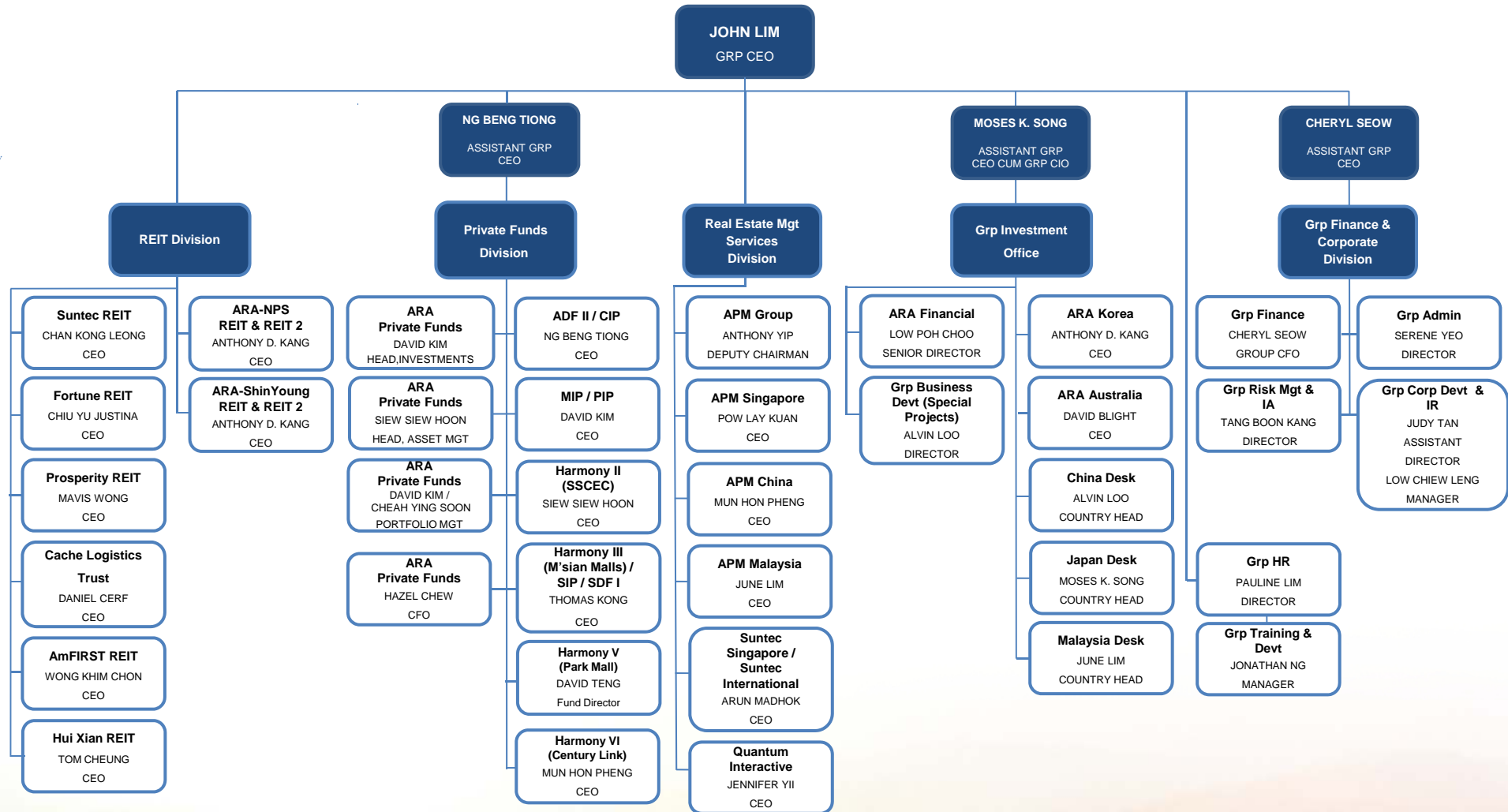


Strategic Partnerships



PROVEN LEADERSHIP

Experienced team with a proven track record



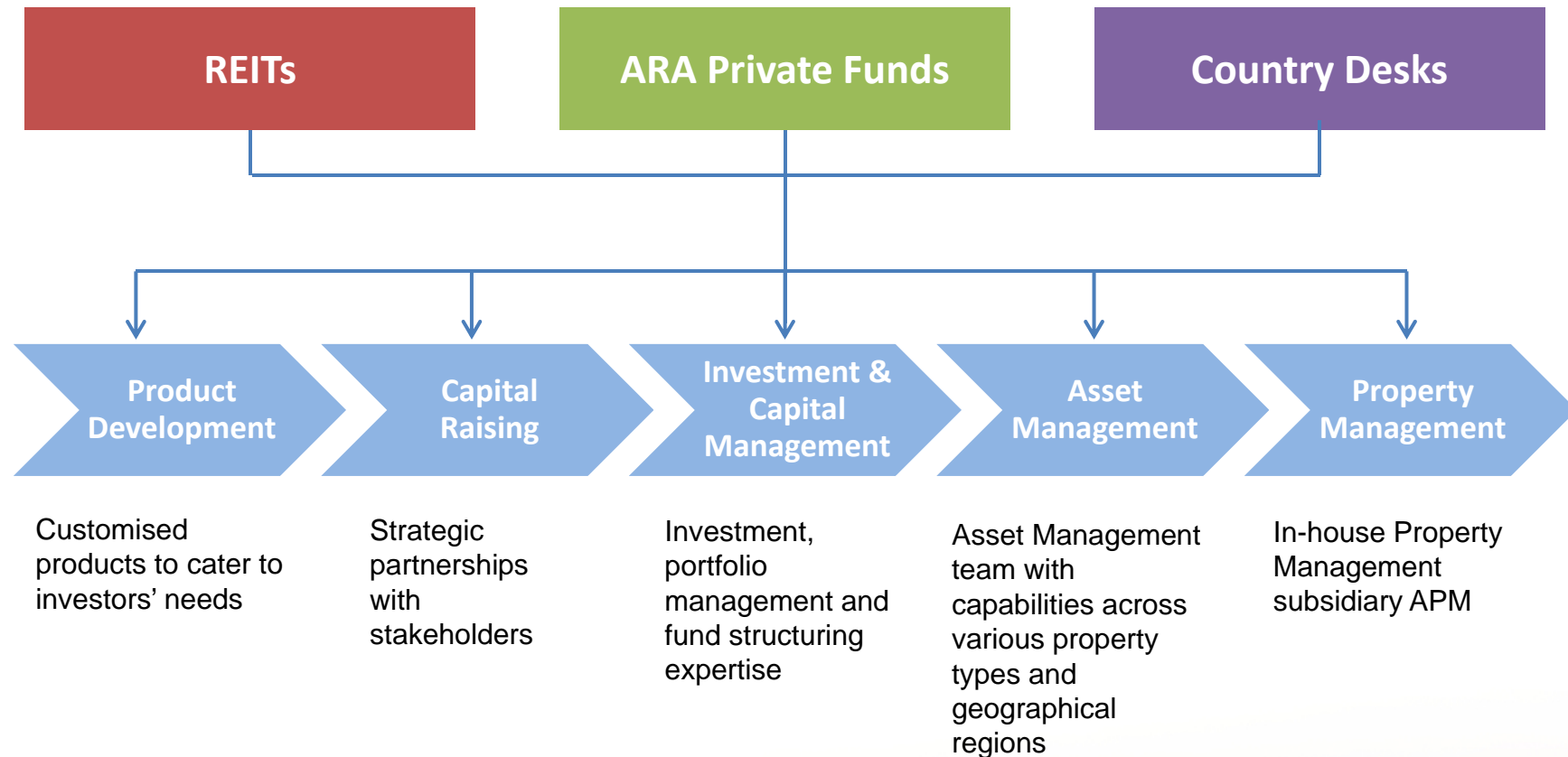


STRATEGIES

Driving sustainable growth...

DRIVING SUSTAINABLE GROWTH

Integrated business model



Inherent capabilities to...

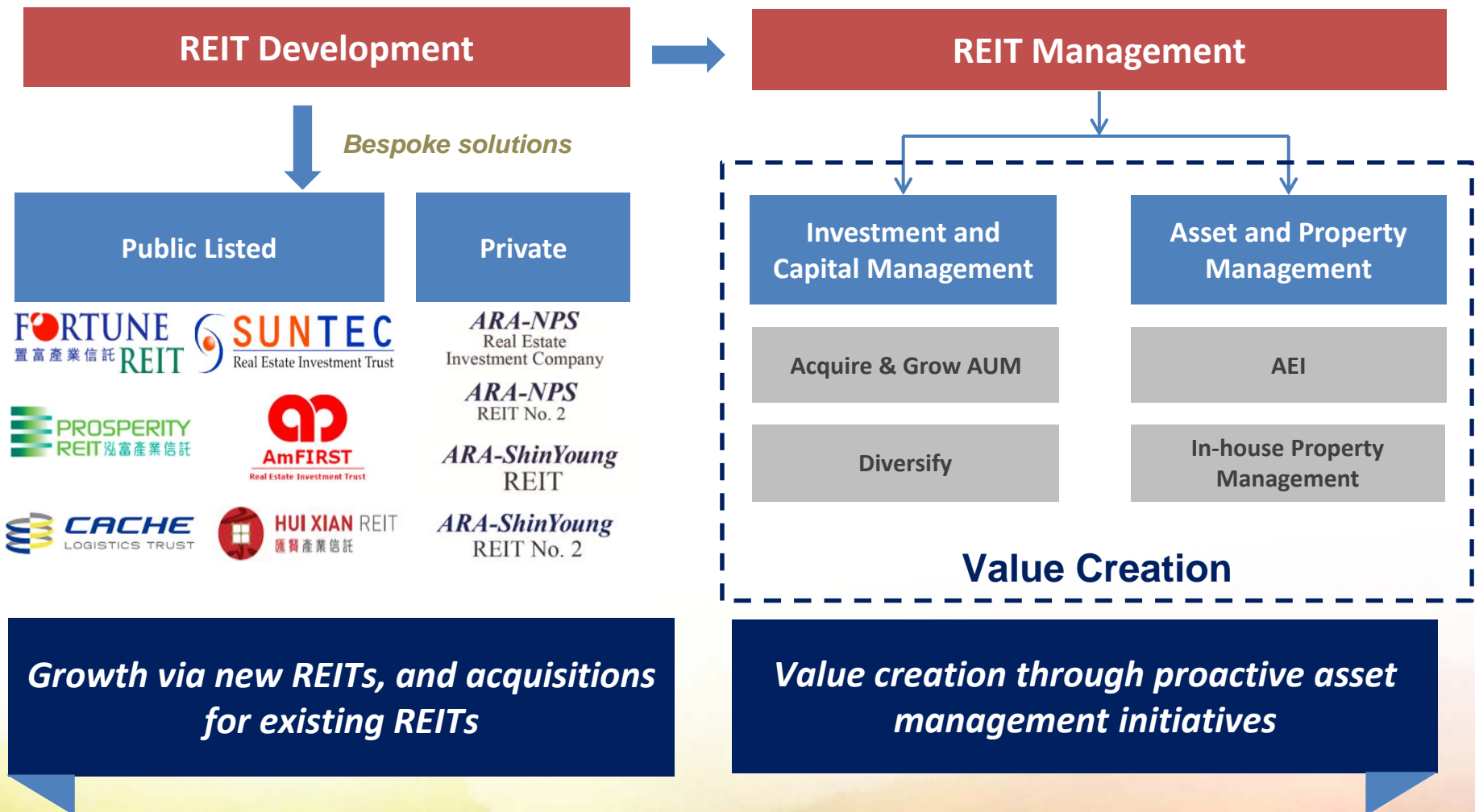
...maximise value across the value chain

REAL ESTATE INVESTMENT TRUSTS

Strong Multi-product, Multi-jurisdiction REIT Platform



- Track record of establishing, listing and managing listed REITs with 12% market share of the key Singapore and Hong Kong REIT markets

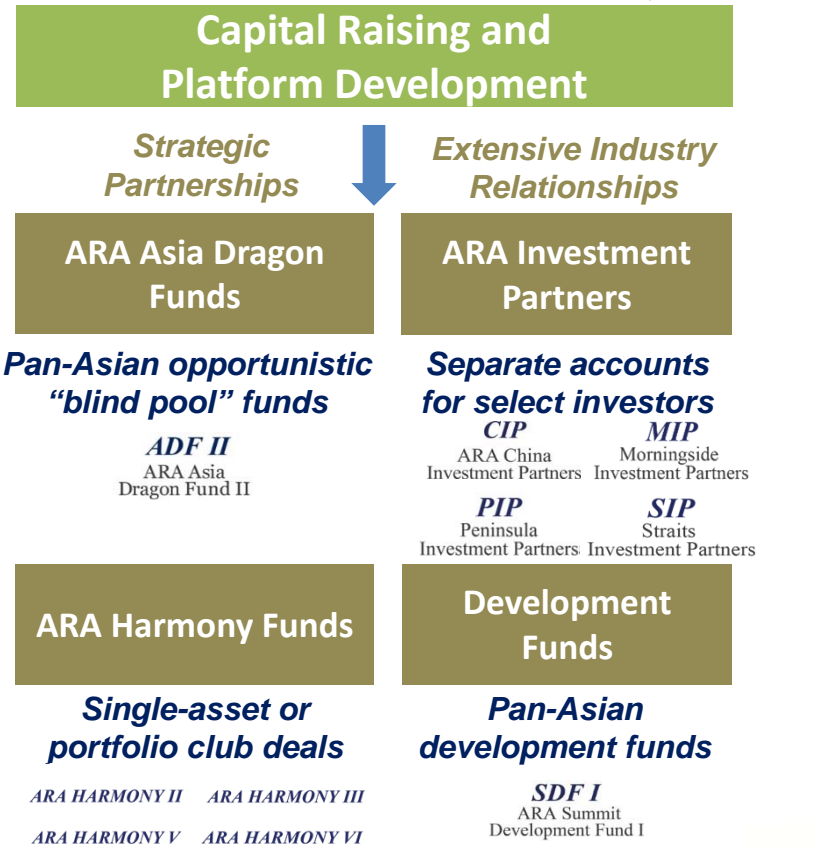


ARA PRIVATE FUNDS

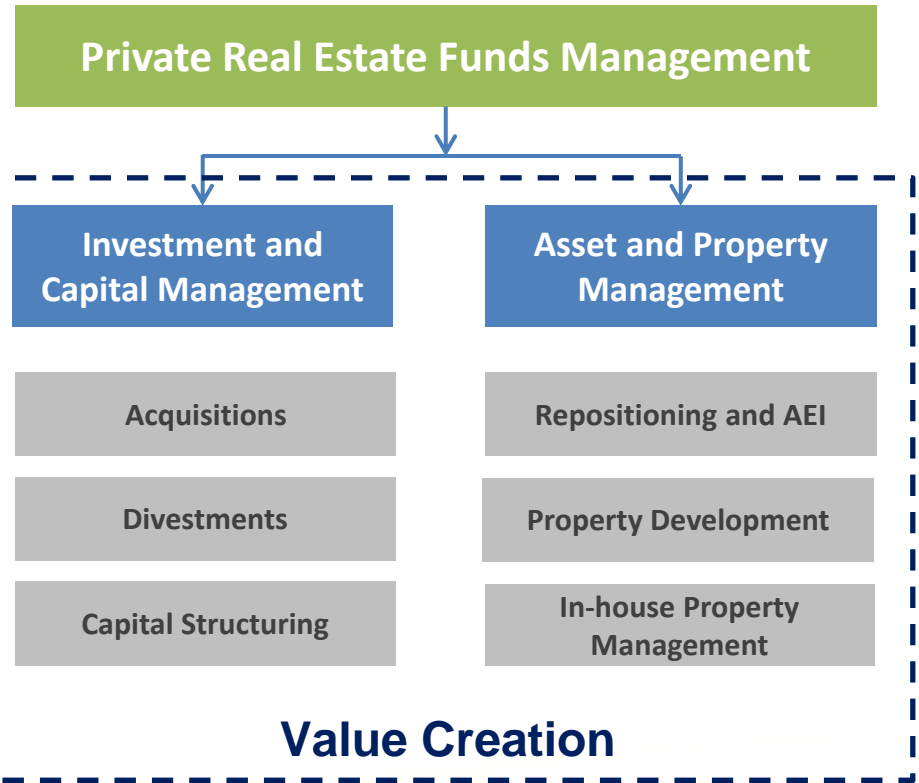
Expanding Suite of Private Real Estate Funds



- Investor-cum-operator philosophy



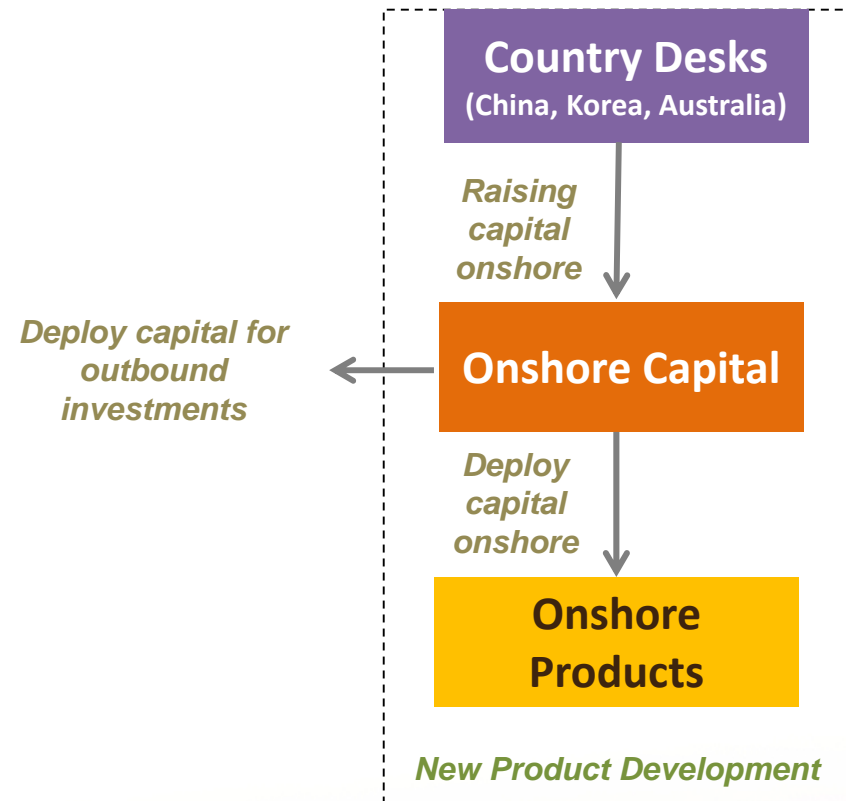
Growth via capital raising and platform development



Value creation through proactive asset management initiatives

COUNTRY DESKS

Scaling the Business Model



*Replicate ARA's business model:
ARA China, ARA Korea, ARA Australia*

*Target raise of onshore capital to deploy
onshore or offshore*



VISION

*To be
the premier real estate fund manager
in Asia*

Thank You

DISCLAIMER



These slides 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 these slides, which are based on the current view of management on future events. Information from external sources in these slides has not been independently verified by us nor have the external sources quoted consented to the inclusion of the information.

Contact

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

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

Global Headquarters:

6 Temasek Boulevard
Suntec Tower Four, #16-02
Singapore 038986

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

Website: www.ara-asia.com

